

Cabinet

Wednesday 17 February 2021 at 2.00 pm

To be held as an online video conference

The Press and Public are Welcome to Attend

Membership

Councillor Bob Johnson	(Leader of the Council)
Councillor Jackie Drayton	(Cabinet Member for Children & Families)
Councillor Terry Fox	(Cabinet Member for Finance, Resources and Governance)
Councillor Julie Grocutt	(Cabinet Member for Transport and Development)
Councillor Mazher Iqbal	(Cabinet Member for Business and Investment)
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 Abtislam 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 Bob Johnson.

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. 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. Please see the Council's website for details of how to access the remote meeting.

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 Craig Rogerson on 0114 273 4014 or email craig.rogerson@sheffield.gov.uk.

**CABINET AGENDA
17 FEBRUARY 2021**

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 5 - 8)
Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting** (Pages 9 - 24)
To approve the minutes of the meeting of the Cabinet held on
- 6. Public Questions and Petitions**
To receive any questions or petitions from members of the public.

(NOTE: In accordance with the arrangements published on the Council's website in relation to meetings of the Cabinet held remotely, questions/petitions are required to be submitted in writing, to committee@sheffield.gov.uk by 9.00 a.m. on Monday 15th February.)
- 7. Covid-19 Update**
Update by the Director of Public Health
- 8. 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
- 9. Retirement of Staff** (Pages 25 - 28)
Report of the Executive Director, Resources.
- 10. Revenue Budget and Capital Programme for 2021/22** (Pages 29 - 336)
Report of the Executive Director, Resources
- 11. Revenue Budget and Capital Programme Monitoring 2020/21 - as at 31/12/2020** (Pages 337 - 356)
Report of the Executive Director, Resources

12. **Month 9 Capital Approvals 2020/21** (Pages 357 - 388)
Report of the Executive Director, Resources
13. **Proposed Changes towards a Sustainable Streets Ahead Contract** (Pages 389 - 426)
Report of the Interim Executive Director, Place
14. **New Museums Trust For Sheffield** (Pages 427 - 464)
Report of the Interim Executive Director, Place
15. **Lease of Land at Hillsborough Park to Disability Sheffield** (Pages 465 - 480)
Report of the Interim Executive Director, Place
16. **Lease Renewal on Forge Dam Café Fulwood** (Pages 481 - 498)
Report of the Interim Executive Director, Place
17. **Lease of High Hazels Park Former Bowling Green to Yorkshire Dog Training** (Pages 499 - 518)
Report of the Interim Executive Director, Place
18. **The City of Sheffield (104 Mill Road) Compulsory Purchase Order 2021** (Pages 519 - 546)
Report of the Interim Executive Director, Place
19. **The City of Sheffield (1 Havelock Street) Compulsory Purchase Order 2021** (Pages 547 - 576)
Report of the Interim Executive Director, Place

NOTE: The next meeting of Cabinet will be held on Wednesday 17 March 2021 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 20 January 2021

PRESENT: Councillors Bob Johnson (Chairman), Jackie Drayton, Terry Fox, Julie Grocutt, Mazher Iqbal, Mark Jones, Mary Lea, George Lindars-Hammond, Abtisam Mohamed and Paul Wood

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1. APOLOGIES FOR ABSENCE

1.1 No apologies for absence were received. All members of the Cabinet were present at the meeting.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of Cabinet held on 16th December, 2020 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Public Question Concerning Community Events this Summer

5.1.1 Ann LeSage commented, the Friends of the Porter Valley are continuing to raise funds for improvements to the Forge Dam area and wondered whether the Council thought that community events might be permitted in the parks by summer?

5.1.2 Councillor Mary Lea commented that she would firstly like to thank the Friends of Porter Valley for all the positive work carried out for the benefit of the area, which is renowned across Sheffield. She stated that she would love for there to be events across all parks in the city in the summer but, unfortunately, at the moment, it is not possible to commit as it will be dependent on the situation in Sheffield, the situation nationally and obviously what government restrictions are in place at the time.

5.2 Public Questions Concerning True North Brewery and Millhouses Park

5.2.1 Mike Hodson commented, now that the Parks & Countryside Consultation – as

required by the Building Better Parks Policy – is over, will the Councillor as Cabinet lead for Parks and Countryside commit to publishing the results of that consultation, so that the local community, park users, stakeholders and the public generally can be satisfied that the process has been robust, fair and transparent?

5.2.2 Councillor Mary Lea confirmed that yes, the Council will absolutely publish all the data that we collect and ensure that everything is transparent and available for everybody to see.

5.2.3 Mike Hodson commented, is the Councillor herself satisfied that the consultation has been as robust, fair and transparent as it should be? given that:

a) it was inadequately publicised, initially only on the Citizenspace website, and only later on social media sites, and on SheffNews, and later still via posters in the Park itself;

b) it was misleadingly described as a “Proposal to Create a Seating Area in Millhouses Park” - which ignores the fact that if implemented this would no longer be part of the park but part of the Waggon & Horses public house; a fact confirmed by Lisa Firth previous Head of Parks and Countryside Service;

c) the only mode of response to the consultation has been via the survey on the Citizenspace website, which effectively debar anybody without access to the internet, or lacking the technical skills or confidence to navigate that route; and which potentially allows responses from people all over the world, and potentially allows individuals to make more than one response;

d) the Consultation offers few and/or misleading examples of the claimed benefits to the park or the local community: e.g. the claim that “the proposal would lead to investment into this area of the park” ignores the fact that the Waggon & Horses “investment” would be in the seating and serving facilities, plus the gates into the park – all of which would have to be removed if the lease came to an end, leaving no gain at all for the park: e.g. it also claims that this investment could lead to jobs and/or training for local residents; whereas True North Brewery have stated that any new jobs created would be equal to 1 full-time job – and how that would be limited to local residents is not clear. Nor is there is any explanation as to why Parks & Countryside Service might want extra income from such an arrangement, or what alternative sources of income there might be;

e) there are some aspects of the proposal that the Citizenspace text and survey does not mention – such as the proposal for trees to be felled or cut back; and the proposal for three separate access-points from the space into the Park;

f) there is a clear lack of balance in the information given, and in the construction of the survey; with the introduction clearly implying that if the planning application is approved the proposal will go ahead; and the final sentence clearly implying that the consultation is simply about how the Lease should be shaped: plus most of the questions relate to what facilities the new area should have, etc. - all of which clearly assumes the proposal will be implemented.

Is this not unbalanced - completely negating one of the Council's [and the Local

Government Association's] prime rules of consultations - 'the need for an open mind at the beginning of a consultation, and a readiness to modify proposals according to the feedback received'?

5.2.4 Councillor Mary Lea confirmed that we are awaiting the decision on the planning application. She stated that she was satisfied that the consultation has been robust, fair and transparent, as it should be. The consultation has been going on for a significant amount of time in various ways, with obvious limitations as a result of the pandemic. More than 800 replies have been received to the consultation which is a significant number of replies. In terms of jobs, she indicated that she welcomed any number of jobs, even one job is good news.

5.2.5 Mike Hodson commented, the Consultation information discloses that the Council actually owns the Waggon and Horses Public House. Is the Councillor aware that this poses a potential conflict of interest issue for the Council, in that the Council through its Property Service Department – as opposed to Parks and Countryside Service - would stand to benefit financially from any increased income and sustainability for the public house as a result of this proposal being implemented? Would the Councillor explain how the Council proposes to address this potential conflict of interest, so as to ensure that all benefits from such an implementation would go to the Parks and Countryside Service and not into the Council's general budget?

5.2.6 Councillor Mary Lea commented that the pub is on a lease and ground rent is paid. This and any additional revenue income goes to Parks and Countryside not Property Services.

There is no conflict of interest. All Council services work together for the benefit of the Council and its residents so there would not be a conflict of interest.

5.2.7 Mike Hodson commented, the Councillor has previously assured me that the proposal from True North Brewery was robustly assessed in May 2019 against the process and the criteria set out and required in the Building Better Parks Policy – as approved by the Cabinet in November 2018.

Could she therefore explain why the copy of the assessment document shared with me by a senior officer from Parks and Countryside Service is dated 24 Aug 2020, and why the Assessment makes reference to the planning permission process when the Planning Application was not lodged until June 2020 – both of these dates being well after May 2019?

5.2.8 Councillor Mary Lea commented that the assessment was undertaken in May 2019. It was further updated as new information was available, including the submission of a planning application, in August 2020. We referred to the planning process in the May 2019 version because we knew that the submission would be subject to planning approval.

5.2.9 Mike Hodson commented, how does the Councillor reconcile conflicting claims in that assessment document; e.g.

- a) under Criterion No.1, that “income from the lease will be spent directly in the park and can therefore improve facilities”; as against clear statements from past and current Heads of the Parks and Countryside Service, as well as from herself, that no such guarantee can be given? and
- b) under Criterion No. 6, that consultation has taken place with “key stakeholders, including, for instance, local councillors, parks friends groups, sports clubs, park users and the wider community”; as against the decision taken in October 2020 to launch the consultation referred to in Question 1 above?

Lastly, does the Councillor regard as 'robust' the assessment against Criterion No. 10 in the Building Better Parks Policy – which asks 'if there is a better alternative proposal, or if maintaining the status quo is a better option?' – the answer to which reads “No, the proposal is the preferred way forward”: and would she not agree that that is hardly a factual appraisal, and that it falls well short of the Council's normal requirements for proper consideration of alternative courses of action?

- 5.2. Councillor Mary Lea commented that the Better Parks initiative recognises the
10 need to invest further into the management and maintenance of the cities' Parks and Green Spaces. Where income is generated within a green space the ambition is to reinvest within green spaces in the city. This helps protect the service from potential cuts in core council funding, improves services and contributes to easing budgetary pressures by reducing the Council's overall costs for delivering the Parks and Countryside Service. As with all income generated within Sheffield's parks, the needs of the specific park are balanced with those of all sites in Sheffield. However, when the matter was first discussed with Lisa Firth, it was suggested that a proportion of the income from this leased arrangement, if approved, could be given to the Friends of Millhouses Park to enable their valuable work in the park. The friends rejected this offer at the time. What can be guaranteed is that 100% of this income will be used to support Millhouses and other parks in Sheffield.

Early discussions and consultation was carried out in 2017/18. You were part of this consultation. Further online consultation was undertaken in October 2020 as agreed with the Friends of Millhouses Park group.

No alternative proposals have been received for this small piece of land. In assessing the proposal that has been received from True North Brewery, the alternative of doing nothing has been considered throughout and this 'maintaining the status quo' is not considered a better option – this is partly subjective as decisions around our green spaces are not solely tick box exercises. The Better Parks criteria was developed as a direct result of your objections to this very proposal to ensure the council could demonstrate a clear method for making those decisions.

- 5.3 Public Questions Concerning Appointment of Interim Chief Executive and Chief Executive

- 5.3.1 Russell Johnson commented, at this time of continuing and worsening financial stringency, and in the light of SCC's large reduction in turnover in recent years,

would the Leader please attempt to justify:

- (a) the cost of over £200K for an Interim Chief Executive;
- (b) the appointment of a new Chief Executive carrying a salary of c. £190K plus on-costs;
- (c) the fact that the salaries for the most highly paid seven officers amount to over £1m pa. (excluding on-costs).

Why was the obvious opportunity of Mr Mothersole's retirement not taken to share a Chief Executive with neighbouring Authorities?

Does the Leader/Cabinet Member agree with me that this continued profligacy and disregard for obtaining value for taxpayers' money is likely be seen as a kick in the teeth by deprived people needing scarce services in our City? And that this wastefulness leads to further cynicism regarding politicians' actions and in many Wards very low voter turnouts?

5.3.2 Councillor Bob Johnson commented that, once John Mothersole had confirmed his intention to retire and we knew that there would be a gap between his departure and the new Chief Executive taking up position, it was decided that an Interim would be appointed. The recruitment to this position was carried out in an open and transparent way and led by an officer employment committee including elected Members. The ability to commence recruitment of a permanent Chief Executive was delayed due to the first national lockdown and the council's response to Covid but the need for an Interim Chief Executive to lead through that period remained, so the total cost of interim arrangements exceeded those set out in our outlined arrangements. The actual pay for our senior officers is set out in our pay policy and salary payments to council offices are reported annually in line with transparency and other reporting requirements.

5.4 Public Questions Concerning Heart of the City II

5.4.1 Russell Johnson commented, in view of the pandemic radically changing work patterns, purchasing habits and unemployment affecting the ability to rent new apartments, the 'Heart of the City II' scheme would seem to be a very expensive white elephant, perhaps around 10 years too late. What financial risk is the Council – the Taxpayer – liable for in the likely event of the failure to secure anticipated income streams for the project?

5.4.2 Councillor Mazher Iqbal commented that the Council decided to take a different approach following the unsuccessful Seven Stones proposal in 2017 by moving to a block by block approach. For example he referred to the success of the HSBC office building. A decision was taken to seek retailers that are not already in the city resulting in us successfully securing companies like Weekday and Monkey, also within that block we have CMS which are a global legal firm and an independent retailer, Marmadukes, providing a mixed tenure. Unlike Seven Stones which would have caused us a huge problem, like it has done in other cities where large retail outlets are finding it difficult to let units, our current approach includes retail, leisure, residential, office space and new public realm. We also have Angelo Gordon, a real estate investor, on site with a large build to

rent residential scheme, which is around £60m of investment. Also, Radisson Blu, a global hotelier, have signed heads of terms and New World Trading is opening a new restaurant. He stated that the Council will shortly be making an announcement on Leah's Yard. We have secured John Lewis in the city. The former Leader and I recently attended the topping out of the Isaac's building, which includes 52 apartments, town houses and workspace and he reported that the Carver Street office block is full. He stated that this demonstrated that our approach is justified and was keeping the project and the city moving and that he would disagree with the comment made in respect of the project being a white elephant, in fact the project is a great success. In addition to this he referred to the regeneration and redevelopment of the Moor, the work carried out on the Heart of the City has levered in extra funding of £15.8 million from the Future High Street Fund, which connects that thread and the final part of the jigsaw which is Castlegate. The city centre is moving forward and the next policy for us, which we will be announcing in February is how can we replicate that in our district centres.

5.5 Public Questions Concerning Governance Model

5.5.1 Russell Johnson commented, at Full Council two weeks ago, I was pleased that in an answer to me the Leader did not seek to defend the current 'Strong Leader' model for governing our city. In view of that apparent flexibility and the sad fact that both of our Football teams are in the doldrums, citizens' spirits might be lifted if the Council were to be the first major Authority in England to announce a plan to implement a move to a modern committee system of governance. This would be a significant and progressive achievement marking a new and dynamic era in the history of Sheffield Local Government. And maybe no further embarrassing appearances in Private Eye's 'Rotten Boroughs' column!"

5.5.2 Councillor Bob Johnson commented that, as you'll be aware Councillor Fox, alongside the Overview and Scrutiny Management Committee, led on this work and they also carried out the Big City Conversation. I obviously will be looking into the issues raised in that Conversation and how the Council engages and makes decisions and is indeed held accountable. I understand that there was a lot of consensus around this work on what we can do to make improvements. Through this work I will continue to work with Councillor Fox and other colleagues to take these ideas forward.

5.6 Public Questions Concerning Council Meeting Questions

5.6.1 Nigel Slack commented that, the first Council Meeting of 2021 was not a particularly edifying experience. Despite promising words from the Leader of the Council about working together better and getting away from tribal politics, it only took some minor baiting from the opposition parties for things to revert to previous habits, flinging comments across the virtual chamber, the Lord Mayor being disrespected and Cabinet members in the thick of it.

It served however to highlight an issue of concern to this member of the public for some years. Back when the late lamented Harry Harpham was Deputy Leader I asked a question about the unfairness to the public of the questions item being

hijacked by Party activists to ask questions of Council that promoted an openly party political response being made, clearly a stooge in the gallery taking time from genuine questions from members of the public, possibly with questions prepared by their Party. The person in question stood as a Labour Party candidate in West Ecclesfield at the 2019 local elections. Harry Harpham's response was that she was a member of the public like anybody else.

Is it therefore time the Council adopted a protocol to prevent the sort of scenes we have witnessed at recent Council meetings where candidates and Cabinet members have used the public questions arena as a battleground for upcoming (or not) elections?

Should political party candidates or even just party members be required to declare that affiliation when putting questions?

Clearly all parties share some responsibility in this issue, is it not time to grow up?

- 5.6.2 Councillor Bob Johnson commented that he will take this as a statement rather than a question and will take on board what is being said.

5.7 Public Questions Concerning the Current Lockdown

- 5.7.1 Nigel Slack commented, are we really in lockdown? You would not know it from the traffic on the roads. On a recent exercise walk I took to the backstreets around Heeley Bridge to avoid the traffic and yet I passed the following open businesses - a surface treatment company, a safety lamp manufacturer, a kitchen maker, including customers in the showroom, a van haulage hire company, an accountants, a carpet showroom, and various building supply firms.

This is no doubt the impact of a looser definition of essential businesses but also of insufficient government support for businesses and people in general during this deadly pandemic. Workers are effectively being forced back to work and the negative impact on this so called lockdown is inevitably going to cost lives. Once again Government is choosing economy over people's health and this Council can do nothing but follow orders. It is also reflected in reports that some schools are dealing with 40% of their normal numbers still in school. How does this compare to the first lockdown in March 2020?

With the country quickly approaching 100,000 deaths nationally (equivalent to 1 in 6 of this city's population) and 700 deaths locally what can this Council do to make health the top of the agenda rather than the economy? When did Council last meet with the SCR Mayor to push him to pressure Government? When did Council last meet with the city's MPs to push them to pressure Government?

- 5.7.2 Councillor Drayton commented that the points being made are important but it was important to recognise that the rules of this lockdown are different from the rules of the previous lockdown. You are right in saying that there are more businesses open this time and it is the same with schools, with the notion of key workers and vulnerable children expanded. She confirmed that the research shows traffic movement is down in this lockdown but it has not gone down to the level it was in the previous lockdown

As well as the impact on health, the impact on the economy in the City, particularly for our most deprived areas is significant, We must do all we can to ensure that the people of Sheffield have jobs when we come out of this pandemic. She referred to the Marmot Review on Health Equality and the importance of a good environment and housing and the important work already being carried out in these areas by the Council.

The daily death toll of 1610 in the UK yesterday is just awful and unacceptable but what we can say here in Sheffield is that the number of cases is lower than the national rate and one of the lowest rates in the country. This is no doubt as a result of the people of Sheffield, in the main, following the rules and they should be thanked for this.

She indicated that she had detailed information with regard to School attendance that she would share with Mr. Slack but confirmed that there were seven schools in the city that had children for one day at least at 40% but the vast majority were lower than that. She confirmed that the message from the Outbreak Control Plan, agreed by the Prevention and Management Board is still to keep people safe, protect the most vulnerable but reopen Sheffield. To keep people really healthy we need children to go to school, we need businesses to be operating and people to be working.

Councillor Bob Johnson confirmed that he meets constantly and regularly with MPs and the City Region Mayor.

5.8 Public Questions Concerning Public Archive

5.8.1 Justin Buxton commented, further to the council committing to an "archive" of all information pertinent to the street tree "felling programme" pursuant to the Streestahead contract with Amey, following the Local Government Ombudsman finding the council had acted "less than honestly". Please update residents with absolute details regarding the progress of this, including specific remit, brief and timescale.

5.8.2 Councillor Mark Jones commented that he was pleased to report that a project team has been formed under the leadership of the Archives and Heritage manager, Mr Pete Evans. He is reporting to a Project Board led by the Interim Executive Director of Place Mr. Mick Crofts. We have identified archives software for purchase and a procurement process is underway. The Project Board has had a first meeting and agreed to extend the time scale for the project to 2013 until 2018 which covers the report from government. An analysis is underway to ensure that all stakeholders are identified and invited to contribute, so this is extending beyond the remit of just the council and hoping that other partners in the city can contribute to the archive. It is hoped that the archive will be launched in approximately four months, although there may be some slippage in that time scale due to the increased cover of the archive and additional content that we hope to include.

He stated that things are moving forward, we are trying to work as quickly as we

can and hopefully we can reassure you that the archive will be coming online in a timely manner.

5.9 Public Questions Concerning Civil Injunction

5.9.1 Justin Buxton commented, with regard to the civil injunction sought by the Council and granted by Justice Males:

Against how many individuals were committal proceedings sought in court?

Against how many individuals were costs awarded by court in favour of the Council?

Of the above how many individuals have satisfied said costs in full and what is the value of these costs broken down individually?

If there are outstanding costs, what are the individual values of any unpaid costs?

What action is being taken and what is the plan to recoup any costs awarded by court from individuals that haven't yet paid costs awarded by court?

5.9.2 Councillor Mark Jones commented that our officers are addressing that question and extracting the information from the relevant files which will take a little while. A written answer will be provided in due course.

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. **COVID-19 UPDATE**

7.1 The Director of Public Health, provided a Coronavirus (Covid-19) position statement.

In respect of the Epidemiology situation, he reported that from mid-October up until mid-December the rates of infections were coming down quite markedly, it was slightly rising from mid-December to the end of December, then it went up quite markedly. Currently the rate is coming down in both the whole population and most importantly within the elderly. He stated that as of today the rate of incidence stands at about 250 per hundred thousand. Nationally the number of cases is dropping and in particular that was the case in London, the South East and most of the Home Counties. This is important because it gives a significant amount of confidence that the lockdown measures that are in place are sufficient to hold the new variant of the virus.

In Yorkshire and the Humber we did not experience the marked increase in cases that was experienced at the end of December in other parts of the country. This was driven by the fact we didn't have at that time a great deal of the B17 variant. That has changed and we now do have that variant, but we are in a place where we've got some really quite restrictive measures, sufficient to hold the virus. There is growth in cases in the working age population, who are out and about more at work and travelling to and from work. The rates are not growing really at all in school age children and are in fact

coming down in the elderly, which is quite reassuring. Hospitals remain busy and are in a period of really sustained pressure that is having a knock-on impact in the ability to provide care. However, the NHS is still open, both primary care, social care and the hospitals are open for business and are still providing great care. Our rates are coming down but are too high and that gives us very little room for manoeuvre. We cannot and must not do anything that will increase the pressure on the NHS and social care system.

He presented details of the deaths in both hospitals and the community over the course of the pandemic. It was clear that there has been a significant rise from October through to November and although it did come down it has gone up again and unfortunately there will be a long tail with further deaths.

He reported that R0 was still above 1 but will come down to below one but with a much higher case rate. There were less than 250 cases 100,000 population in seven day and falling, which is good news. The proportion of people who have symptoms who get a test, testing positive is falling and was now 11%. A significant proportion of our hospital beds have a patient with Covid in them. The new variant is in our City with a significant proportion of cases, more than 50%, relating to the new variant, thus he stated that there is little to no room for manoeuvre.

Our Outbreak Control Plan remains intact. Additions are being made to the Plan and we will be developing it further, ready for when we come out of lockdown. It was noted that our current epidemiology position means that we will have lower rates than the rest of the country at this point. He stated that he envisaged that we'll be in a position where we have to manage Covid as an endemic disease and we will have to act accordingly for some considerable time to come. We have control of some of the tools that we need, but we fit into a wider context and we don't have full control, so we will need to fit around the national government approach and guidance. For the development of our Plan we will continue to push for rapid test and rapid test result for those with symptoms; more rapid and complete contact tracing; better support for those who are asked to isolate, especially financial; the long term adaption of the city; and high coverage of vaccination.

With regards the future, he confirmed that the lockdown is having the impact that is expected and that the vaccination programme has made huge progress but doesn't shift the need for the basic public health measures.

The new variant of the vaccine is about 60% of cases and is more transmissible. This has had an upward impact on transmission and is likely to lead to a higher baseline rate when the current downward trend settles. Pressure on hospitals will continue for some time to come. From mid to late February, it is hoped that the tide will begin to slowly turn as a large number of the population will be vaccinated by then which will

have an impact on mortality and hospitalisation, possibly on transmission, and we will be spending more time outdoors. However, we will still have nowhere near enough coverage of vaccination to resolve the problem, so we will be living with Covid until at least summer. We don't know the extent to which the virus may mutate further so we need to be careful for some considerable time to come. The roll out of vaccinations is progressing well by the 15 primary care hubs and the hospitals, which is credit to the NHS, supported by the voluntary and community sector and the Council.

There are uncertainties as we genuinely don't know the extent to which the vaccination reduces transmission. The one thing that that we cannot do is allow the virus to circulate freely in a population that is unvaccinated because that is inviting a further mutation and vaccine resistance. The vaccine is clearly good news but it is not the single or sole solution to the end of the pandemic.

8. RETIREMENT OF STAFF

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

8.2 **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>
	<i><u>People Portfolio</u></i>		
	Denise Clift	Teaching Assistant Level 2, Ecclesfield Primary School	20

(b) extends to her 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 those staff with over 20 years' service.

9. MONTH 8 CAPITAL APPROVALS 2020/21

9.1 The Executive Director, Resources, submitted a report providing details of proposed changes to the Capital Programme as brought forward in Month 8 2020/21.

9.2 **RESOLVED:** That Cabinet:-

(a) approves the proposed additions and variations to the Capital Programme listed in Appendix 1 and Appendix 2, including the procurement strategies (including a Measured Term Contract for Asbestos Removal that will also be utilised for revenue activity) and delegate authority to the Director of Finance

and Commercial Services or nominated Officer, as appropriate, to award the necessary contracts;

(b) approves the variations to the Housing Capital Programme as part of the annual programme refresh as detailed in Appendix 3; and

(c) approves the making of grants to 3rd Parties as detailed at Appendix 4.

9.3 **Reasons for Decision**

9.3.1 The proposed changes to the Capital programme will improve the services to the people of Sheffield.

9.3.2 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.

9.3.3 To obtain the relevant delegations to allow projects to proceed.

9.4 **Alternatives Considered and Rejected**

9.4.1 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.

10. **HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN AND BUDGET 2021/22**

10.1 The Interim Executive Director, Place, submitted a report providing the 2021/22 update of the Housing Revenue Account (HRA) Business Plan. The report includes proposals to:

- Deliver our stock increase programme to build and acquire more council homes and develop plans to expand our current programme;
- Invest in further health and safety measures including fire safety improvements;
- Deliver improvements to our tenants' homes to make sure they continue to be well maintained;
- Develop plans to respond to the Council's ambitions to address climate change and how council housing can contribute to achieving zero-carbon emissions by 2030;
- Proactively manage our neighbourhoods, supporting existing, new and prospective council housing tenants;

- Make improvements to our estate services; and
- Review housing offices and community buildings to ensure these are being fully utilised by tenants and residents

10.2 **RESOLVED:** That Cabinet recommends to the meeting of the City Council on 3 February 2021 that:-

- (a) the HRA Business Plan report for 2021/22 as set out in the appendix to the report is approved;
- (b) the HRA Revenue Budget 2021/22 as set out in the appendix to the report is approved;
- (c) rents for council dwellings are increased by 1.5% from April 2021 in line with the Regulator of Social Housing's Rent Standard;
- (d) rents for temporary accommodation remain unchanged for 2021/22;
- (e) garage rents for garage plots and garage sites are increased by 1.5% from April 2021;
- (f) the community heating standing charge is increased by £0.60 per week from April 2021 (The unit kWh price will remain unchanged for 2021/22);
- (g) the sheltered housing service charge remains unchanged for 2021/22;
- (h) the burglar alarm charge remains unchanged for 2021/22; and
- (i) the furnished accommodation charge remains unchanged for 2021/22

10.3 **Reasons for Decision**

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

10.4 **Alternatives Considered and Rejected**

- 10.4.1 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.

11. SHEFFIELD STREET TREE PARTNERSHIP WORKING STRATEGY - CONSULTATION FEEDBACK

11.1 The Interim Executive Director, Place, submitted a report summarising the feedback from the consultation on the Sheffield Street Tree Working Strategy that ran for 12 weeks from Thursday 16th July until Thursday 8th October 2020.

11.2 **RESOLVED:** That Cabinet:-

(a) Receive the feedback from the consultation, as detailed in the report;

(b) agrees that the consultation feedback will be used in the following ways:

- To inform the final Sheffield Street Tree Partnership Strategy to be brought to Cabinet in March 2021
- To help shape the future arrangements for a new Sheffield Street Tree Partnership
- To help shape the future programme of work for the partnership
- To inform and help shape Council policies and processes.

11.3 Reasons for Decision

11.3.1 The recommendations are made on the basis that:

- This honours the commitment made by the Council, Amey and STAG in the Joint Position Statement to develop an exemplary new street tree strategy for Sheffield.
- This honours the commitment that further consultation with key stakeholder groups and with the public would be part of the work to develop the new street tree strategy.
- Along with other city and Council strategies that are already in place, the street tree strategy will be instrumental in helping to develop and shape guidance and policies that determine the future of the city in a range of areas including climate emergency; development of the city centre, district centres and local neighbourhoods; and the health and wellbeing of residents.

11.4 Alternatives Considered and Rejected

11.4.1 Two alternative options are:

- No new street tree strategy
- Maintain and manage the highway network without taking account of the value of the benefits provided by street trees in decisions about whether to retain or replace them.

- 11.4.2 Neither of these options would be in line with the commitment set out in the Joint Position Statement agreed between Sheffield City Council, Amey and STAG to develop an exemplary new street tree strategy for Sheffield

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REPORT TO CABINET 17th February 2021

Overview and Scrutiny Management Committee

Revenue Budget and Capital Programme Approval 2021/22

Background

1. The Overview and Scrutiny Management Committee met 11th February 2021 and considered a report of the Executive Director, Resources, on the Revenue Budget 2021/22 and Capital Strategy 2021 to 2026
2. The above report of Executive Director, Resources is due to be submitted to Cabinet on 17th February 2021.

Outcome of Scrutiny

3. At the meeting on Thursday 11th February 2021, Committee Members heard from the Cabinet Member for Finance, Resources and Governance and Council Officers. After discussion, the Committee resolved that the Committee:
 - (a) notes the contents of the report of the Executive Director, Resources, now submitted, on the Revenue Budget 2021/22 and Capital Strategy 2021 to 2026, together with the comments now made and the responses provided to the questions raised;
 - (b) expresses its thanks and appreciation to all those Council officers and Members involved in the budget-setting process for the excellent work undertaken by them in achieving a balanced budget, particularly in such difficult circumstances;
 - (c) condemns the Government for its continued failure to deliver a sustainable funding solution for Local Government, particularly with regard to Adult Social Care; and
 - (d) recommends that the report of the Executive Director, Resources, on the Revenue Budget 2021/22 and Capital Strategy 2021 to 2026 be approved by the Cabinet without amendment
3. Comments regarding the above report included the following:
 - (a) Agree with Sustainability thread through everything, strongly emphasises that we ensure sustainability is at the centre of what we do, that we are measuring we are sustainable and will be sustainable;
 - (b) Support Sheffield Ethical Procurement Policy, and encourages the measuring of how much this gives back into the city economy;
 - (c) Express heartfelt thank you to all keeping the City running at this time.

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Author/Lead Officer of Report:
Craig Rogerson/Principal Committee Secretary

Tel: 27 34014

Report of: *Executive Director, Resources*

Report to: *Cabinet*

Date of Decision: *17 February 2021*

Subject: *Staff Retirements*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>N/A</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>N/A</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:-		

Purpose of Report:

To report the retirement of the following staff from the Council's Service and to convey the Council's thanks for their work.

Recommendations:

To recommend that Cabinet:-

- (a) place on record its appreciation of the valuable services rendered to the City Council by the members of staff in the Portfolios stated;
- (b) extend to them its best wishes for the future and a long and happy retirement; and
- (c) direct that an appropriate extract of the resolution now made, under the Common Seal of the Council, be forwarded to those staff with over 20 years' service.

Background Papers: None

1. PROPOSAL

- 1.1 To report the retirement of the following staff from the Council's Service and to convey the Council's thanks for their work:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<u>People Portfolio</u>		
Diane Hetherington	Headteacher, Broomhall Nursery School	34

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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: *17th February 2021*

Subject: *Budget Report for 2021/22*

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:-				
<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 Revenue report is to:

- approve the City Council's revenue budget for 2021/22, including the position on reserves and balances;
- approve a 2021/22 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 Strategy is to:

- Set out the Council's key priority areas for capital investment;
- Provide an overview of specific projects included in the years 2021 to 2026;
- Set out the overall shape of the current Capital Programme for the 5 years to 2026 (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:


As regards the Revenue Budget, Members are recommended:

- a) To approve a net Revenue Budget for 2021/22 amounting to £365.812m;
- b) To approve a Band D equivalent Council Tax of £1,702.31 for City Council services, i.e. an increase of 4.99% (1.99% City Council increase and 3% 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 47, with effect from 1 April 2021;
- 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 17;
- 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 2021/22, 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) notes the precepts issued by local parish councils which add £637,944 to the calculation of the budget requirement in accordance with Sections 31 to 36 of the Local Government Finance Act 1992;
 - 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 2021/22 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 2021/22 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, 2019/20, and 2020/21 be also implemented for 2021/22.
2. As regards the Capital Strategy, Cabinet is recommended:
- to approve the contents of the Capital Strategy and the specific projects included in the years 2021/22 to 2025/26; 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 2025/26 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	Finance: <i>Dave Phillips</i> Legal: <i>David Hollis</i>

	completed / EIA completed, where required.	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 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: 9 th February 2021	

1. PROPOSAL

- 1.1 The City Council on 3 March 2021 meets to consider the Revenue Budget for 2021/22 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 2021/22, including the position on reserves and balances;
- approve a 2021/22 Council Tax for the City Council; and
- note the levies and precepts made on the City Council by other authorities.

Please refer to paragraph 181 of the main report for the recommendations.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 *Yes – see Paras 116-142 for further details.*

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 *Paras 143-180 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 87-97)*

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 3 March 2021 meets to consider the Revenue Budget for 2021/22 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.*

Sheffield City Council

Revenue Budget 2021/22



FOREWORD

The last twelve months have been some of the most challenging in Britain's recent peacetime history. The COVID pandemic has dominated every aspect of people's day to day lives, and has caused huge disruption, economic turmoil, and very sadly many deaths and serious illnesses.

Against this backdrop, the Council has had to maintain its critical services for the citizens of Sheffield, such as looking after older people, safeguarding vulnerable children, maintaining our streets, pavements and verges, and providing the services on which we all depend such as waste collection, parks and environmental health services. In addition there has been the pandemic-related pressures of providing additional support and Personal Protective Equipment to the care sector, helping schools to remain open, and administering large numbers of COVID support schemes for businesses and residents, such as free school meals during holidays and support for businesses closed by the pandemic.

Short-term Central Government (CG) financial support for these activities has been welcome, and it allows us to produce a balanced budget for 2021/22 without using reserves or making unplanned cuts to services. However, the impacts of the pandemic on people's livelihoods and businesses, the care sector, and on families and the additional support they may need, will continue well into the future. Currently we have no indication that any additional CG financial support will continue beyond 2021/22, and there is a the very real prospect of a further period of austerity to deal with the large national budget deficit. This uncertainty in our future funding makes it more challenging to plan, and we continue to lobby Central Government for certainty over our medium-term funding that recognises the vital role that the Council plays in looking after the citizens of Sheffield, and in helping the City to recover from the pandemic.

In response to the challenging medium-term financial position, the Council continues to push forward with a programme to transform its services. We are putting citizens at the heart of these services, learning lessons from how we have all adapted to the pandemic by making better use of technology to provide services in a more accessible way, focusing on preventing family breakdown and ill-health, and in enabling vulnerable people to live safely in their own homes wherever possible. In doing all of this we continue to work closely with our partner organisations across the City, in particular the NHS.

This programme will enable citizen-centred services to be provided, whilst helping to contain costs, allowing scarce resources to be used to support social services for both adults and children.

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. The rising cost of social care for our elderly people, as our population ages, remains

a national 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. This lack of funding puts additional operational and financial pressures on the Council and on its partners.

Over the last 4 years, the Council has provided these vital services with above inflation funding increases and this year is no different. A 14% increase for 2021/22 and an average of 11% over the last 4 years has seen the budget for adults and children's social services rise by a total of £88m. The Council recognises that much of the funding for these increases has been raised from local businesses and council tax payers, and it remains committed to supporting those who are struggling pay. However to protect the services upon which the citizens of Sheffield rely, it is vital that everyone who can pay, does so.

Key to our activities over the coming years will be helping Sheffield to recover from the effects of the pandemic and careful financial management in recent years means that we are starting from a position of relative financial strength. We want to make Sheffield a great place for everyone to live, work and enjoy themselves, building on the spirit of its people, and the many great amenities in the City and its beautiful surrounding countryside.

A balanced budget for 2021/22 is recommended to Council for approval, and sufficient reserves are being retained. We will use these reserves carefully to protect essential services in the short-term if further Central Government funding reductions occur after 2021/22 and to support COVID-related growth and recovery activity as far as we are able.

We urge Central Government to commit to sustainable funding for Local Government for the medium term, maintaining key services, helping to sustain and grow our communities, promoting economic growth and jobs, and in particular recognising the protection these services give to the most vulnerable in our society

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 2021/22

Contents

List of Appendices	4
Purpose of the Report	5
Medium Term Financial Outlook	5
Business Planning for 2021/22.....	8
Section 25 Statutory Statement on Sustainability of Budget and Level of Reserves..	9
Formulation of the Budget for 2021/22	11
Business Rates Income.....	14
Council Tax income.....	17
Collection Fund Deficit	20
Balances and Reserves	22
Corporate Expenditure / Savings	23
Development of Portfolio Budgets.....	25
Savings Proposals for 2021/22	29
Portfolio Revenue Spending Plans for 2021/22.....	30
Financing the 2021/22 Budget Requirement	30
Council Tax	31
Collection Fund	31
Council Tax Base	31
Budget Requirement for 2021/22	31
Council Tax Levels.....	32
Precepts.....	33
Legal Advice.....	33
Levies.....	35
Housing Revenue Account (HRA) Budget.....	36
Treasury Management Strategy	36
Financial Implications	37
Workforce Impact	37
Pay Policy	38
Members' Allowances	38
Budget Engagement.....	39
Equality Impact.....	48
Recommendations	58

List of Appendices

Reference	Section Detail	Page Number
Appendix 1	Portfolio Pressures	61
Appendix 2	Portfolio Budget Savings Summaries	62
Appendix 3	Summary Budget for 2020/21	63
	3a: People Budget Summary	64
	3b: Place Budget Summary	78
	3c: Resources Budget Summary	82
	3d: Policy Performance & Communications Budget Summary	85
Appendix 4	Reserves Strategy	87
Appendix 5	Risk Register	94
Appendix 6	Council Tax Determinations	108
Appendix 7	Treasury Management and Annual Investment Strategy, including The Prudential Code and Prudential Indicators	109
Appendix 8	Pay Policy for 2020/21	148
Appendix 9	Equality Impact Assessment	156
Appendix 10	Glossary of Terms	219

2021/22 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 2021/22, including the position on reserves and balances;
 - approve a 2021/22 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 2020 Medium Term Financial Analysis predicted an overall funding gap of approximately £72m between 2021/22 to 2024/25.

Funding uncertainty continues to hamper effective budget planning.

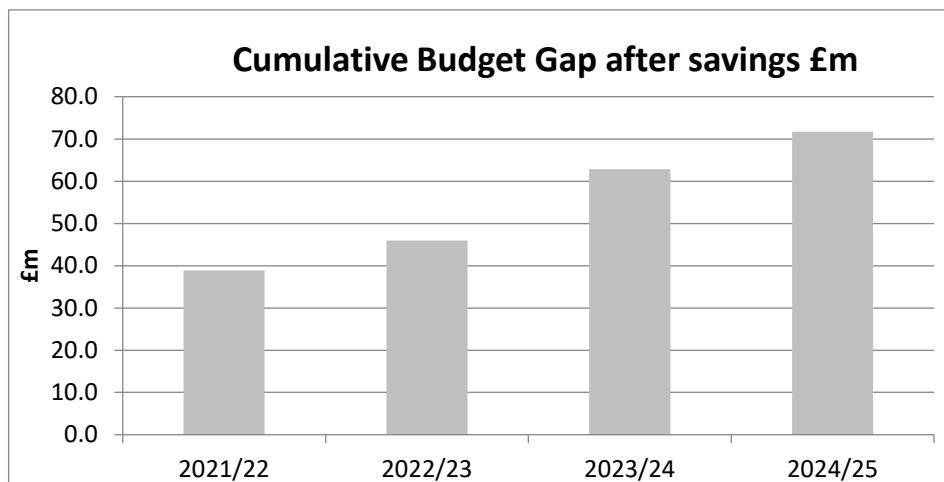
Growth in demand for services and cost inflation continues to outstrip additional funding available from Government or local taxation over the medium term.

The Coronavirus Pandemic adds further uncertainty to the medium term financial outlook, both in terms of impact on the Government's ability to fund Local Government and also the longer term impact on local taxation such as Council Tax and Business Rates.

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 2020, set out the Council's latest financial forecast for the period 2021/22 to 2024/25.
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 2020 Spending Round and Provisional Settlement, completely outstrip growth in local taxation. Even after significant proposed portfolio savings and mitigating actions the net gap still stood at approximately £72m over the MTFA period.

4. The following graph, Figure 1, shows the forecast net gap as per the published MTFA (October 2020). This budget sets out proposals to balance the 2021/22 budget, which will reduce the net budget gap shown below. However, caution will have to be applied in assuming the medium-term outlook will improve significantly as a result. A significant amount of the funding provided to balance the 2021/22 budget is one-off and will therefore impact on 2022/23 budget pressures. In addition, the issues discussed below in relation to uncertainty of funding, especially the long term impact of the Covid pandemic, are likely to have an adverse impact on future forecasts.

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 10th February 2021 is no different as it only confirms funding for 2021/22, a large proportion of which was only one-off funding. Effective planning beyond 2021/22 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 ongoing 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 2022/23 at the earliest, but is more likely to be implemented for 2023/24,

leading to more uncertainty and possibly another single year settlement for 2022/23.

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 2020 and should have formed part of the Council’s settlement for 2021/22, but it has also been delayed and will be delivered on the same timescales as the Business Rates Retention scheme.
10. The results of this Review are uncertain for the Council and further consultations are yet to be announced. 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 at least one year to 2022/23. Therefore, no increase or reduction to Central Government funding has been assumed from 2022/23 onwards. This assumption is a key uncertainty and risk for the Council going forward.

Coronavirus Pandemic

12. The UK Government has significantly increased its level of borrowing over the last 12 months to cope with the impact of the Coronavirus Pandemic. This level of borrowing cannot be sustained and will have to be repaid in the coming years. The repayment of this debt is likely to impact the Government’s ability to fund public services and therefore reductions in funding or very limited increases have to be anticipated.
13. SCC has been afforded some short term protection from the impact of the Pandemic on local taxation via Government schemes to protect jobs and business, such as furlough and the expanded retail, leisure and hospitality business rates relief scheme. The Government has also committed to funding some of the 2020/21 in year irrecoverable losses from local taxation. However, no long term support has been announced to protect Council’s from

the lasting impact of the pandemic on local taxation income. This lasting impact will be continually assessed and reflected in updated MTFA's.

Business Planning for 2021/22

Key messages

The budget gap identified for 2021/22 (additional costs - less grant income + local taxation) needs to be met by service savings.

SCC will focus on delivering savings via transformative strategic changes both in discrete areas and via overarching Council wide programmes.

14. 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 2021/22 for a specified cash limited budget. The Business Planning process for 2021/22 began before the consideration of the MTFA report by Cabinet in October 2020.
15. As reported in the MTFA 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 2021/22 and beyond, in order to achieve a balanced budget and protect our front-line services.
16. For 2021/22, we have continued the approach adopted in the previous three 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. However, for 2021/22 these programmes will be supplemented by Council-wide transformations in relation to workforce planning, customer experience and its support services operating model, as well as a continuing search for lower level "tactical" reductions in expenditure. Further details on the council wide transformations are provided in the Corporate Expenditure / Savings section of this report.

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.

17. The Chartered Institute of Public Finance & Accountancy (CIPFA) published the Financial Management Code in October 2020, which included 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

18. **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 (£13.2m) benchmarks as low compared to other authorities.
19. As above at Paragraph 2, the Council maintains a Medium Term Financial Analysis (MTFA) to assess the risks within the Council's financial position. The MTFA is reviewed alongside the Reserves Strategy to assess the level of future sustainability.
20. Following the Provisional Settlement (announced by MHCLG in December 2020) the Council expects to receive a funding uplift of approximately £25.9m from a mix of grant funding and increases to local taxation. This figure has been confirmed within the Final Settlement.
21. 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.

22. 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 ten 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. Without sustainable levels of funding, the Council will not be able to protect the services that local citizens rely upon; and
 - any unfunded longer-term impacts of the Covid pandemic such as sustained reductions in local tax revenues and/or increased demand for Council service.
23. Only one of these factors is fully within the Council's control.

The robustness of estimates behind the budget requirement

24. This Report proposes a budget requirement of £365.8m, and a Band D Council Tax charge of £1,702.31 for the year 2021/22. 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 14 and informs the Portfolio Spending Plans beginning at Paragraph 75¹.
 - The Council's main sources of income taken into account when setting the budget are Council Tax, retained Business Rates and specific grant funding. These income streams can be subject to considerable variation year on year. The Business Rate position is discussed at Paragraph 29, and the grant funding position is discussed at Paragraph 27.
25. 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.

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

Formulation of the Budget for 2021/22

Key messages

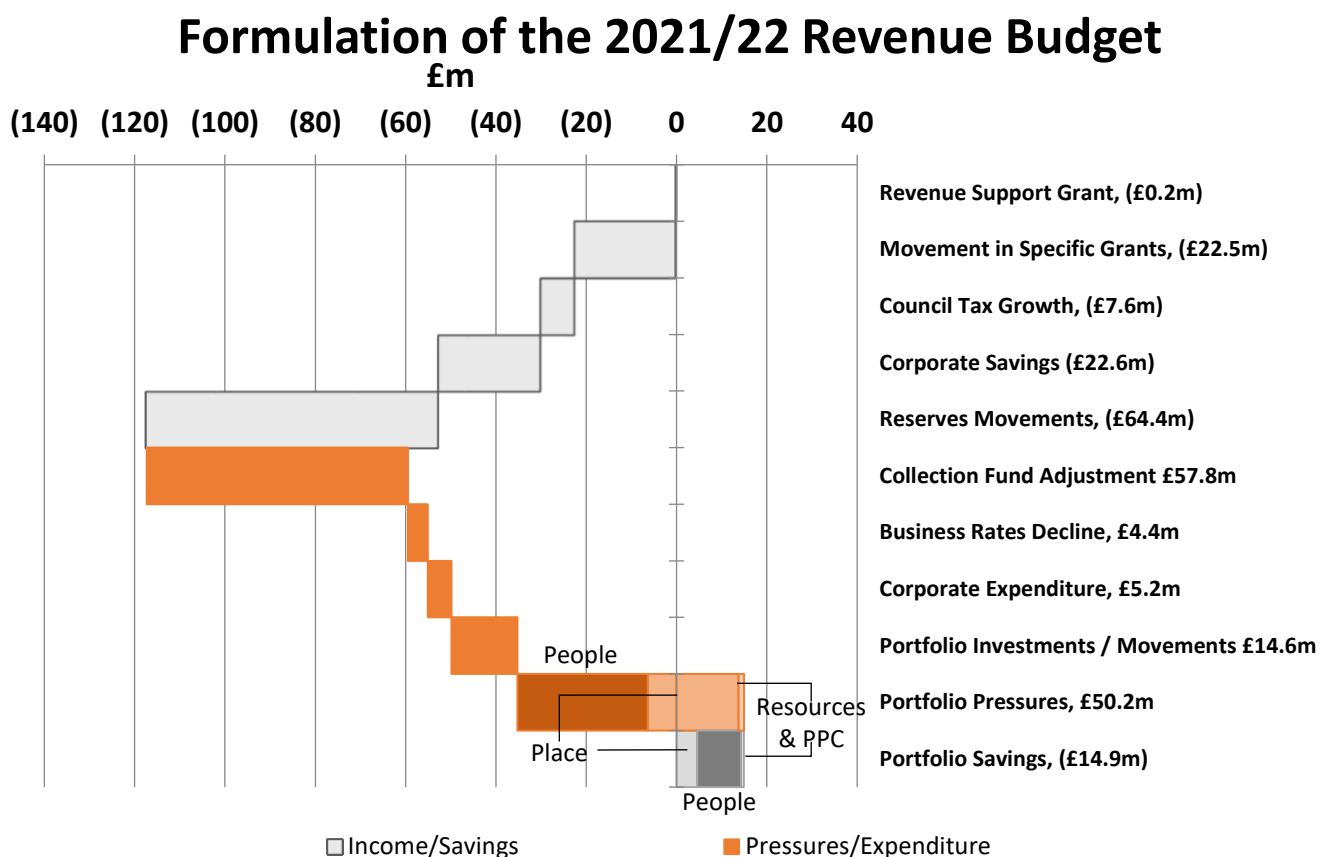
The Council is required by statute to set a balanced budget. There are a number of stages involved in formulating a balanced budget, these include:

- *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, cost inflation and planned investments.*
- *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 must be used.*
- *There is a technical and temporary increase in the use of reserves of £64.4m for 2021/22 when compared to 2020/21. However the vast majority of this use is the result of a technical Collection Fund accounting adjustment following changes to the accounting for Business Rates funding in 2020/21. No underlying reserve funding is currently forecast to be required to bridge a budget gap for 2021/22.*

The following sections provide details of the assessments undertaken and the processes followed to ensure the 2021/22 budget is balanced.

26. In formulating the Budget for 2021/22, 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 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 2021/22 has been balanced.

Figure 2



Local Government Finance Settlement

Key messages

The annual Local Government Finance Settlement announced on the 10th February 2021 confirmed the financial settlement allocations from Central Government for the year 2021/22.

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.

27. The Government announced details of the Provisional Local Government Finance Settlement for 2021/22 on 17th December 2020, with the Final Settlement allocations presented to the House of Commons on the 10th February 2021.
28. Below is a summary of the key points set out in the Final Settlement which impact on the 2021/22 budget for the Council:
 - Revenue Support Grant (RSG) for Sheffield will increase in 2021/22 by around £0.2m or 0.55% in line with CPI as at September 2020.

- Additional Social Care (ASC) Support Grant of £300m for 2021-22 was announced during the Provisional Settlement in December 2020 and confirmed in the Final Settlement. Sheffield's share of this funding is £4.9m.
- An overall reduction in New Homes Bonus funding for SCC of £1.1m resulting from the unwinding of legacy payments not being replaced. This reduction in funding was recycled into the ASC Support Grant and a new Lower Tier Services Grants
- A new grant (Lower Tier Services Grant) effectively using £111m of the NHB reductions. It is a peculiar grant with the purpose of helping to minimise the range of increases in Core Spending Power (CSP), and particularly to ensure that no authority receives a reduction in CSP. It is very heavily weighted towards district councils. SCC's share of this grant is £0.9m
- The overall referendum trigger for Council Tax increases has been increased to 4.99%, to accommodate authorities' ability to raise a 'Social Care Precept' of up to 3% (an additional flexibility of 1% compared to 2020/21). The threshold for Core Council Tax before a referendum is triggered is maintained at 1.99% for 2021/22. Full details of the anticipated increase to Council Tax income for 2021/22 are reported later in this report.
- The Government announced that the Business Rates Multiplier, the amount Business Rates would normally increase by each year, has been frozen for 2021/22. Local Authorities are to be compensated for this freeze, resulting in a £1.7m grant uplift for SCC. Full details of the forecast changes to Business Rates income including the impact of the Local Government Finance Settlement are detailed in the following section.
- There were no announcements with regards to the extension or continuation of the Retail Relief schemes established over recent years. This results in a £2.3m reduction in Section 31 grants. However, this grant is paid as compensation for reduced business rates income, which will now be due from effected businesses.
- The settlement also confirmed one-off funding to support Councils with the ongoing immediate impacts of the Covid pandemic. This came in the form of three grants. A general un-ringfenced grant of £17.7m, a Local Council Tax Support grant of £5.6m to support the Council with lost income resulting from increases Council Tax Support claimants and a

three month extension to the Sale , Fees and Charges compensation scheme established during 2020/21, the value of which will depend on the level of lost income for the Council.

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 £157.6m income from business rates, made up of £99.5m retained rates and £58.1m of grant income. This is **£4.4m** less than budgeted for in 2020/21.*

29. 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%). There have been long-mooted changes to the overall retention scheme, allowing authorities to retain 75% of business rates, but these are now not expected until 2022/23.

30. The basis for the Business Rates estimate is the valuation list issued by the Valuation Office Agency (VOA) in December 2020, and Sheffield's figures are given in the table to the right. These figures include two parts of the city where special rules apply.

<u>Table 1</u>	Dec 2020	Dec 2019	Change (+/-)
Number of hereditaments	19,065	19,078	-13
Gross Rateable Value (RV), £m	547.9	554.5	-6.6

Sheffield Retail Quarter and Enterprise Zone

31. As shown in the table to the right, 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.

<u>Table 2</u>	RV (£m)	%
EZ	4.9	0.9%
NDD	3.9	0.7%
Rest of Sheffield	539.1	98.4%
Total	547.9	

However, both areas are significant because any growth in business rates above the “baseline” established in 2013/14 and subsequently lifted for inflation can be retained in full locally, rather than half being repaid to Government.

32. The Business Rates growth above baseline for the Sheffield Retail Quarter and Enterprise Zone are forecast to be £20k and £678k respectively.

Calculating the Business Rates Estimate for 2021/22

33. Based on the Rating List and the 2021/22 rating multiplier (the “rate poundage”, which is set by Government) produces a gross business rate estimated income of £268.2m (£274.9m in 2020/21). A summary of the calculation to determine the Council’s share of business rates is shown below:

Table 3 (all figures £m)

	2021/22	2020/21	Change (+/-)
Gross Income Yield	(268.2)	(274.9)	6.7
Cost of Reliefs	50.1	52.8	(2.7)
Losses on collection	6.9	4.5	2.4
Losses on appeals	9.1	7.7	1.4
Disregarded Amounts	2.3	3.0	(0.7)
Net Estimated Business Rates	(199.9)	(207.0)	7.2
Allocation to...			
MHCLG (50%)	(99.9)	(103.5)	3.6
SCC (49%)	(97.9)	(101.4)	3.5
South Yorkshire Fire (1%)	(2.0)	(2.1)	0.1
	(199.9)	(207.0)	7.2

34. The Gross Income Yield 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. Eligibility for the majority of reliefs is determined by the Government, and the Council is able to set discretionary reliefs if it so wishes. It is estimated that the total value of these reliefs and deductions will amount to approximately £50.1m (£52.8m in 2020/21).
- Losses and costs of collection: this includes an estimate of the bad and doubtful debts in 2021/22, the potential legal and other recovery costs.

Using the assumptions set out in Government guidance, the estimated figure is £6.9m (£4.5m in 2020/21).

- 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 2021/22

35. In the table above the net business rates allocated to the Council is £97.9m (£101.4m in 2020/21). Additionally, the Council may retain the business rates collected from designated renewable energy hereditaments and from the designated city centre hereditaments. This is shown in the table below. It is proposed that the Council include both of these figures within its share of business rates income – in total, £99.5m.

Table 4

All figures in £k	2021/22	2020/21	Change (+/-)
Net Business Rates	(97,927)	(101,448)	3,521
Designated Area Business Rates (NDD)	(20)	(987)	967
Renewable energy amounts	(1,585)	(1,396)	(189)
Business Rates Top Up Grant	(43,222)	(43,222)	0
Small Business Rates Relief grant	(7,340)	(6,852)	(488)
Business Rate Inflation Cap (BRIC) grant	(7,543)	(5,834)	(1,709)
Retail Relief Scheme grant (2020/21 only)	0	(2,312)	2,312
Total Income from Business Rates	(157,637)	(162,051)	4,414

36. The net business rates income for 2021/22 has decreased by £4.4m from 2020/21 figures. This is mainly due to an overall £3.5m reduction in net business rates due to anticipated growth in reliefs awarded to empty, charitable and partially occupied premises due to the ongoing economic impacts of the COVID-19 pandemic and decreased rates payable within the city centre Designated Area, following the reduction in rateable value of large hereditaments.
37. The variations in related grant income are primarily due to the cessation of the budgeted figure or retail relief for 2020/21 at £2.3m, and the increase in compensation due to the freezing of the multiplier for 2021/22 at 2020/21 levels announced within the Spending Review.

Council Tax income

Key messages

Subject to Council approval, the Council Tax rate will increase by 4.99%. This will be 1.99% for the Core Council Tax and 3% for the Adult Social Care Precept.

There are 138,033 Band D equivalent properties, a decrease of 1.6% from 2020/21 (table 5, below).

*The Council will therefore receive £235.0m of income via Council Tax, which is **£7.6m** greater than 2020/21. Additionally, the Council will receive £5.6m of grant funding to compensate for reduced Council Tax base resulting from Increased Council Tax Support claimants.*

This Report recommends the 4.99% increase to Council Tax, and the increased levy on long-term empty properties (pars 45-47 below).

Council Tax base for 2021/22

38. It is proposed to set a Council Tax Requirement of £235.0m for 2021/22 based on a 4.99% increase. This includes the application of the 3% flexibility for Adult Social Care precept. This results in a Band D tax charge of £1,702.31, including the Adult Social Care precept.
39. This includes a determination that the Council Tax base – the number of properties on which a tax can be charged – will be 138,033 Band D equivalent properties. This represents a decrease of 1.6% compared to the previous year. This drop in taxbase is largely due to the growth in households eligible for Council Tax Support and a reduction in the estimated collection rate due to the economic impacts of the COVID-19 pandemic. The Council will receive £5.6m grant income from Government intended to compensate for this.
40. 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 2021/22. The Hardship Fund will total £1.8m and is reviewed on an annual basis.
41. 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**.

42. A summary of the Council Tax levels by band can be found in Table 10 in the 'Financing the 2020/21 Budget Requirement' section of this report. Further details can also be found in **Appendix 6**.
43. 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% has been assumed (although we still intend to collect 99% over the long term). This has been reduced by 0.5% from last year, due to the anticipated ongoing effects of the COVID pandemic on the city's economy, resulting in an increase in arrears and bad debts. Part of the grant mentioned above will be used to mitigate this loss of income. The collection rate is continuously monitored to ensure that it accurately reflects the current trends on collection.
44. The Council Tax Base for 2021/22 has therefore been determined as 138,032.64 Band D equivalent properties, as shown in Table 5 below. This is a decrease of 2,211 properties (or 1.6%) compared to 2020/21 but will result in an increase in Council Tax income of £7.6m assuming a 1.99% increase in 'core' Band D Council Tax and a 3% increase in the Social Care Precept. Of the £7.6m increase, £4.5m is due to the proposed 1.99% increase in Band D Council Tax and £6.7m is as a result of the 3% Adult Social Care Precept. This is offset by the decrease in tax base due to anticipated increases in revenue foregone due to Council Tax Support.

Table 5

	Band D equivalent number of properties
Council Tax Base of Band D equivalent properties for 20/21	140,243.9406
Additional properties in 2021/22	1,425.38
Increase in properties entitled to CTSS	-2,758.79
Increase in number of properties entitled to discounts / exemptions	-877.90
Council Tax Base of Band D equivalent properties for 21/22	<u>138,032.6368</u>

Long Term Empty (LTE) premium

45. 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, where the dwelling has been empty for less than 5 years are charged an additional 100% Council Tax and dwellings empty for 5 or more years are charged an additional 200% 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.

46. Further, arising from amendments to the Local Government Finance Act 1992, which comes into force 1 April 2021, Local Authorities from that date may increase the LTE premium to 300% for dwellings that have been Long Term Empty Dwellings for a period of 10 years or more.

47. 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 2021. It is therefore proposed that with effect from 1 April 2021, dwellings that have

Table 6

Length	Current LTE Premium	Proposed LTE Premium
>2 years	100%	100%
5-10 years	200%	200%
>10 years	200%	300%

been a Long Term Empty Dwelling for a period of less than 5 years shall be subject to a LTE premium of 100%, dwellings that have been a Long Term Empty Dwelling for at least 5 years but less than 10 years shall be subject to a LTE premium of 200% and dwellings that have been a Long Term Empty Dwelling for at least 10 years shall be subject to a LTE premium of 300%.

Council Tax referenda

48. 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.

49. The Secretary of State for Housing, Communities and Local Government has announced² that an authority's relative basic amount of Council Tax for 2021/22 is excessive if the authority's relevant basic amount of Council Tax for 2021/22 is 2% more than its relevant basic amount of Council Tax for 2020/21 and that its Adult Social Care precept increase for 2021/22 is greater

² <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2021-to-2022>

than 3% of the relevant basic amount of Council Tax for 2020/21. This Budget report does not include increases that would be considered 'excessive' by this definition, thus no referendum is required.

Collection Fund Deficit

Key messages

There are specific regulations that govern the accounting treatment of taxation income, in particular relating to any surplus or deficit in collection of business rates and Council Tax.

There have been significant changes to these as a result of the COVID-19 pandemic.

The Council distributed a Collection Fund surplus of £8.2m in 2020/21. For 2021/22, the Council must account for a £49.6m overall deficit, however, has received £56.1m of grant to fund this. In addition, £2.9m of Collection Fund deficit must be recognised in the following 2 years' revenue budgets.

50. In previous years, the approval of this Budget report has set the level of taxation income that the Collection Fund must transfer to the General Fund. Any surplus or deficit against this level is then transferred from/to the Collection Fund in following years, and shared between the relevant preceptors. For 2020/21 this figure was an £8.2m surplus
51. In 2021/22, the Council would ordinarily receive the budgeted taxation figures, any surplus deficit from 2020/21 and the difference between estimate and actual surplus/deficit from 2019/20. This would ordinarily have resulted in a surplus figure of £764k. This figure is made up of an £8.7m 2020/21 deficit, offset by a brought forward £9.5m surplus. The deficit exists due to increased debts and reduced tax bases as a result of the Pandemic, whilst the brought forward surplus is a result of reducing the Business Rates Appeals Provisions following the introduction of the Check, Challenge and Appeal scheme, which has significantly reduced the number of appeal claims.
52. However, there have been two complicating factors to the way the deficit has been calculated for 2021/22. These complications include changes to regulations in relation to the treatment of in year deficits for 2020/21 and the impact of the new Expanded Business Rates Relief scheme grant paid to Local authorities.

53. Due to higher levels of projected Collection Fund deficit , and to smooth the impact of this larger deficit, the Government is requiring billing authorities to spread any relevant deficit (the 'exceptional balance') in 2020/21 over the next three financial years. This change in regulations currently only applies to the financial year 2020/21.
54. This deficit against 2020/21 collection therefore will be a feature of the next 3 budgets irrespective of the progress of the continuing recovery from the pandemic. The actual figures will be determined with the completion of the NNDR1 for 2021/22 by the end of January 2021, but current forecasts put this figure at £2.9m as per the table below.
55. After the 2020/21 Revenue Budget was passed, the Government announced a 100% discount on business rates for retail, hospitality and nursery hereditaments. As such, this was not included within the Council's budget. This discount was estimated at £119m at the time, £115m above the £4.6m discount assumed at time of writing. Thus, the 2020/21 deficit for business rates is estimated at £114.6m, which is unprecedentedly large. Under the rates retention scheme, the Council's share of this deficit would be £56.1m.
56. The Council received £111.5m grant income in April 2020 as part of the Government's policy of cash flow support for the local government sector. The Council anticipates further grant income to cover the difference between the estimated amount and the final amount once the 2020/21 financial year is closed. This income will be held by the Council and released to the Council's General Fund in the 2021/22 Budget, and this treatment is required by Collection Fund accounting regulations.
57. The below table demonstrates the overall picture of the impact of the 2020/21 estimated deficit over the next three years.

Table 7

	2021/22		2021/22	2022/23	2023/24
	NNDR	Council Tax	Total	Total	Total
2020/21 'Exceptional balance'	3,040	5,653	8,694		
Spreading adjustment	(2,027)	(3,769)	(5,796)	<i>2,898</i>	<i>2,898</i>
2021 Deficit Spreading	1,013	1,884	2,898	<i>2,898</i>	<i>2,898</i>
2021 deficit due to retail relief	56,150		56,150		
Prior year (surplus)/deficit	(12,270)	2,812	(9,458)		
Overall Collection Fund Impact	44,893	4,697	49,590	<i>2,898</i>	<i>2,898</i>

Balances and Reserves

Key messages

2021/22 sees a £64.4m increase in the use / reduction in contributions to reserves when compared to 2020/21. This is mainly the result of a £55.4m draw from reserves to fund a collection fund deficit and a reduced contribution to reserves following the full repayment of funds borrowed to prepay the previous pension deficit contribution.

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

58. 2021/22 sees a £64.4m increase in the use / reduction in contributions to reserves when compared to 2020/21. This is mainly due to:
- A £55.4m draw from the Collection Fund reserve is required to offset the collection fund deficit created by a change to business rates funding and associated accounting treatment in 2020/21. The draw from reserves is funded by the transfer of a grant to the reserve during 2020/21.
 - The last couple of years have seen large contributions to reserves in respect of repaying funds used to prepay the pension deficit charge. This borrowing was fully repaid during 2020/21 and therefore reduces the contribution to reserves by £8.7m.
59. 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 2021/22, 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 / Savings

Key messages

There are a few council wide programmes and budget items funded centrally. These include a provision for a national pay award, funds to support Council Tax Support Claimants meet the burden of additional Council Tax costs and project support funding to deliver Council wide savings. The increased cost of these corporately funded items is £5.2m for 2021/22.

Corporate savings for 2021/22 total £22.6m and involve the release of previously held corporate contingencies, as well as, the delivery of overarching council wide savings schemes such as the implementation of a corporate Managing Employee Reduction Programme, development of a target operating model for Support Services and a more efficient customer experience.

60. There are a number of proposed additions to the budget for 2021/22, which are to be funded corporately, the most significant of which are as follows:
- Pay strategy - £2.4m: additional funds to provide a provision to cover a possible cost of living increase. A transfer of £2.6m has been made to portfolio budgets to cover the cost of salary increments for 2021/22.
 - Council tax Support - £0.5m: The current administration recognises the pressures on the poorest in society from the proposed 4.99% council tax increase, and will allocate £0.5m to support those people currently in receipt of Council Tax Hardship payments to ensure their council tax bills do not increase in 2021/22.
 - Corporate project support - £1.2m; Investment is needed to enable the delivery of the council wide savings programmes detailed in the following section. The programmes are anticipated to deliver £6m worth of saving for 2021/22, with more the following year when the full year effects are realised.
61. There are also a number of proposed corporate reductions / savings to the budget for 2021/22, the most significant of which are as follows:
- Heart of the City 2 Capital Financing (HotC2) (£4.0m): This £4.0m saving brings the total cost to £1.5m. The costs are split between the interest of £1.0m and MRP of £0.5m in relation to the development costs of Blocks D, F and G1 and after the assumed sale of Block D.

- Adult Social Care Contingencies (£10.3m); over recent years, Social Care contingencies have been held corporately to protect the Council from in-year overspends resulting from increased demand and/or contract costs. Due to significant additional funding requirement for Social Care in 2021/22, these funds have been released to the portfolio, and now form part of Social Care based budgets. This transfer is a necessity but does leave the Council less able to deal with in-year Social Care pressures in future years.
- Operating Model (£1.0m): a review of all business support and corporate functions to deliver improvements in operational efficiency and reduce duplication. The Operating Model redesign will include the following Corporate Support Services: Finance, HR, IT, Commissioning, Procurement, Contract Management, Business Intelligence, Performance, Business Strategy, Communications, Property, Facilities Management, Emergency Planning, Public Health, Equalities and Engagement and Information Management. However not all of these areas will be included in the first phase. Assumed part year effect for the savings.
- Customer Experience (£0.5m) - Review of the Council's customer facing support services to improve the service offered whilst reducing duplication. The services to be reviewed are Revenues and Benefits, the Council's central call centre, and customer services within the Housing Service. The aim is to have one single initial point of contact for the City's residents, reducing the need for people to make multiple calls. Assumed part year effect for the savings.
- Workforce planning (£4.0m) - Implementation of a corporate programme aimed at facilitating the departure of around 300 staff who wish to leave the Council's employment. Around 100 of the posts deleted will be replaced by new apprentice posts. The aim is to support services to develop and implement workforce plans that mitigate the risk of a large number of retirements over a short time period in a few years' time. At the same time, the proposal will provide a significant number of additional job opportunities for younger people. Assumed part year effect for the savings.

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 portfolios' 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.

The People and Place portfolios receive significant investment with net budget increases in funding of £29.3m and £19.3m respectively for 2021/22. However, a significant amount, 73% or £14.1m, of the Place increase in funding, is to cover one-off costs in relation to the Covid pandemic and will therefore reduce in 2022/23 along with the one-off funding provided by the Government.

The People portfolio will receive a £4.9m increase to its ASC grant, in addition to the £29.3m net revenue budget increase, demonstrating the Council's ongoing commitment to social care and the most vulnerable residents in the city.

62. The following table (Table 8) shows how the portfolio budgets are proposed to change from 2020/21 to 2021/22. The three main reasons for changes to portfolio budgets are:

- Pressures £50.2m – 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 £14.9m – 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 / Investments (£14.6m net increase) - The 14.6m includes details of £11.2m of new investments for 2021/22, along with virements from corporate items to portfolios, mainly in relation to corporately funded contract inflation and pay and reward pressures. Further details on the £14.6m are provided below in table 8.

Table 8

	Adjusted Budget 2020/21	Pressures 2021/22	Savings 2021/22	Investments / Other Movements 2021/22	Original Budget 2021/22
	£000	£000	£000	£000	£000
Portfolio budgets:					
People	214,443	28,845	(9,702)	10,159	243,745
Place	111,626	20,100	(4,595)	3,834	130,965
Policy Performance and Communications	2,158	0	(80)	257	2,335
Resources	42,285	1,237	(537)	384	43,369
	370,512	50,182	(14,914)	14,634	420,414

Note **Appendix 3** will reconcile between the figures above, and the Net Budget requirement of £365.8m shown in paragraph 24.

Investment and Other Movements

63. These adjustments fall into two categories; corporate transfers of funding for pre-agreed programmes and projects and new investments agreed by the current administration. Details of the most significant transfers and investments are as follows:

Investments

- Youth Strategy – £2.0m: additional investment in Youth Services is being made to improve the lives of Sheffield’s young people. This investment is planned to increase the delivery of youth clubs and social action groups, providing youth services to the most deprived areas in the city to promote positive engagement and activities, enable keyworkers to support young people experiencing difficulties, and to support partnership working with the voluntary sector.
- Care Sector Pay - £4.2m: the current administration remains committed to improving pay for staff providing services on its behalf. It therefore plans to work with care providers to deliver enhanced pay terms for front line workers in 2021/22.
- Investment in Children’s Services £2.5m: a range of measures are proposed to improve outcomes for children and support them and their families. These measures include a review of payments to carers, investment in Children’s mental health services, implementation of a whole-family hub to provide wrap-around social care support to the family from the first visit, and expanding the multi-agency support for adolescents moving in and out of care.

- Community Safety £1.1m: to develop an improved community safety offer for the city. The aim is to work jointly with our partners (e.g. SY Police, the NHS and the voluntary sector) to improve community safety and reassurance, improve links to communities, and reduce exploitation of the young and vulnerable.
- Libraries £0.2m; to replace outdated public access PCs.
- Private Sector Housing £0.3m: to fund a new team take a targeted and proactive approach to improving the standards in private sector rented housing within the City.
- Parks and activities £0.4m: to fund various schemes including work on drainage in Hillsborough Park, development work on the Central Library, and encouraging more physical activity.
- Local Area Committees £0.5m: initial funding for the set-up of these Committees.

Corporate transfers

- Streets Ahead - £0.5m: the planned Council investment in the Streets Ahead programme will increase by £0.5m as planned.
- Pay strategy - £2.4m: this covers the expected costs of staff salary increments for 2021/22. This figure excludes a provision funded by Portfolios to cover a possible cost of living increase.
- Heart of the City 2 - £0.6m: there is a planned reduction in rental income for the project, which will require additional budget support. However, this reduced rental income is a result of plans to sell Block D, which delivers a considerable capital financing saving as detailed in the corporate savings section above.

64. The figures in Table 8 demonstrate that, subject to Full Council approval, the People Portfolio with its social care responsibilities will see significant investment of £29.3m in addition to £4.9m of extra ASC Grant. This is the fourth successive year of investment totalling approximately £88m, the equivalent to a 11% year on year increase when compared to its net revenue budget.
65. The net £29.3m 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 £9.7m worth of savings for 2021/22.

66. This level of additional funding has only been possible due 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.
67. 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.
68. Whilst increased funds have been provided by Government for Social Care (through the Social Care Grant) for 2021/22, these additional funds will not compensate for the larger national funding cuts imposed over the previous decade.
69. Should no new investment from Central Government be forthcoming after 2021/22 and into the medium term, the Portfolio, and therefore the Council, is likely to become reliant on temporary funding sources such as reserves.
70. The Place Portfolio has pressures of £20.1m for 2021/22. Most of these pressures, £14.1m, are hoped to be short term as a result of the Coronavirus pandemic. These pressures, the majority of which result from reduced income across the portfolio, including leisure services, have therefore been matched to the one-off funding provided by Government as part of the Local Government Settlement. The lasting effects of the pandemic on these income streams is not yet known. If income does not recover to pre-Covid levels and/or the Government provides no further funding, this loss of income will pose a financial risk in the medium term.
71. If we ignore the impact the pandemic on the Place portfolio budget pressures, the underlying budget gap is approximately £1.4m. This is the remaining pressure of £6.0m versus £4.6m of proposed savings.
72. Resources portfolio has a small budget gap for 2021/22 of £0.7m. This gap is predominantly the result of additional costs in relation to ICT support for remote working. It is anticipated that this investment will be more than offset in the coming years, as the Council rationalises its office accommodation in light of more flexible working practices.

Savings Proposals for 2021/22

Key messages

The total level of savings proposed by the Portfolios for 2021/22 is £14.9m and covers categories such as services effectiveness, cost reduction and staff savings.

73. 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 3rd March 2021. The total amount of Portfolio savings are £14.9m. 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.
74. The graphs below display the level of savings by portfolio but also by category.

Figure 3

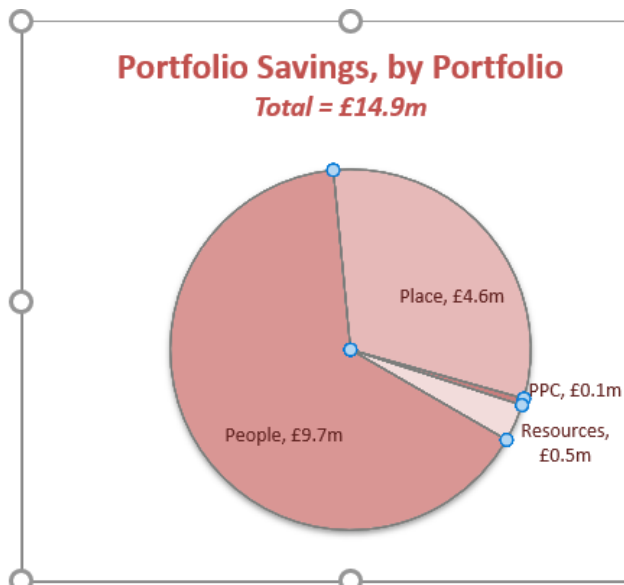
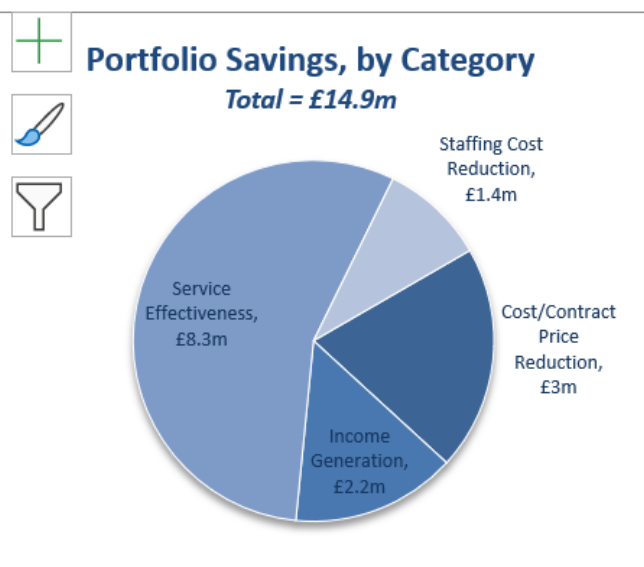


Figure 4



Portfolio Revenue Spending Plans for 2021/22

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 2021/22.

75. 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 £14.9m in 2021/22. These plans also set out the future direction of the Portfolio's, the challenges faced, but also how longer term financial sustainability will be achieved.
76. Further details of the funding allocated to each service to support these plans along with the detailed savings proposals are contained within the Budget Implementation Plans (BIP's). BIP's 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>
77. 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.

Financing the 2021/22 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") = £365.8m*
- *a Council Tax Requirement (a section 31A(4) calculation) = £235.0m*
- *a basic amount of tax (Band D equivalent) = £1,702.31*

78. 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 2021/22. 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

79. After taking account of the Revenue Support Grant, Business Rate income and Top Up Grant for 2021/22, the total amount to be raised from Council Tax amounts to £235.0m: this is the Council's Council Tax Requirement.

Collection Fund

80. 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 15th January. Taking these factors into account, the projection on 15th January was that the Collection Fund is in a deficit position of £49.6m. The Council will also recognise £56.1m grant funding in 2021/22 to offset this deficit.
81. As discussed in the Collection Fund Deficit section above, the element of the 2020/21 deficit attributable to COVID is required to be spread over the next three years. The 1/3rd share of this deficit to be absorbed by the revenue budget in 2021/22 is £2.9m.

Council Tax Base

82. On 15 January, the Executive Director of Resources, under delegated authority, approved the calculation of the Council Tax Base for the 2021/22 financial year. The amount of the Tax Base is 138,032.64 Band D equivalent properties.

Budget Requirement for 2021/22

83. If the Council votes in favour of increasing the Council Tax by 4.99% the Budget Requirement for 2021/22 will be £365.8m, as shown in the table below.
84. The Budget Requirement will be financed by a combination of Revenue Support Grant, Business Rate income, Top Up Grant and Council Tax income.

Table 9

	2020/21 £'000	2021/22 £'000
Service Expenditure	420,171	365,812
Total Expenditure	420,171	365,812
Financed by:		
Revenue Support Grant	-37,494	-37,694
Business Rates	-103,828	-99,512
Top Up Grant	-43,222	-43,222
Council Tax	-227,391	-234,974
Collection Fund (Surplus)/Deficit	-8,236	49,590
Budget Requirement	-420,171	-365,812
Band D Council Tax (City Council)	£ 1,621.40	£ 1,702.31

Council Tax Levels

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

Table 10

Band	Multiplier	Value (up to) in 1991	Dwellings as % of total	Tax Charge (£)
A	6/9	Up to £40k	58.0%	1,134.87
B	7/9	£40k to £52k	15.8%	1,324.02
C	8/9	£52k to £68k	12.6%	1,513.16
D	9/9	£68k to £88k	7.0%	1,702.31
E	11/9	£88k to £120k	3.7%	2,080.60
F	13/9	£120k to £160k	1.7%	2,458.89
G	15/9	£160k to £320k	1.1%	2,837.18
H	18/9	Over £320k	0.1%	3,404.61
			<u>100.0%</u>	

Precepts

{Work in Progress}

Table 11

Parish and Town Councils

86. 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 and highlights a Council Tax freeze across all 3 parishes:

Table 12

Parish Council	Council Tax Income (£)	Council Tax Band D (£)	Council Tax Increase
Bradfield	248,829	42.7378	0.00%
Ecclesfield	260,991	28.5392	0.00%
Stocksbridge	128,124	33.8443	0.00%
Total/average	637,944		

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. Each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year is excessive. In essence, the relevant basic amount of council tax for an authority is that authority's average band D council tax, excluding local precepts. If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount. The question of whether an

authority's relevant basic amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State. For 2021/22 the Secretary of state for Housing, Communities and Local Government proposed that local authorities relevant basic amount of council tax of an authority is excessive if the authority's relevant basic amount of council tax for 2021-22 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2020-21.

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 £23.0m 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 2021/22 on 27th January 2021. The transport levy payable is frozen at 2020/21 levels of £22.6m.
- Payments to the South Yorkshire Pensions Authority and to the Environment Agency are forecast to be £140k and £234k 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 20 January 2021.

Treasury Management Strategy

Key messages

As part of its budget decision, the Council is required to approve a Treasury Management Strategy for 2021/22. 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 2021/22, 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 2021/22 budget, equates to a reduction of approximately 247 full time equivalent (FTE) posts.

105. As aforementioned in the Corporate Savings section of this report, the Council plans to implement corporate programme aimed at facilitating the departure of around 300 staff (240 FTE) who wish to leave the Council's employment. Around 100 of the posts deleted will be replaced by new apprentice posts. The aim is to support services to develop and implement workforce plans that mitigate the risk of a large number of retirements over a short time period in a few years' time. At the same time, the proposal will provide a significant number of additional job opportunities for younger people.
106. 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 smaller scale reductions across portfolios. These 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.
107. 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.

108. Consultation is taking place with the trade unions at a corporate and Portfolio level to identify opportunities to mitigate compulsory redundancies and ensure support is provided to any employee who is affected by potential redundancy.

Pay Policy

109. In accordance with the Localism Act the Council is required to publish a Pay Policy for 2021/22. 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 2021/22.

110. 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.
111. The Members' Allowances Scheme is currently under review in accordance with statutory requirements and will be the subject of a separate report at the Budget Council meeting on 3 March 2021.
112. The current Scheme was implemented in 2013/14 and has been subject to minor alterations, as noted in previous years' budget reports. For example, as a result of the reduction in the number of special responsibility allowances and regulatory changes introduced in 2014/15 relating to the phased removal of Members' entitlement to participation in the Local Government Pension Scheme, savings in excess of £200k have been achieved on the budget for Members' Allowances.
113. The Scheme contains provision for the allowances to be adjusted on an annual basis in line with an agreed index, which is the average percentage officer pay award in Sheffield. The Council has agreed to implement the annual increase in each year from 2017/18 having previously agreed not to apply the annual increase each year from 2010/11, including in four years when Council employees received a pay rise.

114. A referendum will be held in 2021 relating 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 Independent Remuneration 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.
115. It is worth noting that the Members Allowance budget will deliver a £19k saving for 2021/22. The City Council is no longer required to meet the cost of allowances for its Members appointed to the South Yorkshire Pensions Authority. These costs will be met directly by the Pensions Authority.

Budget Engagement

116. As part of our approach to developing the budget, we always talk to people in Sheffield and representatives of the city's Voluntary, Community and Faith sector and business community to get their views on our proposals. The impact of the Covid-19 meant that this year, engagement activity was conducted using online channels – specifically, online survey using SCC's [Citizenspace engagement hub](#) and through virtual conversation sessions.
117. Our approach to listening to the views of citizens and partners focused on three main elements;
- Portfolios talking with service users, customers and clients about any specific changes to services proposed in the budget to inform specific proposals and Equality Impact Assessments.
 - A population survey for all citizens on the overall budget.
 - Discussing the budget proposals with representatives from the city's voluntary, community and faith sector and with representatives of Sheffield businesses.

Citizen engagement: budget survey

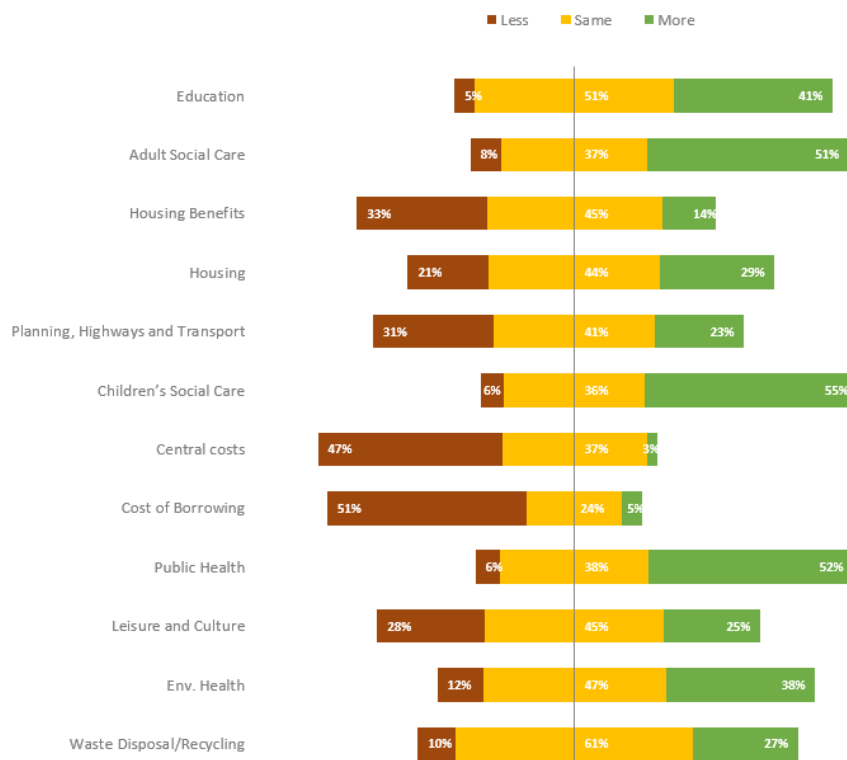
118. The budget consultation ran from 22nd December 2020 to 19th January 2021. 724 responses were received from across Sheffield which was a notable increase in response compared to previous years. The survey was hosted here: <https://sheffield.citizenspace.com/performance-research/budget-consultation-2021-22/>
119. The online survey was supported by a social media campaign and was included SCC's e-newsletter alerts to citizens that are registered to receive them. It was also supported by coverage on SheffNews [here](#).

120. As in previous years, the survey 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. The views of citizens have 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.

Citizens' spending priorities

121. In line with previous years, respondents said that their main priorities for more investment were some of our most critical and key services – particularly adult social care, children’s social care and education. Public Health is also usually a key priority for citizens and with the impact of the Covid-19 pandemic, this has grown in importance. It is also worth noting that respondents indicated that they were happy to see the level of investment remain the same in some core services, particularly waste disposal/recycling where there was a significant reduction in the proportion of people who want SCC to spend more on the service (see below).

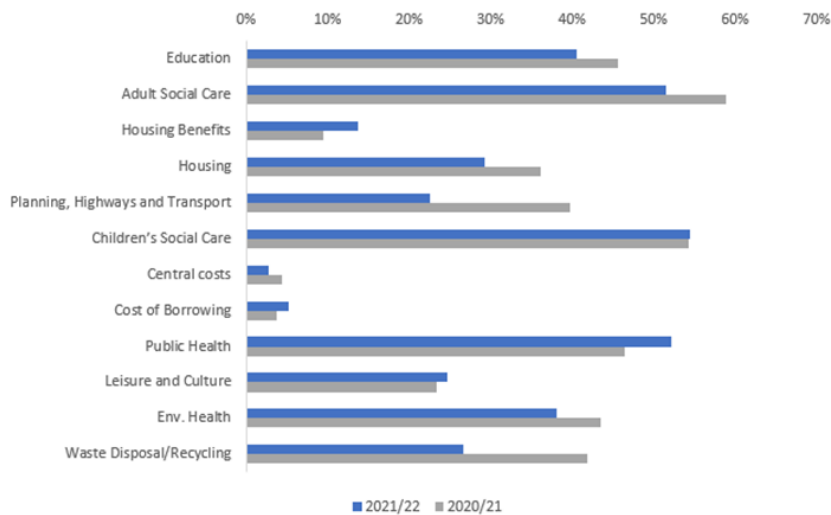
Figure.5



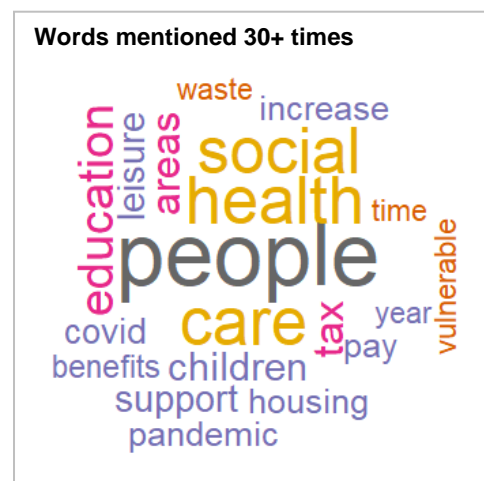
122. The chart below shows the percentage of respondents who stated that they wanted the council to spend more in each area, with results from the 2020/21 budget consultation alongside results from the 2021/22 consultation. Public Health (6 percentage point increase) and Housing Benefits (4ppt increase)

showed the biggest increase, with Planning, Highways and Transport (17 ppt decrease) and Waste Disposal/Recycling (15ppt decrease) seeing the majority of respondents happy to see funding stay the same in these areas. These changes may be due to the impact of the Covid-19 pandemic on lifestyles, for example less travel and mobility around the city due to lockdowns.

Figure.6



- 123. The survey also asked respondents for any comments they have about our spending priorities. The most commonly recurring themes in response to this question were adult social care, children’s social care, education, support for the most vulnerable, and public health.
- 124. Many respondents specifically referred to the impact of the Covid-19 pandemic on individuals and council services. There was recognition that the economic impact could require the council to do more to support businesses and the unemployed. Some respondents also suggested that there would be a greater need for mental health support due to the pandemic.
- 125. Respondents also linked the need for better public transport and active travel options to the changes in modes of transport and types of journeys undertaken due to the pandemic, however others noted that private cars remain the preferred mode of transport for a lot of people in the city and that car users should remain the priority.

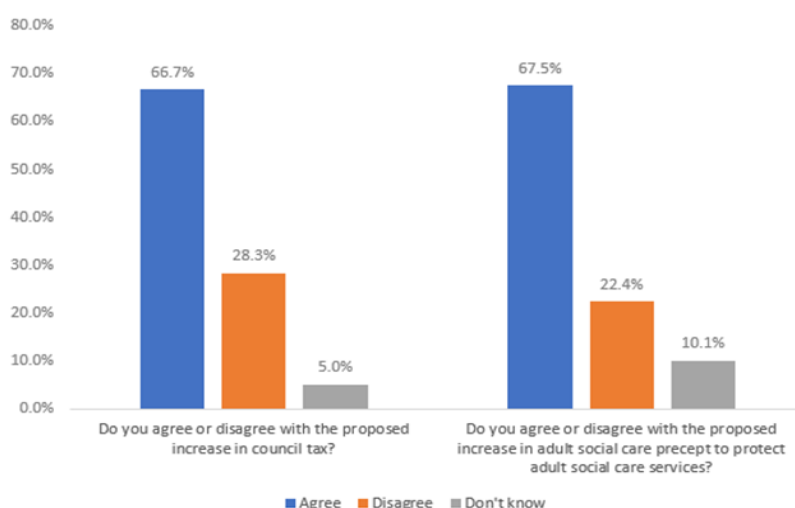


126. The themes of climate change and the climate emergency were raised in several comments. Climate change was also often linked to environmental issues and air quality. A number of comments referred to the quality of the local environment, and generally recognised the quality and importance of parks and green spaces. Comments relating to the cleanliness of and facilities in public spaces were generally less positive.
127. A large number of comments suggested that the council could do more to manage costs and improve efficiencies, however others recognised that the funding available to the council has been reduced significantly over several years and the council is already doing all it can reasonably expected to do to maintain services. Suggestions for increasing the amount of money available to the council included taking advantage of low borrowing costs, and pressuring central government for increased financial support.

Council Tax

128. In the 2021/22 budget consultation, we asked respondents about whether they agreed or disagreed with the proposed 1.99% increase in Council Tax for 2021/22. We stated that this increase would help protect key services and help the city's continued response to Covid-19.
129. As the chart on the left below demonstrates, two-thirds of respondents said that they agreed with the proposed increase with around 28% saying that they disagreed. When prompted say why they gave this view, comments largely focused on two main themes: respondents recognising the challenges for local public finances following a decade of austerity and the role that increased Council Tax could play in supporting core services and the city's covid response; and concerns about the implications of higher local taxes for people on the lowest incomes and those who have seen their incomes reduce because of covid.
130. This year, the timing of the budget consultation ensured that we could directly ask citizens about the proposed level of Council Tax increase and thus, the 2021/22 data isn't directly comparable to last year's results.

Figure.7



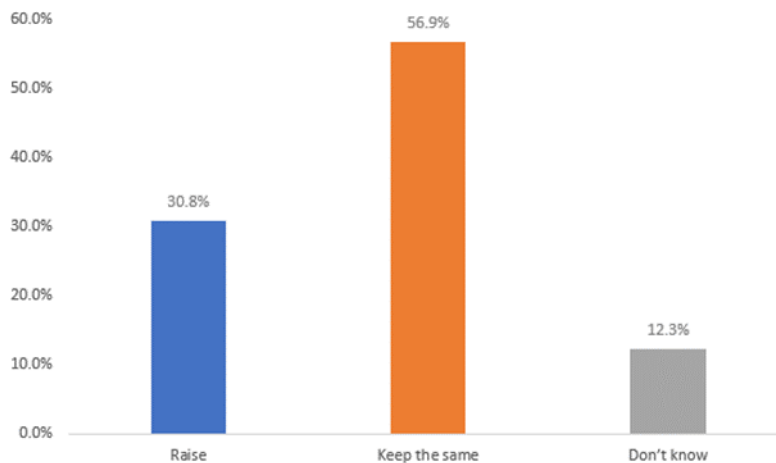
Adult Social Care Precept (ASCP)

131. In the 2021/22 budget consultation, we also asked citizens about the proposed 3% increase in the Adult Social Care Precept which is specifically to invest in local adult social care services. In line with the response to the Council Tax question, over a two-thirds of respondents said that they agreed with the proposal with a slightly lower proportion of people disagreeing (22%). Respondents' comments about the ASCP were largely supportive of the 3% increase to support the needs of vulnerable people in the city. People suggested that they were keen to ensure that the money went to improving care for people and to care workers in the city but there were a number of respondents who raised concerns about the sustainability of local taxation increases to fund social care, often stating that need dedicated Government funding was needed, particularly in the light of the impact of Covid-19 on vulnerable people and the care sector. A number of respondents reiterated the risks of increasing local taxation on already stretched household incomes.

Fees and charges

132. As in previous years, we asked respondents about the level of fees and charges that Sheffield City Council collects for a range of services as part of our overall budget. The survey made clear that in some cases, the law restricts what we can spend money raised from fees and charges on.

Figure.8

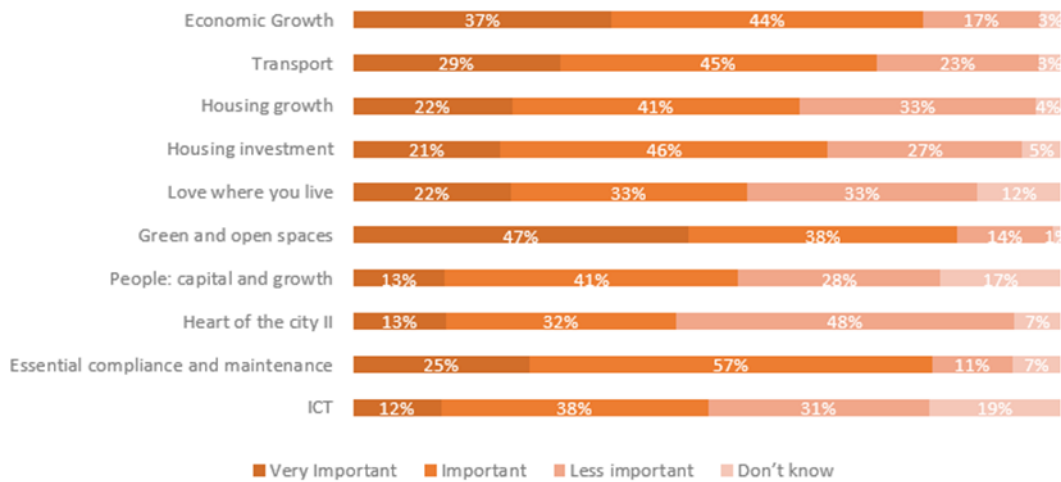


133. In line with previous years, the majority of respondents said that they are keen to see us hold fees and charges at the current level (57%) with 31% suggesting that they would be happy to see fees and charges increased.
134. Of the people that provided additional comments to explain their views on fees and charges, a number suggested that their view was not uniform across all services and that we could consider increasing fees and charges for some services but should keep charges the same in others (bereavement services was a frequently mentioned example of where charges shouldn't be increased). In line with responses to the Council Tax and ASCP questions, respondents also raised concerns about increases to fees and charges impacting on the incomes of households and businesses that have particularly suffered because of the impact of Covid on Sheffield. Further, respondents also expressed differing perspectives on the policy implications for raising fees and charges. For example, some respondents suggested that an increase in parking charges might have a positive impact the environment and 'getting people out of their cars', while others voiced concerns about how such an increase would impact on the city and local centres.

Capital investment priorities

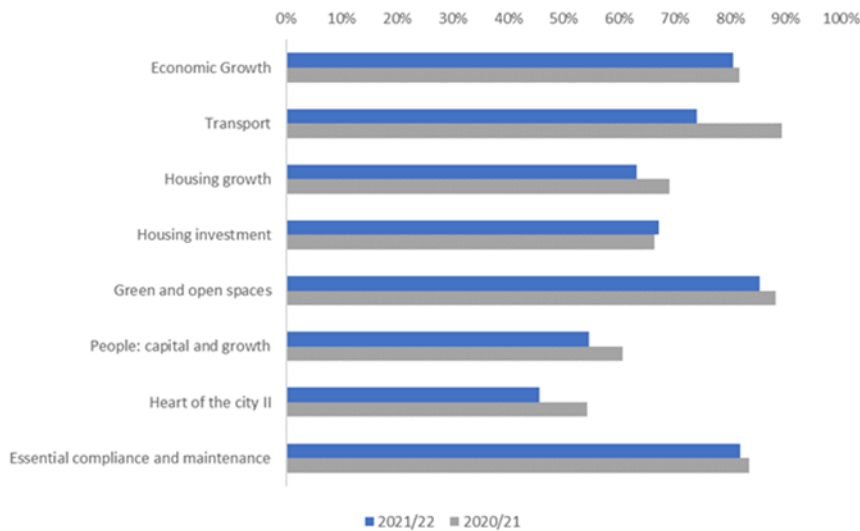
135. We asked citizens how important they thought it was that we used our capital programme to invest in the city. As the chart below demonstrates, people strongly supported investment in the city's economy, essential maintenance and green and open spaces. Transport and housing investment were also seen as of significant importance.

Figure. 9



136. Apart from 'housing investment, in comparison with the 2020/1 budget consultation, there were some decreases in the percentage of respondents stating it is 'important' or 'very important' for the council to invest in all areas. For example, fewer people said that 'transport' was very important/important but this may be due to the impact that the pandemic has had on lifestyles, with fewer people travelling during lockdowns.
137. The additional comments received focused heavily on the impact of Covid-19 on Sheffield and thus implications for the city's future and for investment priorities to be considered within the new context. This clearly impacted respondents who stated that they had more focus on housing and parks and open spaces because of the impact of lockdowns over the last year. There were a number of comments supportive of investing in tackling climate change as a key area for the city's future (eg. through clean public transport and active travel infrastructure) and a number of respondents raised concerns about what the impact of the pandemic might be for the city centre and the Heart of the City II project. But economic recovery and growth were regularly cited as vital areas for investment.

Figure.10



(NB. IT and Love Where You Live didn't feature in the 2020/21 survey and thus can't be compared)

Other comments

138. Finally, we asked respondents to provide any additional comments they may have or suggestions about how Sheffield City Council could save money, increase income or make savings. Respondents provided a very wide range of views and comments but particularly focused in a number of areas:

- Ways of working** – the impact of Covid and forced move to large-scale home working could provide an opportunity for rationalising of council office bases, so that more people could work from home for the long term, be based in local centres (eg. libraries) and there should be increased investment in IT and the digitisation of services.
- Being an efficient and effective council** – a range of comments focused on the importance of Sheffield City Council being an efficient organisation with appropriate levels of officer pay, value for money contracts and effective at collecting Council Tax, levying appropriate fees and changes and using enforcement (eg. parking fines).



- **Fair funding for councils** – Government should be adequately and fairly funding local councils and Sheffield City Council should be lobbying for a fairer funding for the city.
- **Stronger community focus** – a range of ideas and proposals centred on empowering Sheffields to have more control and influence over their local area (eg. funding for parks, libraries; taking responsibility for neighbourhood tidy-ups etc) or using innovative funding (crowd sourcing, Sheffield Investment Bonds) for citizens to contribute to new projects to improve the city.
- **Joining up and improving local services** – looking at opportunities to learn from councils elsewhere but also closer joint working with public and VCF sector partners in the city and beyond (eg. South Yorkshire) to improve quality and efficiency.
- **Focus on climate change** – investing in the future and in particular, tackling the climate emergency by investing to make Sheffield a more sustainable city (clean/active travel regularly cited).

Business engagement

139. On the 8th January 2021, we held a budget conversation with Sheffield's Business Response Group (BRG) who have worked in partnership with the City Council to develop a plan for the economic recovery in the city after Covid-19. The BRG's plan is available here:
<https://sheffieldcc.moderngov.co.uk/mglIssueHistoryHome.aspx?Ild=31572&EVT=113>
140. The session with a presentation of the Council's financial position and the key elements of the proposed budget by the Deputy Leader and the Director of Finance and Commercial Services. There then followed a broad discussion which picked up the following themes:
- Interlink between the council's financial position and our economic performance – the importance of having a strong, thriving economy in improving quality of life, with more people in good jobs work, in good health and with better incomes as fundamental to the city's future.
 - Recognition that local council finances are complex and under significant pressure following a decade of austerity, demand on critical services and Covid-19.
 - Opportunity for a stronger collaboration between public and private sector on short and medium-long term which will start to tackle

underpinning challenges which impact on the people's wellbeing, the city's success and ultimately the city's finances. This included:

- Focusing on children and young people – particularly around education, training, and employment opportunities.
- Importance of supporting investment to tackle key challenge – investing in the city centre, supporting digital inclusion.
- Developing local economic culture in our town and local centres across the city.

Voluntary, community and faith (VCF) sector engagement

141. On the 18th January 2021, we held a conversation with representatives of Sheffield's VCF sector about the City Council's 2021/22 budget. The Deputy Leader and the Director of Finance and Commercial Service presented an overview of the Council's financial position and the proposed budget measures. The discussion then focused on the following:

- Adult social care – recognition of the existing scale of demand on services, employees and carers which has been exacerbated by Covid-19. Need for a more comprehensive longer-term solution to the funding of social care.
- Concern about the implications of Brexit and Covid-19 on the city's economy and in particular, what this could mean for the wellbeing of communities, incomes and inequality.

142. Communities at the heart of the city's recovery from Covid-19 – investing to create more resilient and empowered communities across the city and working to drive better public and VCF collaboration at neighbourhood level in Sheffield.

Equality Impact

143. 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.

144. 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.
145. 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).
146. 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.
147. 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.
148. This provides an overview of the potential implications of the proposals in the 2021/22, taking learning from the individual EIAs that support each proposal.
149. 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.

150. 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.
151. 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.
152. 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.
153. Inevitably, funding reductions at the scale and pace that we have experienced over the last ten 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.
154. 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.
155. 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.

156. We have also undertaken a comprehensive set of rapid health impact assessments and a city wide COVID impact consultation which ran from July 21st 2020 to the 30th September 2020 had over 3600 responses on the impact of the pandemic on people lives.
157. We are still committed to the key priorities of tackling inequality, ensuring fairness and increasing social justice being at the heart of the Council's values. We continue to support the Fairness and Tackling Poverty Partnership. The Tackling Poverty Framework has influenced our priorities and decision making across the Council.
158. We continue to work towards our 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 and they also reflect and help address areas of persistent inequality. 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.
159. This year we have also supported the setup of the [Sheffield Race Equality Commission](#). The Commission will run for one year to provide an independent strategic assessment of the nature, extent, causes and impacts of racism and race inequality within the city. Although the Commission will not report until later in the year, we will, as always, continue to consider race equality in our equality impact assessment process.

Evidence supporting our impact analysis

160. 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
- **Health Impact – COVID 19** Rapid Health Impact Assessments and Health Inequalities and Covid- 19 and the Covid Impact consultation questionnaire
- **Consultation** - to inform, develop and enable citizens to have their say on options for the 2021/22 budget, the Council ran a budget survey between 22 December 2020 and 19 January 2021.

Mitigating impact

161. A commitment to tackling inequality, ensuring fairness and increasing social justice is at the heart of the Council's values. We have also considered the Tackling Poverty Framework and the 2019-23 Equality Objectives. These have influenced our priorities and decision making across the Council.
162. 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
163. 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.
164. The year-on-year reductions over the last ten years have impacted on the people of Sheffield, including those in greatest need and groups that share equality characteristics. In all of these areas mitigating actions have been identified and will be implemented as part of EIA action plans.
165. 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

166. 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.
167. The groups which are impacted across EIAs and portfolios are disabled people, older and young people, women, carers and people on low incomes.
168. 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.
169. 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.
170. 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.
171. 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). Also see the living wage commitments.

- **Older people and disabled people** – Many older people have been affected by Covid-19, facing health concerns and isolation during periods of lockdown. Care home residents have faced heightened risks. We need to ensure our plans help to address the very challenging situation. When older people need care and support, we will aim to make sure it is right for them and promotes wellbeing and independence. 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.
- **Care Sector Pay - £4.2m:** The current administration remains committed to improving pay for staff providing services on its behalf to the living wage. It therefore plans to work with care provider to deliver enhanced pay terms for front line workers in 2021/22. This will impact on the people who are most likely to work in this area such as women.
- **BAME Communities we have seen the differential impact on some bame communities due to COVID 19** – This impact may manifest itself in different ways across the portfolios – for example, exacerbating existing inequalities in educational outcomes, employment and skills as a higher proportion of BAME workers are in frontline roles or are self employed, income disparities and health. BAME communities access the voluntary sector services supported by the portfolio in higher proportions
- **Younger people** – Amongst other areas we have invested extra in the Youth Strategy of £2.0m: this is being made to improve the lives of Sheffield’s young people. This investment is planned to increase the delivery of youth clubs and social action groups, providing youth services to the most deprived areas in the city to promote positive engagement and activities, enable keyworkers to support young people experiencing difficulties, and to support partnership working with the voluntary sector.

172. 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

173. Inevitably, funding reductions at the scale and pace that we have experienced over the last ten 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 especially after the impact of COVID 19.

174. 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. The substantial reductions in funding over the last ten 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.

175. 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:

- 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.
- Underpinning this is an ‘all age’ approach to mental health and 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.
- Improving 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.
- 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.
- 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.

- 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.
- To do this means continuing to shape and redesign public services to work in a more integrated and preventative way. We are at all times guided in these choices by our values, commitment to fairness and tackling persistent inequality.

Cumulative Impact

176. 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.
177. 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 and some BAME communities tend to have lower incomes and are more likely to be cumulatively impacted. See [Community Knowledge Profiles](#) for details.
178. 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.
179. There has been a significant impact on the Council's workforce over the last decade due to restructuring and reductions. The Council plans to implement corporate programme aimed at facilitating the departure of around 300 staff (240 FTE) who wish to leave the Council's employment. Around 100 of the posts deleted will be replaced by new apprentice posts. The aim is to support services to develop and implement workforce plans that mitigate the risk of a large number of retirements over a short time period in a few years' time. At the same time, the proposal will provide a significant number of additional job opportunities for younger people.

180. 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.

Key policy areas 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 2021/22 by £200k to 1.8m.
- **SCC workforce** - We recognise the ongoing impact of Covid-19 on our workforce., this includes many staff in frontline roles, supporting people and families in most need of help. During the pandemic, many employees have wanted to move into roles where they could be of most help to communities. For others, the coronavirus has meant long hours and an impact on work and home life balance. 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. The Council also plans to implement a Corporate programme, aimed at facilitating the departure of around 300 staff (240FTE) who wish to leave the Council's employment. The aim of the scheme is to deliver savings but also facilitate the Council's wider workforce plan.
- **Voluntary, Community and Faith Sector** – We recognize the vital role played by organisations in the voluntary, community and faith sector, and the volunteers and staff who work for them. This has been demonstrated by the way the sector has supported people across the city during the coronavirus pandemic. People with protected characteristics – including disability (and mental illness), race, age and sex – are heavily represented amongst people who use these services.

The decision was taken to maintain the level of voluntary sector grant funding for 2021-22.

- **Helping people to live in their home and community** -We will continue the aim to support more people in their own homes, through home care and other support. At the same time, we will work to ensure organisations are able to offer the right mix of domiciliary and residential-based support for those who need it. We have been working closely with organisations providing care and support as they face the effects of Covid-19. Work will continue to commission the right dementia-appropriate support and to help adults with enduring mental health needs to live more independently in the community. We will help to ensure Direct Payments can help people exercise choice and control and have more of the funding available by reducing administrative costs.
- **Health** – 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 look at 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 especially given the widening inequalities as a result of COVID 19.
- **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 the extra investment in Youth services, 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). 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.

Recommendations

181. Council is recommended:

- a) To approve a net Revenue Budget for 2021/22 amounting to £365.812m;
- b) To approve a Band D equivalent Council Tax of £1,702.31 for City Council services, i.e. an increase of 4.99% (1.99% City Council increase and 3% 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 47, with effect from 1 April 2021;
- 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 17;
- 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 2021/22, 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) notes the precepts issued by local parish councils which add £637,944 to the calculation of the budget requirement in accordance with Sections 31 to 36 of the Local Government Finance Act 1992;
- 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 2021/22 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 2021/22 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, 2019/20, and 2020/21 be also implemented for 2021/22.

Kate Josephs
Chief Executive

Eugene Walker
Executive Director, Resources

Appendix 1

Portfolio Pressures

	BIP Reference*	Loss of Funding £'000	Increasing Demand on Services £'000	Pay & Price Inflation £'000	Legislation Changes £'000	Total £'000
People						
Client Growth, Increased Service Demand & Demographic Increases	10.E2/11.E2/21.E1		6,864			6,864
Inflationary Increases	10.E1/11.E1&E5/30.E1/30.E4/28.E3			4,636		4,636
Transforming Care Discharges	10.E4		169			169
Growth & Package Changes	11.E6		2,329			2,329
The Impact of Covid & the Corresponding Demand Increases	10.E5/21.E2/22.E1		5,077			5,077
Strength Based Reviews	11.E7		346			346
Loss of Grant Funding & Sundry Income	10.E3/11.E3/30.E2/30.E3/28.E2	1,781				1,781
Pressures from changes to care home gross payment model	11.E4				200	200
Staffing Costs	8.E1/2.E2/2.E3/2.E4/2.E5		478			478
Increased Legal Fees (Covid 19)	19.E3		200			200
Reduction of Grants to Providers (Cost to SCC)	28.E4		500			500
Previous Savings Undelivered	2.E1/19.E1/19.E2/20.E1/21.E3/18.E1		5,190			5,190
Additional demand - business and project support	7.E1/29.E1/1.E1/15.E1/25.E1		670			670
Procurement Savings undelivered	21.E4/28.E1		405			405
		1,781	22,228	4,636	200	28,845
Place						
Increased Demands of Homelessness	39.E1		500			500
Inflationary & Cost Increases	41.E3/38.E1			885		885
Hub MER not Deliverable	41.E1		118			118
Underlying Deficit in Sheffield City Markets	41.E2	800				800
Reduced on Street Parking Spaces (West Bar)	41.E4	90				90
Impact / Reduced Income (Covid 19)	41.E5/38.E3/38.E4/37.E3	14,057				14,057
Die Back Disease in Ash & Larch Trees	38.E2		150			150
CIF Funding	37.E1	2,900				2,900
Funding for Strategy & Change Team	42.E1		600			600
		17,847	1,368	885	0	20,100
Policy, Performance & Communications						
						0
		0	0	0	0	0
Resources						
Inflationary Increases	46.E1			83		83
Additional Office 365 licenses due to Insourcing Services	46.E2		375			375
Telephony Headsets for Staff (Storm)	46.E3		138			138
Remote Working	46.E4/46.E5/53.E2		541			541
A Partially Undeliverable Saving from 2020/21	52.E1		30			30
Replacement Case Management System	53.E1		40			40
Reducing Subscriptions to the Schools Traded Service	50.E1		30			30
		30	1,124	83	0	1,237
Total Pressures		19,658	24,720	5,604	200	50,182

* - Full Budget Implementation Plans (BIPs) available here –

<http://www.sheffield.gov.uk/content/sheffield/home/your-city-council/budget-spending.html>

Appendix 2

Portfolio Savings

	BIP Reference*	Cost/ Contract Price Reduction £'000	Service Effectiveness £'000	Staff Cost Reductions £'000	Income Generation £'000	Total £'000
People						
Deputyship Income & Appointeeship Efficiencies	10.B1		(221)			(221)
Direct Payment Support	10.B2		(56)			(56)
Dementia Support	11.B1		(350)			(350)
Homecare Account Management	11.B2				(100)	(100)
Uplift to the Contribution Cap (Non-Residential Care Home)	11.B3	(344)				(344)
Market Reshaping (Care Homes)	11.B4		(3,000)			(3,000)
Continued Improvement of Income & Payment Services	11.B5				(1,099)	(1,099)
Libraries Offer & Income Opportunities	30.B1				(122)	(122)
Library Archive & Information Resources Review	30.B2			(94)		(94)
Reduction in Pension Costs	4.B1	(100)				(100)
Operational Efficiencies	4.B2			(16)		(16)
Annual Uplift on Traded Income	4.B3				(5)	(5)
Reduction to Postage & Insurance	4.B4		(160)			(160)
Capacity of Team Reduced (Transfer of Responsibility)	2.B1			(55)		(55)
Permanent vs Agency staff (Integrated Workforce)	19.B1			(200)		(200)
Placement Mix	21.B1		(1,460)			(1,460)
Demand Management in Placements	21.B2		(1,000)			(1,000)
Young Careleavers Transition & Semi Independent Living	21.B3	(500)				(500)
Residential Home Generating Additional Income	18.B1				(500)	(500)
Mental Health Reviewing & Reshaping	28.B1		(250)			(250)
Youth Staffing	28.B2			(15)		(15)
Staffing Review	34.B1			(55)		(55)
		(944)	(6,497)	(435)	(1,826)	(9,702)
Place						
Fees & Charges Review (Inflationary Increase)	41.B1/38.B2/37.B1/43.B2				(368)	(368)
Contract Saving & Refinancing	41.B2/41.B4	(1,950)				(1,950)
Sustainable Development Fund (Match Funding Ceased)	41.B3		(500)			(500)
End of Lease (Parkway Market)	41.B5	(100)				(100)
Housing Repairs Team	43.B1		(1,077)			(1,077)
Corporate Mail Service	43.B3		(100)			(100)
Vacant Posts Review	43.B4			(500)		(500)
		(2,050)	(1,677)	(500)	(368)	(4,595)
Policy, Performance & Communications						
Staffing Review	44.B2			(39)		(39)
General Savings	44.B3		(26)			(26)
Joint Research Project Income	44.B4				(15)	(15)
		0	(26)	(39)	(15)	(80)
Resources						
Register Office Charges	49.B2/49.B3				(28)	(28)
Workstyle Changes (Covid 19)	49.B5			(70)		(70)
Disestablishment of Planning and Performance Team	49.B6		(80)			(80)
New HR and Payroll System	52.B1		(30)			(30)
Members Allowances	53.B4	(19)				(19)
Staffing Review	50.B2			(310)		(310)
		(19)	(110)	(380)	(28)	(537)
Total Savings		(3,013)	(8,310)	(1,354)	(2,237)	(14,914)

* - Full Budget Implementation Plans (BIPs) available here –

<http://www.sheffield.gov.uk/content/sheffield/home/your-city-council/budget-spending.html>

Restated 2020/21	<u>Summary Revenue Budget</u>	2021/22
£000		£000
	Portfolio budgets:	
214,443	People	243,745
111,626	Place	130,965
2,158	Policy Performance and Communications	2,335
42,285	Resources (inc. Housing Benefit & Council Tax Collection)	43,369
370,512		420,414
	Corporate Budgets:	
	Specific Grants	
-5,929	New Homes Bonus (LGF)	-4,844
-5,834	Business Rates Inflation Cap Grant (BRIC)	-7,543
-6,852	Small Business Rates Relief	-7,340
-2,312	Retail Relief	0
-600	Health Income	0
0	Covid Funding one-off	-17,664
0	Lower Tier Services Grant	-900
0	Local Council Tax Support Grant	-5,612
	Corporate Items	
5,500	Redundancy Provision	5,500
5,929	New Homes Bonus (LGF)	4,844
3,000	Better Care Fund	0
3,290	Social Care Demand Contingency	0
4,000	Strengthening Families - Think Forward Investment	0
900	Infrastructure Investment	0
11	Payment to Parish Councils	0
1,500	Customer Experience Programme	1,500
0	Managing Employee Reduction programme	-4,000
0	Target Operating Model	-1,500
0	Customer Focus	-500
0	Council Tax Support Protection	500
0	Corporate Savings Project Costs	1,160
1,975	Other	5,100
	Capital Financing Costs	
13,662	General Capital Financing Costs	13,662
5,473	Heart of the City 2	1,473
12,730	Streets Ahead Investment	12,387
6,134	MSF Capital Financing Costs	6,516
	Reserves Movements	
7,082	Contribution to / (from) Reserves	-57,341
420,171	Total Expenditure	365,812
	Financing of Net Expenditure	
-37,494	Revenue Support Grant	-37,694
-103,828	NNDR/Business Rates Income	-99,512
-43,222	Business Rates Top Up Grant	-43,222
-207,615	Council Tax income	-208,484
-8,236	Collection Fund (Surplus)/Deficit	49,590
-19,776	Social Care Precept	-26,490
-420,171	Total Financing	-365,812

People

	<u>Gross Expenditure</u> £'000	<u>Income</u> £'000	<u>Net</u> <u>Expenditure</u> £'000
Business Strategy - People	217,385	(205,443)	11,942
Care & Support	234,595	(128,491)	106,104
Children & Families	110,297	(22,910)	87,387
Commissioning Inclusion & Learning Services (CILS)	63,927	(37,310)	26,617
Community Services	10,940	(2,584)	8,356
Education & Skills	38,281	(34,942)	3,339
	675,425	(431,680)	243,745

People Portfolio Revenue Spend Plan

People Services

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.

Underpinning this is an 'all age' approach to mental health and 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.

2. During 2020/21 the portfolio's services has been significantly impacted by the pandemic. Services have been impacted by reduced staff levels due to sickness, shielding and social distancing as well as increased costs due to infection control measures and the provision of Personal Protective Equipment. Some services have been asked to adapt to meet the challenge of Covid such as those involved in freeing up of hospital beds, maintaining school places or in supporting different sectors to maintain critical services. Many services have had to respond to significant changes in demand. The portfolio has uplifted independent sector payment rates where appropriate, flexed payment arrangements to support cashflow of providers including temporary funding to support providers with significant reductions in demand and non-financial support such as PPE and temporary staffing support.
3. The Covid pandemic is estimated to have had a £16.9m cost to the portfolio with the most significant financial impact (£13.4m) with adults, £3m in Childrens services and £0.5m in community services. Because of the uncertainty around the future impacts of the pandemic budget setting process for 2021 presents a challenge.

4. In 2021/22, we are budgeting to spend in the region of £244m cash and £28m of Public Health grant on delivering services for People. A further £504m of funding was allocated separately by Government for schools and early year providers. The majority of our funding will be spent on social care: £118m for Adults Care and Support and £87m for Children, Young People and Families

Children, Young People and Families

5. 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.
6. 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.
7. We will continue to respond to increases in demand with good quality 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.

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, including those at risk of harm, in need of accommodation, Children in Care, and children on the Child Protection register. 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 continuing working with the schools in the city to prepare for the implementation of National Fair Funding Formula.
11. The scale of financial challenge facing children's social care is significant. We will manage increasing numbers of CIC post Covid-19 and continue to invest in local accommodation solutions such as development of Aspire3 hub. The pandemic will impact on unemployment, family debt and lead to more domestic violence, substance misuse, and emotional and mental health, affecting children and young people, as well as adults. Post pandemic increase in demand is already being evidenced across Children and Families services. We will implement a whole family hub model, which brings together multi agency teams within social care, (social worker, domestic abuse specialists, substance misuse and mental health workers) which address root causes of adult's issues which impact the family.
12. One of our biggest challenges is the increase in demand for children's services, and this has been exacerbated by the impact of Covid-19 on service delivery. 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, and receive the right support to ensure their emotional wellbeing and mental health. Our strategy continues to be to deliver the right level of support by the right service at the right time, as

we work towards delivering an all-age approach to mental health and wellbeing.

13. Our 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 and appropriate allowances for our local foster & kinship carers and Special Guardianship Orders.
 - **Performance:** Having the right number of appropriately trained, well-motivated staff is critical to improving the quality of service delivery and supporting Sheffield families. 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)

14. The provisional 2021/22 DSG settlement amounts to £503.6m for Sheffield, of which it is estimated that £385.7m will be earmarked for mainstream schools. The remaining funding is used to provide Early Years activities (£36m), services for children and young people with Special Education Needs and/or Disabilities (£75.4m), and statutory educational services (£6.3m). The final settlement for DSG will be received in Spring 2021.

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 £12.6m (Schools Block) in 2021/22, all of which will be transferred directly to schools.

15. We have agreed with Sheffield Schools Forum to implement a transitional model in 21/22 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 proposed changes for 21/22 are:

- a. Increase AWPU (Age Weighted Pupil Unit) so all schools benefit from the increase in funding.
- b. Maintain 1:1.29 primary: secondary sector balances as per NFF.
- c. Align Social Deprivation to the national %age proportion of 8.59%.
- d. Maintain the 50: 50 split between free school meals and IDACI.
- e. Alignment with NFF values and proportions.
- f. Maintain Lump Sum at £120k.
- g. Models reflect the new 2019 IDACI data set in line with Government expectation.
- h. Demonstrate the newly rolled-in grants figure has been included in AWPU.

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.

To reduce the gap in Education achievement between the least and most disadvantaged Sheffield children, which has widened during the pandemic, we are developing a five year programme of targeted preventative work, funded through a combination of the council and the wider education school system.

Learning and Skills

16. 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. We will work 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.

17. 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.
18. 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.

Adult Services

19. Adult social care supports thousands of people every year in Sheffield. Our vision is to keep people healthy, safe and well, and to support them to live the lives they want to live.
20. 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 from 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.
21. The financial pressures facing adult social care nationally are long standing and well publicised. In its October 2020 report the House of Commons Health and Social Care Committee set out the impacts of national adult social care funding shortfalls and called for “an increase in annual funding of £3.9 billion by 2023-24”. In Sheffield the financial pressures impacting on adult social care have previously been defined in two broad 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.

22. From 2020 a third financial pressure for adult social care has emerged because of the pandemic. The impact of Covid on Sheffield City Council budgets will exceed £80m in 2020/21 with the direct cost to Adult Social Care budgets estimated at around £13m. These costs include £10.8m additional one-off financial support to ensure continuity of care and stability in the independent sector care market, £2.2m cost of Personal Protective Equipment for adult social care services, and £0.4m on additional staffing to maintain delivery of essential care services. In addition to this around £10m cost is associated with the disruption by Covid to the Adult Social Care change programme.
23. During 2020/21 the Council has received Covid related funding from Government, some of which has been used to partially offset these costs.
 - £51.8m for Sheffield City Council in recognition of the additional Covid costs for adult social care and other council services.
 - Up to around £11m for Sheffield City Council, via the NHS, to support discharge from hospital and to free up hospital beds
 - £11m for Infection Control. This funding was mostly passported directly to independent sector care providers on a pro rata basis in line with Government grant conditions with the remainder used to support providers with additional exceptional costs associated with infection control
24. In recognition of the financial challenges facing local authorities nationally the Government also announced in November the continuation of temporary Social Care Grant into 2021/22 (£3m for Sheffield) and the ability of Councils to raise Council Tax by up to 3% (£6.6m for Sheffield) via the Social Care precept.
25. Notwithstanding this additional funding the overall impact of Covid on the Council's medium term financial plan for adult social care has been to see a sharp increase in the size of the gap between the cost of services and the funding available.
26. The scale of the financial challenge now facing adult social care is more significant than ever. In recognition of this the Council is undertaking a full review of its Adult Social Care operating model and models of care in order to ensure that it is able to meet the financial challenges ahead whilst ensuring that Sheffield people can stay healthy, out of hospital and independently at home for as long as possible.

27. This new transformational plan for Adult Social Care will be structured under three key theme areas – Prevention and Wellbeing, Social Care Operating Model and Models of Care. The current 2021/22 budget proposals set out under these headings are largely a continuation of proposals brought forward for 2020/21 in recognition that planned change in 2020/21 was significantly disrupted by the pandemic emergency.
28. The Council's new plan for Adult Social Care, including a new medium-term financial strategy, will be brought to Cabinet as a dedicated report in 2021 with the aim of establishing a more sustainable future for adult social care in Sheffield.

Improving Outcomes - Prevention

29. The strategic intention of Adult Social Care in Sheffield is to prioritise prevention and individual wellbeing. This means we are increasingly moving our focus to early help and preventative support via universal services, the development of resilient communities, greater use of online resources and faster equipment and adaptations support before people have need for formal adult social care support. This approach to supporting people earlier and in their community, including those with dementia and young people as they prepare for adulthood, is improving outcomes for local people whilst promoting better use of adult social care resources.

Improving Outcomes – Social Care Operating Model

30. The operating model is the means by the which the Council engages with people, their families and their carers as they start to consider the need for social care support, or through their adult social care journey as support plans are updated to reflect changing needs and aspirations. It also describes the way adult social care links to other key partners such as health and the way our back office processes work to support individuals such as the financial assessment process.
31. A continued focus within the plan is to embed the Conversations Count social work practice model. 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. A strengths-based approach based on regular high quality conversations with people will focus on enabling people to live with the least restrictive support package around them.
32. Linked to our practice model is the way we work with Health colleagues to support people with health and social care needs. We are continuing to work

with Health colleagues to ensure that the allocation of Continuing Health Care funding in Sheffield is balanced and equitable and that our processes are joined up and ensure the way we work is always person-centred.

33. 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. 2020/21 has seen a step change in the speed at which we are able to speak to people about their financial contributions and this has meant fewer people getting into debt and worrying about their ability to pay their bills. In 21/22 we will continue to deliver our programme of transformational change to the way we support people 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 and we will review the cap on contributions to ensure it is appropriately set.

Improving Outcomes – Models of Care

34. A fundamental part our Adult Social Care strategy is ensuring we are able to give access to modern, high quality care that meets need, delivers value for money and leads to positive outcomes.
35. The Council committed to a strategic review of adult social care in 2020/21 to inform future models of care and associated funding, and whilst the timescales for this review have been impacted by the pandemic emergency, the need for a longer term view of the sector following the impacts of Covid is now greater than ever.
36. The large-scale provision of additional temporary funding to providers affected by Covid is now all but over and 2021/22 will see the rebalancing of the care market. Support arrangements to providers will continue through improvement to payment systems, processes and support, implementation of gross payments to care homes and through continued provision of PPE where required.
37. Improvements to Direct Payments and other operational commissioning approaches will continue into 2021/22 and our Council run Deputyships service will continue to grow.
38. 2020/21 is the last year of the Mental Health Transformation Programme owned jointly by the Council and its Health partners. This programme has been successful in creating a more person-centred focus through the use of a pooled budget arrangement. Subject to national funding arrangements next year a new risk and benefit share will be negotiated with Sheffield CCG for

2021/22 and beyond, linked to a new all age Mental Health Strategy. This programme will have a continued focus on recovery, independence and prevention to deliver improved outcomes for people.

39. In December the NHS announced its next steps for building Integrated Care Systems across England. These arrangements, which at the time of writing are being consulted upon, are intended to support greater collaboration between partners in health and care systems. The Council will contribute to this conversation and be active in steering how these new arrangements take shape at a local level.
40. 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. We remain focused on supporting people to leave hospital as early as possible and enabling as many people as possible to stay at home, avoiding admissions to nursing and residential care where appropriate.

Services in Sheffield's communities

41. 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.
42. The Covid pandemic required a significant response from Sheffield's communities and the services the Council provides to support them. Workers have been temporarily deployed from other teams in the Council to our Community Response Teams to provide emergency food parcels and to support vulnerable people in our communities who were advised by Government to shield.
43. Emerging from the changes to Community Services as a result of the pandemic emergency the Council is establishing a programme of change to ensure our Community Services are best able to support Sheffield's communities in the future. This programme will include the development of the Council's Youth Services offer; improvements to library services and sustainability; Community safety; relationships with the Voluntary, Community and Faith sector organisations; cohesion strategy; community hub development and a focussed support for Page Hall.
44. In 2021/22 we are committed to continue funding for the core service of Council-run hub libraries, the Home Library service and Central Library but recognise there are ways that libraries can better support the communities

they serve whilst offsetting long term reductions in libraries income by a review of its service offer including job roles, developing use of shared spaces and making commercial use of archive materials.

45. In 2020/21 the city's Youth Services was brought into direct delivery by the Council in order to ensure it continues to be able to meet the needs of young people across Sheffield and is properly integrated into other public services.
46. The Council's Safer Communities teams are also now operationally located within our Communities and Libraries service area.

Cross-portfolio

47. Over 21/22 we will continue to find ways to deliver support to our many front line teams efficiently and effectively as possible. Small reductions will come from the reconfiguration of staff teams, budgets where costs have reduced such as pensions and insurance and from annual inflationary uplifts to service charges to schools.

Public Health

48. Across People Portfolio 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. The impact of the pandemic will have significant consequences for people's health and wellbeing. As we move forward into recovery we will reflect carefully on the impact and how Public Health resources should be used and allocated in the future.
49. We continue to prioritise working with NHS partners including Sheffield Clinical Commissioning Group, Sheffield Teaching Hospitals, Primary Care Sheffield and Sheffield Children's NHS Foundation Trust to further transform and remodel services including Emotional Wellbeing and Mental Health Services and the 0-19 Healthy Child Programme. The Public Health Grant will continue to fund a range of services provided by the Voluntary, Community and Faith sector working to support the needs of the most vulnerable. This will especially be important during post COVID recovery.
50. Overall, People Portfolio is prioritising through the use of the Public Health grant prevention and early intervention. This is focused on ensuring that older people, adults, children, young people and families are supported to maintain their health and wellbeing.

51. There will also be consideration of the Public Health capacity and workforce in response to the demands and pressure of COVID 19 and in recognition of the importance of Health Protection.

Place

	<u>Gross Expenditure</u> <u>£'000</u>	<u>Income</u> <u>£'000</u>	<u>Net</u> <u>Expenditure</u> <u>£'000</u>
Housing General Fund	12,168	(6,982)	5,186
Major Projects	133	(39)	94
Operational Services	119,325	(68,204)	51,121
Culture & Environment	50,516	(13,764)	36,752
City Growth	48,458	(25,188)	23,270
Place Strategy & Change	1,934	(670)	1,264
Transport & Facilities Management	79,707	(66,429)	13,278
	312,241	(181,276)	130,965

Place Portfolio Revenue Spend Plan

1. We 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.
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 activities ; 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. Our Parks and Countryside service works to preserve and develop Sheffield's woodlands which hold approximately 2.1 million trees and the recently developed Street Tree Strategy that has been co-produced with partners reaffirms our commitment to see trees as assets in the city for future generations.
5. We also want to continue to offer a vibrant mix of cultural, leisure and sporting facilities and events. This includes staging and hosting events 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 and the Better Parks strategy will strengthen this in the future.
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 and West Bar. Much of our work in this area relies on large one-off project funding, and large scale projects, such as the Future High Street Fund and Heart of the City (formerly the Sheffield Retail Quarter), will continue to transform the city over the next few years - the new Grosvenor House, home to HSBC and CMS along with Marmadukes, Weekday and Monki at Moorhead is one tangible example of this. We are also incorporating the city's heritage within the design for the City Centre. Construction work adjacent to this building is well underway to develop the next phases of this project and we are looking forward to welcoming Radisson Blu to the city as part of this. Construction work to improve the public realm has also begun to encourage the regeneration of the Castlegate area.

7. 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 wider area around the park as shown by the opening of the National Centre of Excellence for Food Engineering, developed by Sheffield Hallam University.
8. We will work with partners to make our neighbourhoods safe and easy to move around, through delivering our Streets Ahead scheme to improve our roads and pavement 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.
9. 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.
10. As a local authority, we also provide a number of other public protection services that are required by law. These include planning, environmental health, pest control, trading standards and health protection services, as well as the coronial and bereavement services for the city.
11. The portfolio spends around £425m 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 £130m comes from the Council's General Fund. Of this support, around (75%) is expended on four key areas – the Streets Ahead and Waste Management contracts and payments to the South Yorkshire Passenger Transport Executive (for the provision of transport interchanges, concessionary fare schemes and tendered bus services), and the provision Leisure and entertainment facilities via the Sheffield City Trust .

12. The remaining amount of around £33m supports the rest of the vast range of services which Place provides. We spend approximately £159m providing these services and the gap is made up by charging the (internal and external) users for the service.
13. In 2021/22, we propose to implement mitigations of £4.6 million to meet the reduced central government funding, inflationary and demand pressures.
14. As a result of COVID, we will continue to plan for the impact that COVID has had, and will continue to have, on our budget as we could see a further drop in external income and an increase in costs that are associated with keeping the city safe and protecting the citizens of Sheffield from the impacts of the pandemic. One of the significant impacts of the pandemic has been on the leisure sector and as a consequence, the Council is working with its' leisure partners to ensure that the services they provide can be sustainably delivered not only during the pandemic but in the longer term future. The projected cost pressure of this in 21/22 is £12 million.
15. 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 programme we aim to preserve public facing services, without reducing service standards.
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. Given the importance of income from external users of our services, we are proposing to review delivery models to ensure we recover the full cost of providing these services and reflecting the inflationary pressures the Council faces. Charges that do increase will be benchmarked against market rates.

Resources

	<u>Gross Expenditure</u> <u>£'000</u>	<u>Income</u> <u>£'000</u>	<u>Net</u> <u>Expenditure</u> <u>£'000</u>
Business Change & Information Solutions	17,608	(2,626)	14,982
Contract Rebates & Discounts	0	(451)	(451)
Customer Services	6,535	(1,577)	4,958
Finance & Commercial Services	42,763	(26,901)	15,862
Human Resources	6,781	(1,384)	5,397
Legal & Governance	7,696	(3,536)	4,160
Resources Management & Planning	262	0	262
	<hr/> 81,645	<hr/> (36,475)	<hr/> 45,170
Central Costs	15,483	(20,107)	(4,624)
Other Central Costs - Capita	2,667	0	2,667
Housing Benefit	179,465	(179,309)	156
	<hr/> 197,615	<hr/> (199,416)	<hr/> (1,801)
	<hr/> 279,260	<hr/> (235,891)	<hr/> 43,369

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; 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 portfolios can help deliver savings across the Council by changing the way the Council works. In 2021/22 directors from these portfolios will continue to 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 previous contractor to deliver ICT and Revenues and Benefits services. The focus for 2021/22 will be ensuring these services have an efficient and effective operating model, that meets the needs of the Council.
5. For 2021/22, additional ICT pressures have been identified largely because of the Covid-19 pandemic. The rapid roll-out of new ICT solutions to enable staff to work from home where possible has put pressure on the Resources Portfolio budget which will require additional support to be drawn from the General Fund budget.
6. 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 as they provide necessary services 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>	<u>Income</u>	<u>Net</u>
	<u>£'000</u>	<u>£'000</u>	<u>Expenditure</u>
			<u>£'000</u>
Policy, Performance & Communications	5,076	(2,606)	2,470
Public Health (PPC)	1,488	(1,623)	(135)
	6,564	(4,229)	2,335

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.

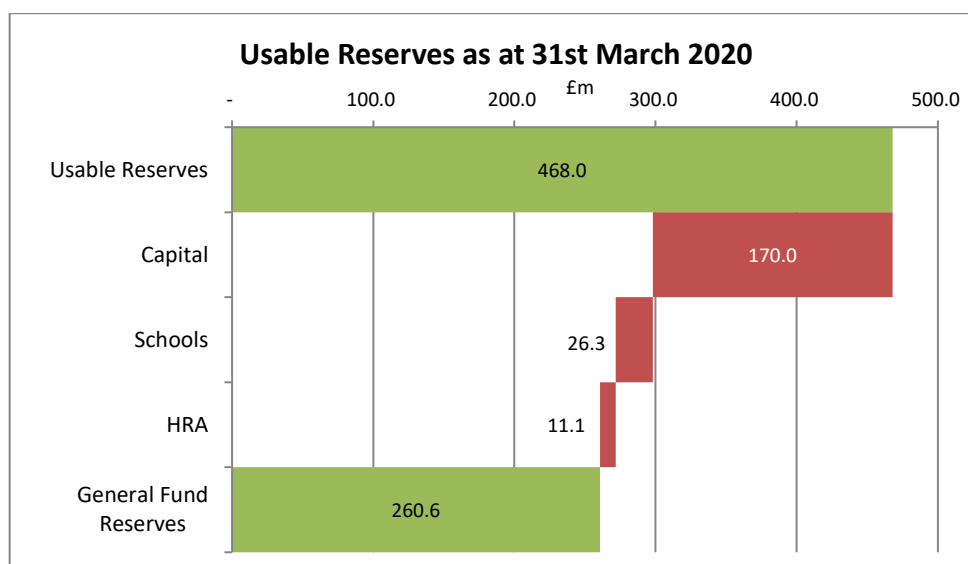
Reserves Strategy

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 2021/22 budget, capital programme and council tax.
4. This assessment of reserves is even more important in the context of the pressures faced by the Council in relation to the Covid-19 pandemic and the continuing rise in Social Care costs. 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 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).
 - they may be suitable to cover Covid pressures in some circumstances; but an estimate of whether these pressures are likely to recede or reoccur has to be made.
6. Our reserve strategy is a living document. The Council continually assesses its reserves position, balancing the need to retain sufficient reserves to meet future risks, with a plan to utilise any reserves that are not needed.

Total Reserves

7. The [Council's Statement of Accounts for 2019-20](#) shows a figure for “usable” reserves in the balance sheet at page 23 of £468.0m as at 31st March 2020. However, this figure is a technical accounting one and is not relevant for the purposes of setting the General Fund revenue budget.
8. 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.
9. For the purposes of setting the budget and this reserves strategy, £207.4m of the “usable reserves” are irrelevant as below:



10. This leaves around £260.6m of General Fund reserves as at 31st March 2020. 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

11. The table below highlights the split of earmarked and non-earmarked reserves forecast at 31st March 2021 and 31st March 2022.
12. Of the £296.4m total reserves forecast as at 31 March 2021, all but £13.2m is set aside as earmarked reserves for future liabilities.
13. Reserves levels are planned to decrease by £57.3m during 2021/22. Whilst this looks a large figure this is primarily due to a £55.4m reduction in the Collection Fund Reserve for the retail discount grant from Government that was carried forward at year end to be spent in 2021/22. A further £7.8m is due to planned repayments in relation to PFI and Major Sporting Facilities.

Estimate of reserves at 31 March 2021 & 31 March 2022

Description	Balance at 31/03/21 £000	<i>Movement in 2021/22 £000</i>	Balance at 31/03/22 £000
Non-earmarked Reserves			
General Fund Reserve	13,150	0	13,150
	13,150	0	13,150
Earmarked Reserves			
PFI Reserve	30,731	(2,358)	28,373
Highways PFI Reserve	1,715	(1,474)	241
Total PFI Reserve	32,446	(3,832)	28,614
Invest to Save	8,276	1,408	9,684
Insurance Fund Reserve	10,352	0	10,352
New Homes Bonus	19,019	0	19,019
Major Sporting Facilities	23,872	(3,999)	19,873
Collection Fund	74,911	(55,351)	19,560
Public Health	(0)	0	(0)
Service Area Reserves	19,120	500	19,620
Other earmarked	95,254	3,934	99,188
Total Earmarked Reserves	283,251	(57,341)	225,910
Total Revenue Reserves	296,401	(57,341)	239,060

General (non-earmarked) revenue reserves

14. 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 and 2019, 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.
15. Non-earmarked General Fund Reserves are estimated to be £13.2m at 31 March 2021, representing 3.6% of the 2021/22 budget (at the maximum net budget requirement of £365.8m).
16. 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...”

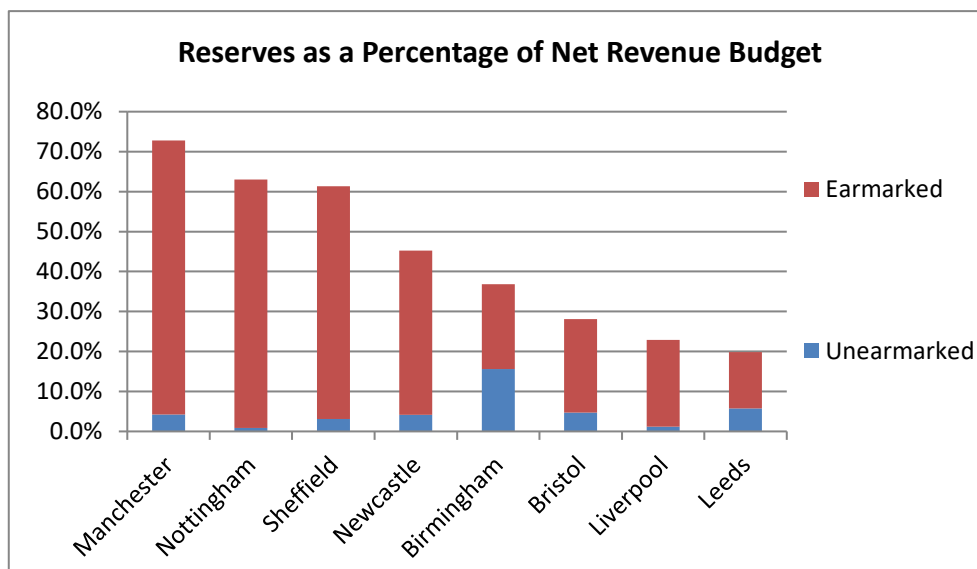
17. Sheffield’s forecast level of General Fund reserves as at 31 March 2021 meets this benchmark.
18. The table below shows that Sheffield had a relatively low level of General Fund reserves as at 31 March 2020 as a percentage of its 2020/21 net revenue budget when compared to similar councils.

	Unearmarked Reserves at 31/3/20, (£m) *	Unearmarked Reserves as % of Net Revenue Budget 2020/21, (£m) **
Birmingham	141.7	15.6%
Leeds	31.5	5.7%
Bristol	17.0	4.7%
Manchester	21.4	4.2%
Newcastle	10.1	4.2%
Sheffield	13.2	3.1%
Liverpool	5.7	1.2%
Nottingham	2.2	0.9%

* Based on 2019-20 Statement of Accounts

** Based on 2020-21 RA data

19. 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 for the same period;



N.B Reserve levels based on 2019-20 Statement of Accounts and NRB based on 2020-21 RA data

Earmarked Reserves

20. A list of earmarked reserves, their purpose and proposed use are set out below. Figures in brackets represent their anticipated balance at 31/3/21.
21. 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 (£32.4m)

22. 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.
23. The PFI reserve balance is forecast at £32.4m as at 31st March 2021 and is expected to reduce by £3.8m over the course of 2021/22 in line with the established PFI spend profile.

Invest to Save Projects (£8.3m)

24. 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 £10.6m of permanent savings, which have been used to help offset budget pressures over the last few years.
25. 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 (£10.4m)

26. 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 (£19.0m)

27. The Government pays all Councils the 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) (£23.9m)

28. The remaining funds are required for the future costs of the Major Sporting Facilities debt (Ponds Forge, Hillsborough Leisure Centre, etc.). £4.0m will be used in 2021/22 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.

Collection Fund (£74.9m)

29. This reserve is required to cover potential reductions in Business Rates and Council Tax income. £55.4m of this is expected to be carried forward on the 31st March 2021 for the grant supplied by Government for business retail discounts. This is required for use in 2021/22 to cover the collection fund deficit carried forward from 2020/21 to 2021/22. This is expected to be a one off due to the complexity of the accounting requirements instructed by Government in relation to Covid related grants.

Service Area Reserves (£19.1m)

30. 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 (£95.3m)

31. 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;

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 2021/22 budget process that:

- The General Fund Balance be maintained at around £13.2m, 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.
- There are currently significant external risks to Local Authorities budgets, covered in greater detail elsewhere, but those that were already a significant ongoing risk, for example, the cost pressures in social care have been exacerbated by the Covid pandemic.
- The pandemic has also brought significant other risks, such as the short and long-term impacts on the collection fund due to Business Rates pressures. Earmarked reserves may have to be bolstered where possible to mitigate these risks.
- The position is not yet critical, but stringent monitoring will be essential to ensure that reserve levels are adequate to cover future expected pressures in the medium term.

Corporate Financial Risk Register as at 1st April 2021

1. This Appendix provides a brief overview of the main financial risks facing the Council in 2021/22 and beyond. A more detailed schedule of these risks will be monitored by the Executive Management Team to ensure that the risks are mitigated.
2. In addition to the risks discussed below, there are a range of broader service-related risks presented by the Covid-19 pandemic and by the UK leaving the EU. These risks are managed through corporate and service risk frameworks, so are not discussed in this appendix, except as relevant to the financial risks below.

Corporate Risks

Business Rates

3. Business owners can appeal against the rateable value of any hereditament, which, if successful, would ultimately reduce the Council's tax take. To protect the revenue budget from loss of income, the Council will take prudent provisions to cover lost income because of appeals.
4. The appeals process following the 2017 Revaluation has also changed and is now known as Check, Challenge, Appeal. The aim is to reduce the number of spurious and speculative appeals and reduce the time taken to process genuine appeals.
5. To date, the number of Check, Challenges and Appeals processed appears to have reduced on previous years. Data released by MHCLG¹ for September 2020 show that there were only 120 checks outstanding for Sheffield and 410 challenges outstanding. A review of the appeals provision has been conducted to ensure that it remains adequate to cover all outstanding checks and challenges.
6. There has been a long-mooted change in the retention regime, allowing authorities to retain 75% rather than 50% of business rates income. This was expected to begin in 2020/21, though was delayed due to a turbulent political landscape even before the Covid-19 pandemic.
7. As such, the current assumption is that this will not begin before 2022/23. At that point, this transfers more risk to the Council as the planning assumption is that any increased tax take will be matched by a reduction in grant income elsewhere.
8. The impact of the Covid-19 pandemic on business rates is not yet easy to determine. The likely impacts seem to be a loss of retail footfall, causing appeals against rateable values, and increased business failure and empty properties.

¹ Available here - <https://www.gov.uk/government/statistics/non-domestic-rating-challenges-and-changes-2017-and-2010-rating-lists-september-2020>

9. This is a complex legal and economic issue and no formal updates have been published in time for 2021/22 budget setting. Individual appeals will be settled by the VOA on individual merits, and it may be some time before a city-wide picture emerges. In the annual assessment of business rates tax base for 2021/22, the Council has taken prudent assessments of how these factors may influence the 2021/22 tax take.
10. 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 and will require close monitoring and a focus on supporting the local economy through recovery from the pandemic to protect our income and on delivering outcomes jointly with other public sector bodies and partners.

Medium Term Financial Analysis

11. On 21st October 2020, Cabinet considered a report of the Executive Director of Resources entitled Medium Term Financial Analysis (MTFA) 2021/22 to 2024/25². This report provided the forecast financial position of the Council for the next 4 years and to set the financial constraints within which the budgeting and business planning process will need to work to achieve a balanced budget position over the medium term.
12. Over the next 4 years, the Council has predicted a cumulative budget gap of £71.7m.
13. In the absence of further government support, the Council will need to deliver significant savings over the coming years to balance the budget. This gap cannot be met from reserves alone.
14. 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 (FFR)). This was initially contemporaneous with the introduction of 75% retention of business rates described above, the wider Spending Review, and allocating budgets to central Government departments. However, the FFR has been subject to considerable delay. It is now the Government's intention to implement the FFR and other funding reforms in 2022-23, but it is far from certain that they will be able to do so.
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. Any loss would have an immediate impact on service delivery and financial sustainability and creates uncertainty for business planning.

² [October 2020 Cabinet Meeting](#)

17. In November 2020, the Chancellor delivered the 2020 Spending Review, setting out plans for Government spending for 2021/22 only. Financial planning for 2022/23 and beyond is currently proceeding on uncertain and cautious footing, especially considering the Covid-19 pandemic. Late announcements of temporary, one-off funding do not create a safe foundation for business planning.
18. The current situation is being closely monitored by business planning functions and the Strategic Finance team. These teams can respond quickly to consultations and communicate with colleagues in other authorities our position, to argue for a fair financial settlement and to formulate a sustainable plan for future years. The overriding planning assumption is that it will be fiscally neutral.

Implementation of Savings Proposals

19. The MTFA described the budget gap before savings as £108m over four years, of which £88m relates to Social Care.
20. The risks in delivering savings in all areas is considerable given the increasing demand pressures and the levels of savings that have been achieved in previous years. The risk is that non-delivery of budgeted savings will create a threat to the medium-term financial sustainability of the Council.
21. To mitigate this, officers are working on the safe and legal implementation of budget proposals by:
 - a) Ensuring that there is a clear understanding of the impact of proposals on different groups and communities, including undertaking Equality Impact Assessments for budget proposals and these are discussed with Cabinet Members.
 - b) Carrying out appropriate and meaningful consultation with affected communities and stakeholders, and where the proposal impacts on a supplier or provider, that they undertake appropriate consultation and equalities work with service users; and
 - c) Discussing budget proposals with the affected members of staff in advance of them being made public and putting in place Managing Employee Reductions (MER) processes where required, in consultation with Human Resources (HR).

External Funding

22. The Council utilises many grant funding sources, for example, Government Departments, Sheffield City Region Mayoral Combined Authority and historically the EU.
23. Delivering projects that are grant funded usually have an element of risk (claw back), where agreed terms and conditions are not stringently adhered to and evidenced. 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.

24. As SCC funding reduces, portfolios are increasingly seeking out new sources of external funding, both capital and revenue.
25. Historically, EU funding grant agreements have more intricate and detailed conditions, requiring greater evidence to substantiate expenditure claims and are less flexible on timescales and output delivery targets. This increased the inherent risk in projects and the risk was further exacerbated as the Council's resources reduced. A combination of fewer officers with less experience, increased the risk of non-compliance. Exposing the Authority to potential financial claw back by the Funder.
26. The result of the UK leaving the EU does not in the short term change the risk profile of EU grants.
27. During the Covid-19 crisis the government issued a high number of new and material grants. They usually required quick turnaround times between offer, acceptance, and receipt, and often required prompt approval with conditions absorbed. Additional reporting requirements was sometimes required on several of the grants.
28. In the dynamic and demand led landscape of external funding, the risks and workloads associated with grant management has increased and SCC is having to be flexible in managing these workloads whilst complying with Funder requirements.

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 2 (HoC2) 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 would 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 the limit and 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 the 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. SCT manage all the facilities through several separate contracts, including a shortfall agreement on the MSF venues. In addition, the Council has, for many years, also provided a Letter of Support to SCT as part of the annual audit process. This letter allows SCT's auditors to sign the accounts on a "going concern" basis. The letter requires the Council to provide short term cash flow support should it be required to enable SCT to meet its financial obligations.
35. The Council has faced 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 2019/20. This proposal was agreed by the Council but has not been achieved to date by SCT. This has resulted in significant pressures on the SCT reserves/ cash balances.

36. The Covid-19 pandemic has significantly reduced SCTs income streams as many of its facilities have been closed for long periods. Consequently, additional financial subsidy has been provided by the Council.
37. 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 several transactions relating to the Bond, Leases and Tax that will need to be carefully managed.
38. Consequently, there are several 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. Work is now at an advanced stage in developing this longer-term leisure and entertainment strategy which is planned to be reported to Cabinet during 2021.

Treasury Management and Capital Financing Costs

39. 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 caused by the UK leaving the European Union (EU) and Covid-19. 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.
40. 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.
41. 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 EU has the potential to intensify these risks creating 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.
42. As part of the 2021/22 budget process, SCC are developing 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 is needed whilst the uncertainties created by the exit from the EU and Covid-19 are resolved and the level of market volatility returns to normal levels.

43. Given the profound nature of these influences, we will continue to review our Treasury Management and Annual Investment Strategies during 2021/22 to ensure we can respond appropriately to market volatility.
44. The Council is also actively managing its longer term need for cash. Cash flow requirements indicates 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 the investment requirement arising from the development of the HoC2 project and the timing of any divestment. Added to this are the uncertainties caused by the UK's exit from the EU. This will require the Council to remain vigilant to interest-rate risk and draw down loans, in a timely manner, to militate against borrowing costs rising above our target rates.
45. 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. 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

46. 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.
47. 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.
48. 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 (HRA) 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 2021/22. However, impacts are uncertain at present as there is limited data available therefore estimates will be reviewed as we learn from the roll out.
49. 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.
50. 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

Education Funding

51. 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 SCC to fund central services. Academies can on conversion choose whether to buy into those services thus creating a potential funding gap. In 2021/22 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.
52. 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 2021/22 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.
53. As part of transition to a National Funding Formula, all school funding allocations will be directly managed by the Education Funding Agency. Sheffield Schools Forum is expected to review and approve all previously centrally held allocations, subject to a limitation of no new commitments or increase in expenditure over the next two years.
54. These historical commitments are now part of a central school block and Schools Forum approval is required each year to confirm the amounts on each line. Expenditure in centrally held funding amounts to around £7m. The funding announcements for 2021/22 have confirmed that the central school block will reduce by £950k for Sheffield and is likely to continue to reduce over the next few years.

Children's Social Care

55. There continues to be an increase in demand and costs for services for children's social care both in terms of placement costs, fieldwork costs and support costs.
56. The Covid-19 pandemic will impact on unemployment, family debt and lead to more domestic violence, substance misuse, and emotional and mental health. Post pandemic increase in demand is already being evidenced across Children and Families services.
57. There are several 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)

58. There continues to be an increase in demand/ 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.

59. The Government has announced additional DSG of £9m for High Needs Funding and there are several ongoing transformational projects to manage 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

60. In 2021/22 we have a significant partnership arrangement with the Clinical Commissioning Group (CCG), which includes various funding streams for core services in Adult Social Care. There is a risk that the funding streams are not sustainable long term, leaving the delivery of core services at risk, should the funding cease.
61. The impact of the Covid-19 pandemic on Adult Social Care has meant additional one-off financial support to ensure continuity of care and stability in the independent sector care market, disruption to the Adult Social Care change programme, additional cost of Personal Protective Equipment for adult social care services, and additional staffing to maintain delivery of essential care services.
62. As a result of the financial challenges facing local authorities, in November 2020 the Government announced the continuation of a temporary Social Care Grant in 2021/22 along with £4.9m of additional funding for Sheffield. The announcement also allows SCC to raise Council Tax by up to 3%, via a Social Care precept. Notwithstanding this additional funding, the overall impact of Covid-19 on the Council's medium term financial plan for adult social care is a sharp increase in the gap between the cost of services and the funding available.
63. In recognition of the gap, the Council is undertaking a full review of its Adult Social Care Improvement Plan in 2021/22 to ensure that it can meet the financial challenges ahead. Measures have been put in place to address the budget gap on all Adult Social Care purchasing (Older People, Physical Disabilities and Learning Disabilities), however, continued demand pressures increasingly affect the balance of the budget. Demand management plans within service should address some of the continued pull-on resources and potentially redress some of the continued increases.
64. The higher National Living Wage threshold 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.
65. For 2021/22 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 Risks

Revenue Budget savings

66. The Place budget comprises of five significant contractual commitments - Streets Ahead programme, Waste Management, the South Yorkshire Passenger Transport Levy, repayment of MSF debt and the Private Finance Initiative costs of some buildings. Together they absorb a major part of the Portfolio's General Fund support.
67. The Portfolio cannot meet projected reductions in local authority funding by only reducing costs in the services that share the 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 direct PFI cost is fixed and cannot be reduced without buying out the provider. However, refinancing options are now being investigated to deliver savings.
68. The South Yorkshire Transport Levy and Waste Management contracts have been successfully reduced in previous years. 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.
69. 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. The Programme reviews 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.
70. 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 dependent on the performance of the Council's partners, the outcome of Leisure strategy project, and the general leisure market conditions. This is proving to be very challenging with the impact of the Covid-19 pandemic not yet realised. It is being carefully monitored.
71. 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, post Covid-19, and the competitive position of the services in the marketplace.
72. 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.

73. Furthermore, the Council has agreed several 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

74. 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 UC 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 interest rates have always been recognised as a risk to the HRA. Managed via SCC'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

75. 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, 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

76. There is a risk to delivering the full scope of major schemes 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.
77. The New Homes Bonus funding (Government funding to incentivise house building) will not continue beyond 2021/22. This will be the final set of allocations under the current approach, and the proposal is that year 11 payments will not attract new legacy commitments in future years. This funding stream was a key element of the Corporate Investment Fund and could negatively impact on the council's investment capacity.

Heart of the City 2 (formerly Sheffield Retail Quarter)

78. The delivery of the remainder of the HoC2 programme is now on an incremental measured block by block basis, working within the approved masterplan, which is being delivered comprehensively over time by a combination of commercial developers and the Council. This approach mitigates the Council's risk and financial exposure and delivers momentum.
79. The Council has committed significant funding for the delivery of the HoC2. This is made up of several phases:

Block	Committed Capital budget £m	Development Stage	Risk Position
Enabling Costs	77	Sunk site wide acquisition and feasibility cost and ongoing programme management	Capitalised interest costs vary with remaining program length.
D	97	Construction complete, 90% let	Letting of vacant units impacted by Covid-19. Longer term vacant property risk on the office and on a more periodic basis for retail, food and beverage units created as shorter leases expire.
G1	3	Fully let subject to completion of tenants works	Minimal risk that operator will not complete works.
F	1	Site sold for development	None
B	20	In construction, no pre-lets	Some construction risk due to Covid-19 impact, but development well progressed. Letting risk for the Office, Residential and Retail space being created.
C	21	In construction, no pre-lets	Some construction risk especially with retained facade and due to Covid-19 but development quite well progressed. Letting risk for the Office and Retail space being created.
A	47	Pre-construction, Hotel anchor tenant selected	Construction price risk until contractor secured and prices fixed. Hotel occupancy risk remains with the Council. Letting risk on remainder of retail and leisure units
H	61	Construction about to commence. Food hall operator secured	Letting risk for the Office, and remaining leisure/retail spaces being created.
H1	9	Stabilisation works in progress. Leah's yard operator secured	Let on a largely turnover rent basis so occupancy risk remains with the Council.
E	5	Retail units striped out, Car Park cladding replacement in progress	Some construction risk due to emerging condition of building. Letting risk for the leisure/retail spaces being created.
G	5	SCC part of site at design stage, remainder to be	Construction risk on "Pocket park" being developed by SCC.

		offered for sale for commercial development	Risk on sale value on remainder of plot and future income generation from private development.
I (JLP)	21	New lease entered. Refurbishment programme to be agreed	Covid-19 could impact on JLP viability and put store refurbishment at risk. Let on a turnover rent basis so future store performance risk remains with the Council.
Totals	367		

80. 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.
81. Creating confidence in the City through the successful delivery and letting of the early phases, stimulates more market interest in the later phases and hence third-party development is being pursued for some blocks.
82. 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 (Tax Incremental financing (TIF)). The financing costs are being capitalised while the scheme is in development.
83. A programme of development of this size carries significant levels of risk across several 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 longer-term effects of Covid-19. However, it should be borne in mind that the next 2 major sites to be delivered will not be complete for more than 2 years and so it is hoped that there will be some degree of economic recovery by then.
84. 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 the 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. The final fit-out phases of the elements of buildings could be delayed as required to meet market demand if necessary.

Schools' Expansion programme

85. In February 2016, Cabinet approved a report setting out the need to provide additional Primary, Secondary and Sixth Form school places. The clear need for places required the Council to commit funds ahead of the annual capital Basic Need grant allocation from Central Government. 2019/20 year end the total value of council funds utilised was £6m. Following the announcement of the 2021/22 Basic Need allocations this position was expected to reduce to £3.8m at the end of 2021/22, with final repayment of council funds being dependent on funding allocated for 2022/23 and beyond.

86. During 2020/21 additional Secondary school place pressures were identified in the South West of the City. After negotiations with the Department for Education (DfE), SCC were advanced £14.67m of future years' Basic Need allocations to address the issue.
87. This funding advance means that £7.75m of council funds will be repaid to corporate resources this year. Current estimates indicate that the additional places required should be delivered at a cost below the level of funding received, leaving some scope to address other known pressures in the system.
88. There is still significant work still to be done to firm up the costs and delivery mechanism of the new places and the level of advanced funding received will impact upon SCCs future grant allocations. While the current situation mitigates the previous risk of council funds not being recovered, careful monitoring of this situation will be required to provide early warning of any further pressures.
89. There is significant backlog in building condition issues across the school estate, which means any capital grant funding allocated through the School Condition capital grant Allocation (SCA) is already committed to essential building maintenance programmes. There is also an outstanding pressure on Specialist Education provision where we are awaiting further capital grant to support necessary expansions to accommodate current demand.
90. The Council has taken steps to minimise this exposure by challenging the construction industry to build to a specific cost target against the DfE schools building standards guidance and matching the provision of some 16–18 year-old places to demand.
91. The Council has a statutory duty providing sufficient pupil places across both mainstream and specialist provision. The need for places is under constant review to monitor population growth and migration patterns.

Appendix 6 (the Council tax Determination) will be completed following formal approval of Parish and Preceptor Council Tax Levels for 2021/22, and will appear here.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Ethical Investment Strategy for 2021/22

Executive Summary

Introduction

Treasury Management fulfils several 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 2021/22 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 2021/22 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 2021/22 is unchanged from 2020/21. Changes under Accounting Standard IFRS16 to show principal elements of leases as MRP have been delayed until April 22.

Application of Resources

Section 6 outlines how 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 yet externally borrowed sufficiently 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 forecast of borrowing 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 that 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.

PWLB have had their margin decreased by 1% making this an attractive source of borrowing again, however Borrowing from Locals could provide very cheap alternative in the short term.

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 2020/21, 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 investments types, the considerations in making short and long term decisions as well as limits for investment over 12 months.

Section 1 – Introduction

Key Messages

Treasury Management fulfils several 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 provides 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 several 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 Messages

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 always remains with the organisation 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 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 Messages

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	2019.2	2020.21	2021.22	2022.23	2023.24	2024.25
	Actual £'m	Forecast £'m	Budget £'m	Estimate £'m	Estimate £'m	Estimate £'m
ESSENTIAL COMPLIANCE & MAINT	4.9	£9.8	£0.0	£0.0	£0.0	£0.0
TRANSPORT	6.2	£12.3	£6.1	£0.0	£0.0	£0.0
CORPORATE	1.3	£0.0	£0.0	£0.0	£0.0	£0.0
ECONOMIC GROWTH	9.2	£8.0	£5.2	£0.0	£0.0	£0.0
HOUSING GROWTH	19.8	£29.7	£50.3	£72.9	£99.4	£66.4
HEART OF THE CITY II	20.8	£39.5	£62.9	£56.1	£3.4	£0.0
QUALITY OF LIFE	14.5	£17.1	£20.0	£17.7	£17.9	£0.0
GREEN & OPEN SPACES	1.0	£2.2	£0.4	£0.0	£0.0	£0.0
PEOPLE CAPITAL & GROWTH	13.4	£16.3	£4.6	£2.2	£0.0	£0.0
HOUSING INVESTMENT	37.3	£18.3	£42.2	£56.9	£57.8	£99.7
ICT	0.0	£1.4	£0.0	£0.0	£0.0	£0.0
Total	128.5	£154.5	£191.7	£205.8	£178.6	£166.1

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, not least because following recent Central Government rule changes, making these investments limits our ability to access PWLB funds.
- 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:	2019.20 Actual £'m	2020.21 Forecast £'m	2021.22 Budget £'m	2022.23 Estimate £'m	2023.24 Estimate £'m	2024.25 Estimate £'m
Capital expenditure:						
Non-housing	£71.4	£106.5	£99.2	£76.0	£21.4	£0.0
Housing	£57.1	£48.0	£92.5	£129.8	£157.2	£166.1
Total	£128.5	£154.5	£191.7	£205.8	£178.6	£166.1
Financed by:						
Capital Receipts	£14.7	£20.4	£11.0	£8.3	£9.8	£13.9
Capital Grants & Contributions	£39.1	£46.4	£25.6	£15.5	£19.1	£8.4
Revenue Contributions	£38.8	£13.0	£40.7	£55.6	£56.7	£98.2
Net borrowing need for the year	£35.9	£74.7	£114.5	£126.4	£93.1	£45.6
Fund Split						
General Fund	£35.9	£61.1	£79.0	£72.6	£21.1	£0.0
HRA	£0.0	£13.6	£35.5	£53.8	£72.0	£45.6
Total	£35.9	£74.7	£114.5	£126.4	£93.1	£45.6

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 very 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 Messages

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 overall CFR is expected generally to increase over the next few years based on the Council’s capital investment plans. However General Fund CFR is forecast to reduce from 23/24 due to lower levels of capital expenditure and receipts expected from HOTC II.

4.1 The following table shows projections for the Council’s CFR:

Capital Financing Requirement	2019.20 Actual £'m	2020.21 Forecast £'m	2021.22 Budget £'m	2022.23 Estimate £'m	2023.24 Estimate £'m	2024.25 Estimate £'m
CFR non-housing	£1,183.5	£1,209.3	£1,248.7	£1,242.5	£1,185.2	£1,105.6
CFR housing	£345.9	£359.5	£395.0	£448.7	£520.7	£566.3
Total CFR - Year End	£1,529.4	£1,568.8	£1,643.7	£1,691.2	£1,705.9	£1,671.9
In Year Movement in CFR		£39.3	£74.9	£47.6	£14.7	-£34.1
<u>Movement in CFR represented by:</u>						
Expenditure not funded by grants, receipts, or contributions	£35.9	£74.7	£114.5	£126.4	£93.1	£45.6
Additional PFI liabilities	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
- MRP/VMRP and other movements	-£46.9	-£35.4	-£39.6	-£78.9	-£78.4	-£79.7
In Year Movement in CFR	-£11.0	£39.3	£74.9	£47.6	£14.7	-£34.1

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 £358.0m (2019/20 £373m) of such arrangements within the CFR.

Section 5 - Minimum Revenue Provision

Key Messages

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. Changes under Accounting Standard IFRS16 to show principal elements of leases as MRP have been delayed until April 22.

This report recommends the Council approves the MRP statement in this section, as below:

- 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 2021 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 Messages

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 yet externally borrowed sufficiently 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	2019.20 Actual £'000	2020.21 Actual £'000	2021.22 Budget £'000	2022.23 Estimate £'000	2023.24 Estimate £'000	2024.25 Estimate £'000
Year End Resources:						
Cash backed reserves*	349.9	343.1	298.1	273.3	261.2	264.6
Capital Receipts	136.5	130.0	124.0	118.0	112.0	106.0
Provisions	25.0	20.0	20.0	20.0	20.0	20.0
Total Core Funds	511.4	493.1	442.1	411.3	393.2	390.6
Working Capital	-45.1	-35.2	-25.3	-15.4	-5.4	-5.4
(Under)/over Borrowing	-283.9	-352.9	-336.5	-332.6	-325.6	-312.3
Expected Investments	182.5	104.9	80.3	63.4	62.2	72.9

**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 does not 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. Current 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 reduces 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 and to reduce the under-borrowed position.

- 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 Messages

The new forecast of borrowing 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	2019.20 Actual £'m	2020.21 Forecast £'m	2021.22 Budget £'m	2022.23 Estimate £'m	2023.24 Estimate £'m	2024.25 Estimate £'m
External Debt						
Loans at 1st April	802.9	868.5	857.7	968.4	1040.4	1080.4
Expected change in Loans	65.6	-10.7	110.7	72.0	40.0	-2.0
PFI liabilities at 1st April	400.2	372.7	358.1	338.7	318.3	299.9
Expected change in PFI liabilities	-27.5	-14.6	-19.3	-20.4	-18.4	-18.8
Transferred Debt at 1st April	8.5	4.5	0.0	0.0	0.0	0.0
Expected Change in Transferred Debt	-4.1	-4.5	0.0	0.0	0.0	0.0
Actual Gross Debt at 31st March	1245.5	1215.8	1307.2	1358.7	1380.3	1359.5
The Capital Financing Requirement	1529.4	1568.8	1643.7	1691.2	1705.9	1671.9
Authority Under/(Over) Borrowing	283.9	352.9	336.5	332.6	325.6	312.3
HRA under/ (over) borrowing	66.1	80.4	87.0	90.7	102.7	108.3
GF Under / (Over) Borrowing	217.8	272.5	249.5	241.8	222.9	204.0
	283.8	352.9	336.5	332.6	325.6	312.3

- 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 2022/23

- 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 2021 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 Messages

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:	2019.20 Actual	2020.21 Forecast	2021.22 Budget	2022.23 Estimate	2023.24 Estimate
General Fund	9.24%	9.34%	9.88%	9.44%	9.66%
HRA	9.8%	9.4%	9.0%	9.7%	10.4%

Including PFI

Ratio of Financing Costs to Net Revenue Stream:	2019.20 Actual	2020.21 Forecast	2021.22 Budget	2022.23 Estimate	2023.24 Estimate
General Fund	19.3%	18.5%	19.7%	19.1%	18.5%
HRA	9.8%	9.4%	9.0%	9.7%	10.4%

- 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 quite keeping pace with it. However, the increase in the ratio is relatively small, and falls when PFI costs are considered. These ratios should not be viewed entirely in isolation from other sources of information; such as the balanced Revenue Budget and Capital Strategy.

- 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	2019.20 Actual £'m	2020.21 Actual £'m	2021.22 Proposed £'m	2022.23 Proposed £'m	2023.24 Proposed £'m	2024.25 Proposed £'m
Loans	£1,200	£1,240	£1,360	£1,420	£1,450	£1,450
Other Long Term Liabilities	£440	£400	£380	£360	£340	£320
Lease Arrangements	£0	£10	£10	£10	£10	£10
Total	£1,640	£1,650	£1,750	£1,790	£1,800	£1,780

- 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	2019.20 Actual £'m	2020.21 Actual £'m	2021.22 Proposed £'m	2022.23 Proposed £'m	2023.24 Proposed £'m	2024.25 Proposed £'m
Loans	£1,200	£1,280	£1,410	£1,480	£1,510	£1,510
Other Long Term Liabilities	£440	£400	£380	£360	£340	£320
Lease Arrangements	£0	£10	£10	£10	£10	£10
Total	£1,640	£1,690	£1,800	£1,850	£1,860	£1,840

- 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	2019.20 Actual £'m	2020.21 Actual £'m	2021.22 Proposed £'m	2022.23 Proposed £'m	2023.24 Proposed £'m	2024.25 Proposed £'m
HRA Authorised Limit	£388.3	£384.2	£430.0	£485.0	£555.0	£600.0
HRA Operational Limit *	£388.3	£365.2	£415.0	£460.0	£535.0	£580.0
HRA CFR	£345.9	£359.5	£395.0	£448.7	£520.7	£566.3
HRA Headroom **	£42.4	£24.7	£35.0	£36.3	£34.3	£33.7

- 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 allow us to deal with 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.

Section 9 - Borrowing Strategy

Key Messages

Increased borrowing rates and the Council's 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.

- 9.1 The Council is currently maintaining an under-borrowed position and plans to do so while this position 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 In accordance with the view taken in previous years, the Council recognises the inherent risk in operating this strategy. Whilst the current low borrowing rate period continues, the Council intends to maintain the position at its current levels, or to modestly increase it.
- 9.3 Conversely, if we believe that there is developing a significant risk that the cost of borrowing is 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 at 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 several relevant interest rates.

- 9.5 The Municipal Bond Agency is aiming to issue bonds for local authorities soon 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 Messages

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 limits is 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:

Limits on interest rate exposure based on net debt	2020.21 Forecast	2021.22 Budget	2022.23 Estimate	2023.24 Estimate	2024.25 Estimate
	Upper	Upper	Upper	Upper	Upper
Fixed interest rates (%)	100%	100%	100%	100%	100%
Variable interest rates (£'m)	£120	£145	£160	£160	£180

- 10.2 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.

Maturity structure of fixed interest rate borrowing:	2021.22	
	Lower	Upper
Under 12 months	2%	5%
12 months to 2 years	3%	5%
2 years to 5 years	5%	8%
5 years to 10 years	12%	15%
10 years to 20 years	15%	20%
20 years to 30 years	15%	20%
30 years to 40 years	24%	30%
40 years to 50 years	16%	20%
Over 50 years	8%	15%

- 10.3 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 most 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.

Maturity structure of variable interest rate	2021.22	
	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%

- 10.4 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. The actual contracted term of these loans is more than 40 years.
- 10.5 The Council will not borrow more than, or in advance of, its needs purely 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 Messages

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 2021/22 despite the cheap PWLB borrowing Available. Break costs to exit existing loans would make this an unattractive proposition.

Approval of the Head of Service would be sought prior to any rescheduling.

Section 12 Annual Ethical Investment Strategy

Key Messages

This section sets 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.**

- 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 **Note 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 Messages

This section 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	2020.21	2021.22	2022.23	2023.24	2024.25
Proposed Returns	0.25%	0.25%	0.35%	0.50%	0.60%

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	2020.21 £'m	2021.22 £'m	2022.23 £'m	2023.24 £'m	2024.25 £'m
Maximum Amount	£60	£60	£60	£60	£60

13.5 **The Council is asked to approved the above treasury indicator and limits**

13.6 The Council 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.

Note 1 – Economic Backdrop

- **UK.** The Bank of England’s Monetary Policy Committee kept **Bank Rate** unchanged on 5th November. However, it revised its economic forecasts to take account of a second national lockdown from 5th November to 2nd December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that “announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target”.
- Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
 - The economy would recover to reach its pre-pandemic level in Q1 2022
 - The Bank also expects there to be excess demand in the economy by Q4 2022.
 - CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the “inflation risks were judged to be balanced”.
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.
- One key addition to **the Bank’s forward guidance** in August was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years’ time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase through to quarter 1 2024 but there could well be no increase during the next five years due to the slow rate of recovery of the economy and the need for the Government to see the burden of the elevated debt to GDP ratio falling significantly.
- **Downside risks.** The MPC reiterated that the “recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside”. It also said “the risk of a more persistent period of elevated unemployment remained material”. Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. That could involve some or all of the lockdown being extended beyond 2nd December.
- As for **upside risks**, we have been waiting expectantly for news that various **COVID19 vaccines** would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of

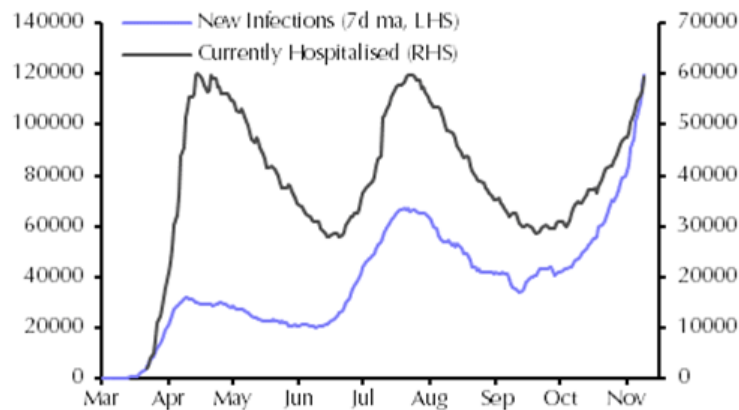
effectiveness of flu vaccines which might otherwise have been expected. However, their phase three trials are still only two-thirds complete. More data needs to be collected to make sure there are no serious side effects. We don't know exactly how long immunity will last or whether it is effective across all age groups. The Pfizer vaccine specifically also has demanding cold storage requirements of minus 70C that might make it more difficult to roll out. However, the logistics of production and deployment can surely be worked out over the next few months.

- **Public borrowing** is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- Capital Economics have not revised their forecasts for Bank Rate or gilt yields after this major revision of their forecasts for the speed of recovery of economic growth, as they are also forecasting that inflation is unlikely to be a significant threat and so gilt yields are unlikely to rise significantly from current levels.
- There will still be some **painful longer-term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.
- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

US. The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the **pandemic** with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a third wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the latest wave has been driven by a growing outbreak in the Midwest. The latest upturn poses a threat that the

recovery in the economy could stall. This is **the single biggest downside risk** to the shorter-term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

COVID-19 New infections & hospitalisations



However, with the likelihood that highly effective vaccines are going to become progressively widely administered during 2021, this should mean that life will start to return to normal during quarter 2 of 2021. Consequently, there should be a sharp pick-up in growth during that quarter and a rapid return to the pre-pandemic level of growth by the end of the year.

After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that.

EU. The economy was recovering well towards the end of Q2 and into Q3 after a sharp drop in GDP caused by the virus, (e.g. France 18.9%, Italy 17.6%). However, growth is likely to stagnate during Q4, and Q1 of 2021, as a second wave of the virus has affected many countries, and is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the worst affected countries. With inflation expected to be unlikely to get much above 1% over the next two years, the ECB has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. It is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support from governments. The current PEPP scheme of €1,350bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, the PEPP scheme is regarded as being a temporary measure during this crisis so it may need to be increased once the first PEPP runs out during early 2021. It could also decide to focus on using the Asset Purchase Programme to make more monthly purchases, rather than the PEPP scheme, and it does have other monetary policy options.

However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle during the closing and opening quarters of this year and next year respectively before it finally breaks through into strong growth in quarters 2 and 3. The ECB will now have to review whether more monetary support will be required to help recovery in the shorter term or to help individual countries more badly impacted by the pandemic.

China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies.

However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

Japan. Japan's success in containing the virus without imposing draconian restrictions on activity should enable a faster return to pre-virus levels of output than in many major economies. While the second wave of the virus has been abating, the economy has been continuing to recover at a reasonable pace from its earlier total contraction of 8.5% in GDP. However, there now appears to be the early stages of the start of a third wave. It has also been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. There has also been little progress on fundamental reform of the economy. The change of Prime Minister is not expected to result in any significant change in economic policy.

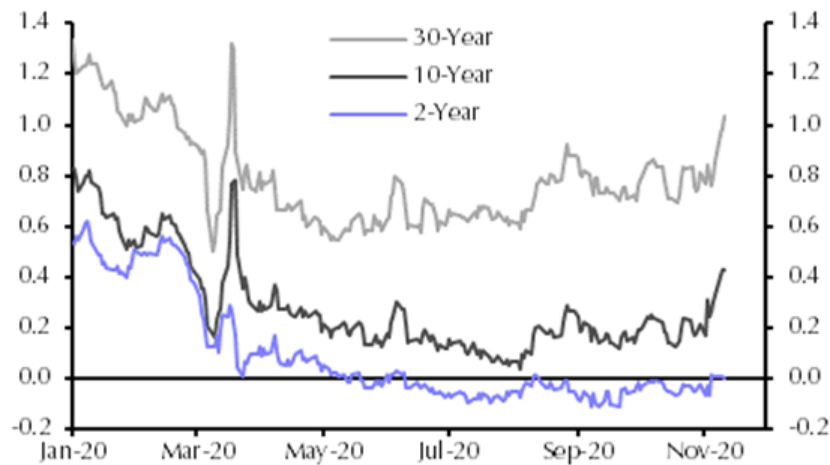
World growth. While Latin America and India have, until recently, been hotspots for virus infections, infection rates have begun to stabilise. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

The graph below as at 10th November, shows how the 10 and 30 year gilt yields in the UK spiked up after the Pfizer vaccine announcement on the previous day, (though they have levelled off during late November at around the same elevated levels): -



Interest Rate Forecasts

Brexit. The interest rate forecasts provided by Link below were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. However, as the differences between a Brexit deal and a no deal were not as big as they once were. The risk now is that relations between the UK and the EU deteriorate to such an extent that both sides start to unravel the agreements already put in place.

Link Group Interest Rate View		9.11.20											
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

The real risk is if the UK and the EU completely fall out. The UK could override part or all of the Withdrawal Agreement while the EU could respond by starting legal proceedings and few measures could be implemented to mitigate the disruption on 1.1.21. In such an “uncooperative no deal”, GDP could be 2.5% lower in 2021 as a whole than if there was a deal. The acrimony would probably continue beyond 2021 too, which may lead to fewer agreements in the future and the expiry of any temporary measures.

Relative to the slump in GDP endured during the COVID crisis, any hit from a no deal would have been small. But the pandemic does mean there is less scope for policy to respond. Even so, the Chancellor could loosen fiscal policy by about £10bn (0.5% of GDP) and target it at those sectors hit hardest. The Bank of England could also prop up demand, most likely through more gilt and corporate bond purchases rather than negative interest rates.

Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

In summary there is not likely to be any change in Bank Rate in 20/21 – 21/22 due to whatever outcome there is from the trade negotiations and while there will probably be some movement in gilt yields / PWLB rates after the deadline date, there will probably be minimal enduring impact beyond the initial reaction.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by what, if any, deal the UK agrees as part of Brexit.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - further national lockdowns or severe regional restrictions in major conurbations during 2021.
- **UK / EU trade negotiations** – if they were to cause significant economic disruption and downturn in the rate of growth.
- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - 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**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern

countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.

- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** 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 subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland 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. In November, Hungary and Poland threatened to veto the 7 year EU budget due to the inclusion of a rule of law requirement that poses major challenges to both countries. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - a significant rise in inflationary pressures. These could be caused by an uncooperative Brexit deal or by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population which leads to a resumption of normal life and a return to full economic activity across all sectors of the economy.
- 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 rapid series of increases in Bank Rate to stifle inflation.
- **Post-Brexit** – if a positive agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.

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.
- If 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** acts 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, because 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 his 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		12 months 12 months 6 months 100 days

	* Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max Maturity Period
	No Colour		Not for use
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.

Based on lowest available rating 05/01/21

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

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
 - b) **Statutory Chief Officers**, which in Sheffield City Council are the posts of:
 - i) Director of Adult Services (under LASSA 1970)
 - ii) Executive Director of People (Director of Children's Services under Children's Act)
 - iii) Director of Legal and Governance (Monitoring Officer)
 - iv) Executive Director of Resources (Chief Finance Officer under Sec 151 of LGA1972)
 - v) Director of Public Health
 - 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, 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 £17,842 and can be expressed as an hourly rate of pay of £9.30 (April 2020 to March 2021).

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 2021 this will increase to £9.50 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 (£201,292) and the average median salary (£27,041) is 7.44:1. 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, 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 2021 to the end of March 2022, 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 2021

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 1/4/21 using the Chief Officer pay scale as of 1/4/21. Any pay award during 21/22 would be applied as agreed.

Status	Post	Base Salary (£)	Other Payments
Head of Paid Service	Chief Executive	201,292	
Statutory Chief Officers which in Sheffield City council are the posts of:	Executive Director of People (Director of Children's Services under Children's Act)	154,322	
	Director of Adult Services under LASSA 1970	102,414	
	Director of Legal and Governance (Monitoring Officer)	90,815	Election duty fees are in accordance with normal authority procedures.
	Executive Director of Resources (Chief Finance Officer under Sec 151 of LGA1972)	154,332	
	Director of Public Health	126,636	
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	127,482	The post is currently vacant
	Director of Policy and Performance	90,815	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)	110,290	
	Director of Business Strategy (People)	90,815	
	Director Libraries Learning Skills & Communities	90,815	

	Director of Culture and Environment (Place)	87,603	
	Director of Education and Skills	87,603	
	Director of Human Resources & Customer Services (Resources)	90,815	
	Director of Finance & Commercial Services (Resources)	99,919	
	Director of Business Change and Information Solutions	99,919	
	Director of Transport and Facilities Management (Resources)	89,641	
Chief Officers (those who report to Non Statutory Chief Officers) which in Sheffield City Council are the posts of:	Director of Housing Services (Place)	99,919	
	Director of City Growth (Place)	99,919	
	Head of Business Strategy and Change (Place)	76,176	
	Director of Capital & Major Projects (Place)	99,919	
	Assistant Director of Legal & Governance x3 (Deputy Monitoring Officer)	61,821 & 64,765 x2 Directors in same post - only one of these acts as Deputy Monitoring Officer	

Annex 2 - Chief Officer Grading Structure

Grade Desc	Spinal Pt	01/04/2020
DG 7	1	60,344
	2	61,821
	3	63,293
	4	64,765
DG 6	1	70,991
	2	72,718
	3	74,444
	4	76,176
DG 5	1	81,476
	2	83,519
	3	85,561
DG4	1	87,603
	2	89,641
	3	90,815
DG3	1	93,088
	2	95,366
	3	97,642
	4	99,919
DG2	1	102,414
	2	104,975
	3	107,600
	4	110,290
DG 1	1	115,042
	2	117,748
	3	120,767
	4	123,669
	5	126,636
EXECUTIVE DIRECTOR	1	127,482
	2	134,204
	3	140,910
	4	147,619
	5	154,322
Chief Executive		201,292

Equality Impact Assessment

Background

1. 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.

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.
2. 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).
 3. 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.
 4. 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.
 5. 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.

6. 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.
7. 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;
 - How the actual impact will be reviewed after implementation.
8. A full list of EIAs is available is at the following link: <https://www.sheffield.gov.uk/equality> and can be requested individually or as a group.
9. 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 (LGB &T) 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.

10. This year the impact assessment as well as the budget as a whole, has to be seen in the context of the impact of the worldwide Covid-19 pandemic on the city and its people. As a result, we have seen the widening of already existing inequalities across the city. Disabled people, carers, Black, Asian and Minority ethnic communities, older people and poorer people have been hit particularly hard by the virus and younger people by the financial and educational consequences. Public Health colleagues have reported throughout the year on these worsening inequalities to the [Health and Wellbeing Board](#).
11. We have also undertaken a comprehensive set of [rapid health impact assessments](#) and a city wide [COVID impact consultation](#) which ran from July 21st 2020 to the 30th September 2020 had over 3600 responses on the impact of the pandemic on people lives.
12. We are still committed to the key priorities of tackling inequality, ensuring fairness and increasing social justice being at the heart of the Council's values. We continue to support the Fairness and Tackling Poverty Partnership. The [Tackling Poverty Framework](#) has influenced our priorities and decision making across the Council.
13. We continue to work towards our [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 and they also reflect and help address areas of persistent inequality. 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. This year we have also supported the setup of the [Sheffield Race Equality Commission](#). The Commission will run for one year to provide an independent strategic assessment of the nature, extent, causes and impacts of racism and race inequality within the city. Although the Commission will not report until later in the year, we will, as always, continue to consider race equality in our equality impact assessment process.
15. 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 2020, set out the Council's latest financial forecast for the period 2021/22 to 2024/25.

16. The Council's Social Care services continue to experience significant cost and demand pressures which, even with additional social care funding announced in the 2020 Spending Round and Provisional Settlement, completely outstrip growth in local taxation. Even after significant proposed portfolio savings and mitigating actions the net gap still stood at approximately £72m over the MTFA period.
17. SCC has been afforded some short term protection from the impact of the Pandemic on local taxation via Government schemes to protect jobs and business, such as furlough and the expanded retail, leisure and hospitality business rates relief scheme. The Government has also committed to funding some of the 2020/21 in year irrecoverable losses from local taxation. However, no long term support has been announced to protect Council's from the lasting impact of the pandemic on local taxation income. This lasting impact will be continually assessed and reflected in updated MTFA's.
18. In line with previous years, respondents to our consultation said that their main priorities for more investment were some of our most critical and key services – particularly adult social care, children's social care and education. Public Health is also usually a key priority for citizens and with the impact of the Covid-19 pandemic, this has grown in importance.
19. As noted above, inequality due the pandemic has widened, and growing numbers of people were already experiencing financial insecurity following a decade of austerity and the financial impact of the pandemic. 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 quality employment.
20. The issue of taking action to reduce inequality is fundamental to the Councils business 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.
21. 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.

22. 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.
23. We have tried as far as possible, in line with consultation, 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 2010.
24. 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 2021/22. However, reductions are in light of the impact of Covid - 19 and we are again seeing more investment in necessary services such as social care. The impacts on individuals and groups will be monitored to ensure that any potential negative impact is reduced as far as possible.
25. We have however also invested in two main areas related to tackling inequality, extra investment to the Youth Strategy of £2.0m: this is being made to improve the lives of Sheffield's young people. This investment is planned to increase the delivery of youth clubs and social action groups, providing youth services to the most deprived areas in the city to promote positive engagement and activities, enable keyworkers to support young people experiencing difficulties, and to support partnership working with the voluntary sector.
26. Care Sector Pay - £4.2m: The current administration remains committed to

improving pay for staff providing services on its behalf to the living wage. It therefore plans to work with care providers to deliver enhanced pay terms for front line workers in 2021/22.

27. To fund the extra investment in areas like social care we are planning to increase Council Tax at the rate of 4.99%. This includes the application of the 3% flexibility for Adult Social Care precept. This results in a Band D tax charge of £1,702.30, including the Adult Social Care precept.
28. 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 2021/22. The Hardship Fund will total £1.8m and is reviewed on an annual basis.
29. 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.
30. 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

31. 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](#) , [Joint Strategic Needs Assessment](#), [Rapid Health Impact Assessments](#), [Health Inequalities and Covid-19](#) to support our EIA. The census is due to be completed again in March 2021 so we will be able to update our demographic information as a result. In summary, this shows:
 - 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 584,000 by 2019.

- 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 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.
- 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 BAME 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.
- Before Covid 19 although the city was becoming healthier for most people, health inequalities across the city remained, we know now that these have widened particularly for those living in areas of higher deprivation, disabled people including and those with learning disabilities and mental illness and some BAME communities.

COVID 19 and Health inequalities

32. Key findings from the PHE report "COVID-19: review of disparities in risks and outcomes", published 2nd June 2020 were:-
- The largest disparity found was by age. Among people already diagnosed with COVID-19: people who were 80 or older were seventy times more likely to die than those under 40
 - Males were twice as likely as females to die
 - Those living in the more deprived areas were twice as likely to die as those living in the least deprived areas; with the same risk amongst men

and women

- The risk of dying was higher in those in Black, Asian and Minority Ethnic (BAME) groups than in White ethnic groups
- Risk varies significantly by BAME population. People of Bangladeshi ethnicity had around twice the risk of death than people of White British ethnicity. People of Chinese, Indian, Pakistani, Other Asian, Caribbean and Other Black ethnicity had between 10% and 50% higher risk of death when compared to White British populations
- Among deaths with COVID-19 mentioned on the death certificate, a higher percentage mentioned diabetes, hypertensive diseases, chronic kidney disease, chronic obstructive pulmonary disease and dementia than all cause death certificates
- Diabetes was mentioned on 21% of death certificates where COVID-19 was also mentioned. This proportion was higher in all BAME groups when compared to White ethnic groups
- Local authorities with the highest diagnoses and death rates are mostly urban. This is likely explained by close proximity in which people live and work.

Managing impact – mitigation

33. A commitment to tackling inequality, ensuring fairness and increasing social justice is at the heart of the Council's values. We have also considered the Tackling Poverty Strategy and the 2019-23 Equality Objectives. These have influenced our priorities and decision making across the Council.
34. 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 ten 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 city's Tackling Poverty Framework.
 - 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

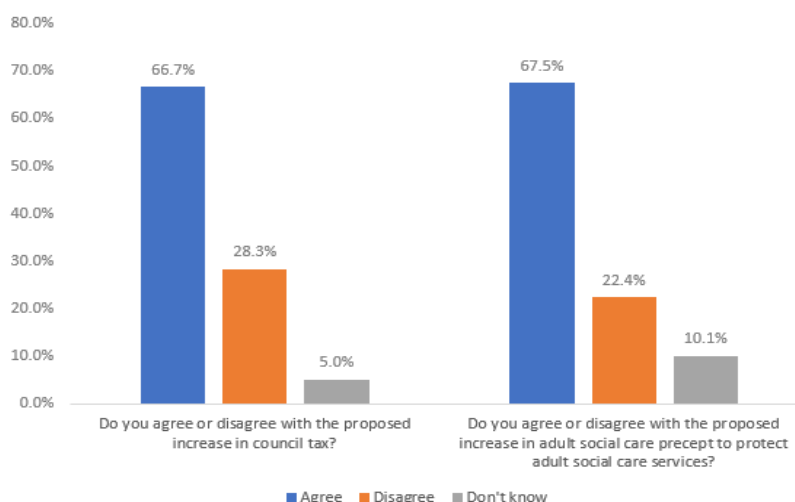
39. Notwithstanding our legal responsibilities under the Equality Act, we believe that it is critically important that we understand how the difficult decisions taken by the Council impact on different groups and communities within the city, and that we take action to mitigate any negative impacts that 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 longer term thinking and Equality Impact Assessments our approach to listening to the views of citizens and partners focused on three main elements:
- Portfolios talking with service users, customers and clients about any specific changes to services proposed in the budget to inform specific proposals and Equality Impact Assessments
 - A population survey for all citizens on the overall budget
 - Discussing the budget proposals with representatives from the city's voluntary, community and faith sector and with representatives of Sheffield businesses
42. The budget consultation ran from 22nd December 2020 to 19th January 2021. 724 responses were received from across Sheffield which was a notable increase in response compared to previous years. The online survey was supported by a social media campaign and was included SCC's e-newsletter alerts to citizens that are registered to receive them. The survey was hosted here: <https://sheffield.citizenspace.com/performance-research/budget-consultation-2021-22/>
43. As in previous years, the survey 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. The views of citizens have 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
44. 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.
45. The findings from the budget consultation are set out in the Revenue Budget report key findings include:
46. In line with previous years, respondents said that their main priorities for more investment were some of our most critical and key services – particularly adult social care, children's social care and education. Public Health is also usually a key priority for citizens and with the impact of the Covid-19 pandemic, this has grown in importance. It is also worth noting

that respondents indicated that they were happy to see the level of investment remain the same in some core services, particularly waste disposal/recycling where there was a significant reduction in the proportion of people who want SCC to spend more on the service.

- Many respondents specifically referred to the impact of the Covid-19 pandemic on individuals and council services. There was recognition that the economic impact could require the council to do more to support businesses and the unemployed. Some respondents also suggested that there would be a greater need for mental health support due to the pandemic.
- A large number of comments suggested that the council could do more to manage costs and improve efficiencies, however others recognised that the funding available to the council has been reduced significantly over several years and the council is already doing all it can reasonably expected to do to maintain services. Suggestions for increasing the amount of money available to the council included taking advantage of low borrowing costs, and pressuring central government for increased financial support.
- In the 2021/22 budget consultation, we asked respondents about whether they agreed or disagreed with the proposed 1.99% increase in Council Tax for 2021/22. We stated that this increase would help protect key services and help the city's continued response to Covid-19.
- As the chart demonstrates, two-thirds of respondents said that they agreed with the proposed increase with around 28% saying that they disagreed. When prompted say why they gave this view, comments largely focused on two main themes: respondents recognising the challenges for local public finances following a decade of austerity and the role that increased Council Tax could play in supporting core services and the city's covid response; and concerns about the implications of higher local taxes for people on the lowest incomes and those who have seen their incomes reduce because of COVID-19.



- In line with previous years, the majority of respondents said that they are keen to see us hold fees and charges at the current level (57%) with 31% suggesting that they would be happy to see fees and charges increased.
- Of the people that provided additional comments to explain their views on fees and charges, a number suggested that their view was not uniform across all services and that we could consider increasing fees and charges for some services but should keep charges the same in others (bereavement services was a frequently mentioned example of where charges shouldn't be increased).
- We asked citizens how important they thought it was that we used our capital programme to invest in the city. People strongly supported investment in the city's economy, essential maintenance and green and open spaces. Transport and housing investment were also seen as of significant importance.
- Apart from 'housing investment, in comparison with the 2020/1 budget consultation, there were some decreases in the percentage of respondents stating it is 'important' or 'very important' for the council to invest in all areas. For example, fewer people said that 'transport' was very important/important but this may be due to the impact that the pandemic has had on lifestyles, with fewer people travelling during lockdowns.
- The additional comments received focused heavily on the impact of Covid-19 on Sheffield and thus implications for the city's future and for investment priorities to be considered within the new context. This clearly impacted respondents who stated that they had more focus on housing and parks and open spaces because of the impact of lockdowns over the last year.

- We also asked respondents to provide any additional comments they may have or suggestions about how Sheffield City Council could save money, increase income or make savings. Respondents provided a very wide range of views and comments but particularly focused in a number of areas:
 - Ways of working – the impact of Covid and forced move to large-scale home working could provide an opportunity for rationalising of council office bases, so that more people could work from home for the long term, be based in local centres (eg. libraries) and there should be increased investment in IT and the digitisation of services.
 - Being an efficient and effective council – a range of comments focused on the importance of Sheffield City Council being an efficient organisation with appropriate levels of officer pay, value for money contracts and effective at collecting Council Tax, levying appropriate fees and charges and using enforcement (eg. parking fines).
 - Fair funding for councils – Government should be adequately and fairly funding local councils and Sheffield City Council should be lobbying for a fairer funding for the city.
 - Stronger community focus – a range of ideas and proposals centred on empowering Sheffields to have more control and influence over their local area (eg. funding for parks, libraries; taking responsibility for neighbourhood tidy-ups etc) or using innovative funding (crowd sourcing, Sheffield Investment Bonds) for citizens to contribute to new projects to improve the city.
 - Joining up and improving local services – looking at opportunities to learn from councils elsewhere but also closer joint working with public and VCF sector partners in the city and beyond (eg. South Yorkshire) to improve quality and efficiency.
 - Focus on climate change – investing in the future and in particular, tackling the climate emergency by investing to make Sheffield a more sustainable city (clean/active travel regularly cited).
47. On the 18th January 2021, we also held a conversation with representatives of Sheffield's VCF sector about the City Council's 2021/22 budget. The discussion then focused on the following:
- Adult social care – recognition of the existing scale of demand on services, employees and carers which has been exacerbated by Covid-19. Need for a more comprehensive longer-term solution to the funding of social care.

- Concern about the implications of Covid-19 on the city's economy and in particular, what this could mean for the wellbeing of communities, incomes and inequality.
 - Communities at the heart of the city's recovery from Covid-19 – investing to create more resilient and empowered communities across the city and working to drive better public and VCF collaboration at neighbourhood level in Sheffield.
48. In the **People Services Portfolio**, proposals are based on a range of approaches, including: investments; 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 and others 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.

Impact analysis overall

49. It is impossible to consider Equality Impact Assessments (EIAs) without also acknowledging the effects that Covid-19 has had, and will continue to have, on the people and organisations of Sheffield. Although the full impact of the Covid-19 pandemic is unknown, it is highlighted in the summary of **People Services** activity that follows and in EIAs themselves that have been carried out. These EIAs will be reviewed and updated throughout the year.
50. In **People Services** EIAs have been carried out in relation to the business planning savings proposals. 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.
51. The EIAs, and this budget narrative, reflect the fact that proposals for 2021-22 are in many cases a continuation of those not fully completed in 2020-21 as a result of the Covid-19 pandemic.

Supporting children, young people and families

52. In **People Services**, our refreshed early years' strategy, 'A Great Start in Life' sets out our ambitions for enabling all children aged 0 to 5 years to fulfil their potential and describes our plans for continuing to develop high

quality maternity, prevention and early intervention services which meet a diverse range of needs.

53. Through our continuing Strengthening Families programme, we aim to reduce the number of children entering the care system and we will continue to help reunite families where it is safe to do so.
54. 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. We will also continue to work with survivors and perpetrators of domestic and sexual abuse regardless of sex, with a focus on early intervention and prevention.
55. We are continuing with work to increase the numbers of local foster carers and use resources differently to enable more children to live locally.
56. We are investing in a five-year programme of targeted preventative work to reduce the education achievement gap, which has widened during the Covid-19 pandemic.
57. The Strengthening Families Programme also helps us to respond to the impacts of the Covid-19 pandemic on vulnerable children, young people and their families.
58. We are investing in a five-year programme of targeted preventative work to reduce the education achievement gap, which has widened during the Covid-19 pandemic.
59. We continue to support SAYiT which is the LGBT+ Youth service in Sheffield and is a key partner of the Council.
60. The current Mental Health Transformation Programme specifically considers young people and includes improving the transition pathways to Adults' Mental Health Services and to/from the Child and Adolescent Mental Health Service (CAMHS); a specific focus on Eating Disorder Services; and developing Mental Health Support Teams work in schools and colleges.

Inclusive education

61. We continue 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.

62. For the most complex children, 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 are being built in Sheffield.
63. We are investing in a five year programme of targeted preventative work to reduce the education achievement gap, which has widened during the Covid-19 pandemic.

Making Conversations Count

64. Our social care teams will continue to use a conversations-based approach that focuses on the goals, strengths and needs of people rather than an assessment form or process. Increased isolation, effects on health and wellbeing, disrupted care and support and other impacts of Covid-19 serve to underline the importance of timely and meaningful conversations.

Supporting mental health and wellbeing

65. In 2021-22, this approach will be applied to improving outcomes and achieving greater independence for people with mental ill health. We will work jointly with health partners to update our Transformation Programme for 2021-2024 and introduce a Mental Health Strategy as we work towards an all age approach. We will continue to focus on recovery and prevention as well as independence.
66. 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 as well as respond to the impacts of Covid-19.

Helping people to live in their home and community

67. We will continue the aim to support more people in their own homes, through home care and other support. At the same time, we will work to ensure organisations are able to offer the right mix of domiciliary and residential-based support for those who need it. We have been working closely with organisations providing care and support as they face the effects of Covid-19. Work will continue to commission the right dementia-appropriate support and to help adults with enduring mental health needs to live more independently in the community.
68. We will help to ensure Direct Payments can help people exercise choice and control and have more of the funding available by reducing

administrative costs.

Improving and updating our funding and payment processes

69. In Adult Social Care, we will further develop joint ways of working with NHS Sheffield Clinical Commissioning Group and increase availability of Continuing Healthcare funding. We will continue to improve the information and advice available to people who need to pay for their care and support. We will consult with people about updating the maximum contribution payable towards the cost of care.

Supporting libraries to support communities

70. An operational review will consider ways to support the workforce structure in libraries, provide development opportunities and explore income generation options. Through a focus on digital inclusion, the review will also seek to address ways that libraries could help to tackle inequalities in educational outcomes for children and young people and employment skills.

Looking for value for money

71. We will continue to look for efficiencies in our procurement to help us maintain support for vulnerable people. Some People Services proposals would 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. We are looking to increase income from the school catering contract to cover increased costs.
72. In 2021-22, we will not pursuing our aim to negotiate fair cost of care with social care providers, recognising the significant challenges and uncertainty the Covid-19 pandemic is continuing to have on the sector.

Our workforce

73. We recognise the ongoing impact of Covid-19 on our workforce., this includes many staff in frontline roles, supporting people and families in most need of help. During the pandemic, many employees have wanted to move into roles where they could be of most help to communities. For others, the coronavirus has meant long hours and an impact on work and home life balance.
74. Our proposals include measures to support staffing levels and employee pay. Where Managed Employee Reductions are required or there is a

need to reduce premises costs, we will work to minimise the impact on direct service 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

75. Across People Services, many of our proposals reflect the services we deliver and relate to working with vulnerable people, young people, women, people with disabilities, older people and people with other protected characteristics. These are covered in more detail in the sections below.
76. Through the proposals, we aim, where possible, to create changes that enhance people's wellbeing, support and experience. However, with any planned savings, there is a risk of a potential impact. The full effect of Covid-19 is as yet not fully known but undoubtedly risks impacting on people. The plans we are seeking to take forward will take account of this. Full EIAs have been carried out and will continue to be developed and monitored throughout the year ahead.
77. 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.

Health

78. 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 as well as respond to the impacts of Covid-19.
79. Covid-19 has had, and will continue to have, a profound impact on health and wellbeing. It is the dominant factor, alongside the financial context, in which business planning proposals are formulated for 2021-22. All People Services stakeholder groups are significantly affected by the pandemic – the people we support, the people who work for us and the organisations we work with and their own staff and volunteers. Factors caused by the pandemic such as ill health, caring responsibilities, bereavement, work or financial insecurity have a major impact on physical and mental health. Our business planning proposals, and the EIAs that inform them, will recognise and adapt to this new reality.

Age – older people

80. Many older people have been affected by Covid-19, facing health concerns and isolation during periods of lockdown. Care home residents have faced heightened risks. We need to ensure our plans help to address the very challenging situation. When older people need care and support, we will aim to make sure it is right for them and promotes wellbeing and independence. We will continue to look for ways to enhance the benefits of home care and aim to ensure there is the right support and mix of home care alongside residential care. We will continue to encourage use of assistive technology in the home.
81. Through improved information, support and staffing, we will do more to make sure paying personal contributions to the cost of care is easier and clearer. An update to the maximum contribution for people living at home would – subject to consultation – reflect the growth in care costs and increase equity in payments for social care.
82. Our conversations-based approach will continue to focus on people's personal goals and strengths rather than rigidly following an assessment process.
83. Our All Age Disability project will aim to improve support for people at key transition points in their lives, including in preparation for adulthood.
84. We will continue to work to the Sheffield Dementia Strategy and commission dementia-appropriate types of support. Through ongoing development of our staffing structure, we aim for our Deputyship and Appointeeship services to be better able to respond to demand.
85. Age is also considered across the current Mental Health Transformation Programme. It aims to commission all age mental health services that focus on emotional wellbeing throughout people's lives.

Young people

86. Our refreshed early years' strategy, 'A Great Start in Life' sets out our ambitions for enabling all children aged 0 to 5 years to fulfil their potential.
87. We are working through Strengthening Families Change programme projects to reduce the number of children entering the care system and to facilitate the reunification of families where it is safe to do so.
88. 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, leading to

better outcomes for the young people and an enhanced sense of belonging and engagement with society.

89. 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 are being built in Sheffield.
90. The Strengthening Families Programme also helps us to respond to the impacts of the Covid-19 pandemic on vulnerable children, young people and their families.
91. We are investing in a five-year programme of targeted preventative work to reduce the education achievement gap, which has widened during the Covid-19 pandemic.
92. We continue to support SAYiT which is the LGBT+ Youth service in Sheffield and is a key partner of the Council.
93. The current Mental Health Transformation Programme specifically considers young people and includes improving the transition pathways to Adults' Mental Health Services and to/from the Child and Adolescent Mental Health Service (CAMHS); a specific focus on Eating Disorder Services; and developing Mental Health Support Teams work in schools and colleges.

Disability

94. Covid-19 has had significant effects on many people with physical or learning disabilities, who may be facing health risks and concerns and feel the impact of needing to shield. Our work in relation to disabled people will be taken forward within some major programmes of work. In 2021-22, we will continue to commission dementia-appropriate support and services, following the development of the city Dementia Strategy. We will work jointly to update the Mental Health Transformation Programme (MHTP) for 2021-24 and introduce a Mental Health Strategy. Our All Age Disability project will continue to focus on transition points at different stages in people's lives and the need for integrated services.
95. We will continue to focus on people's strengths and aspirations and maintain a conversations-based approach in Adult Social Care. 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. A proposed updated maximum contribution for non-residential care and support (subject to consultation) would reflect the growth in care costs and would not affect the large majority of people paying contributions.

96. 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 are being built in Sheffield.

Race

97. The Council has recently launched a Race Equality Commission, this is a citywide Commission and is working across six themes. Five of the themes of the Commission's work: Education, Health, Crime and Justice, Civic and Community and Employment are integral to the work of People Services.
98. There is strong evidence of a disproportionate impact of Covid-19 on BAME communities for various and complex reasons. This may manifest itself in different ways across the People Services portfolio – for example, exacerbating existing inequalities in educational outcomes, employment and skills as a higher proportion of BAME workers are in frontline roles or are self employed, income disparities and health. BAME communities access the voluntary sector services supported by the portfolio in higher proportions – these services are facing increased demand. The portfolio also has the highest proportion of BAME employees across the council.
99. Work on the Strengthening Families projects engages 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 communities, where a gradual increase in all children in care has been noted, (although there has been an increase in BAME children in the general population as well).
100. Our refreshed early years' strategy, 'A Great Start in Life' sets out our ambitions for enabling all children aged 0 to 5 years to fulfil their potential and positively impacts on BAME communities which have a higher proportion of children aged 0 to 5.

101. 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. Separately, there is ongoing progress to recruit more diverse foster carers.
102. The launch of the library service operational review and the continuation of work to support choice and control through use of Direct Payments are further proposals that are likely to have particular positive impacts for people from BAME communities.
103. The Sexual Health contract in Public Health continues to provide improved access to sexual health services for BAME groups some of whom can be hard to engage with sexual health services including some overseas students.

Religion/Belief

104. There are no identified disproportionate impacts in People Services associated with business planning proposals. However, we recognize the impact that Covid-19 has had on exercising religious beliefs for some people and will aim to ensure our support helps to address this.

Sex – including men, women, pregnancy and maternity

105. Covid-19 has affected everyone. In some cases, men may face extra risk factors associated with pre-existing conditions or other factors. Women may also face different and additional impacts – for example, tending to have more direct caring and childcare responsibilities, low paid and working in frontline roles, including social care, children’s services, libraries and community services and the voluntary sector.
106. Our refreshed early years’ strategy, ‘A Great Start in Life’ sets out our ambitions for enabling all children aged 0 to 5 years to fulfil their potential. It describes our plans for continuing to develop high quality maternity, prevention and early intervention services which meet a diverse range of needs.
107. The Strengthening Families projects continue to work with survivors and perpetrators of abuse regardless of sex, 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. This will include women with substance misuse issues and 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.

108. The Parenting Project highlights increasing areas of support specific to fathers and works with those families in need of support.
109. The Strengthening Inclusion Programme is supporting more boys and girls. Boys are more disproportionately represented in SEND and Education, Health and Care Plans (EHCPs).
110. The Sexual Health contract in Public Health continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have particular needs.

Sexual orientation

111. The Strengthening Families projects on domestic abuse have a positive impact on people who may be in a same sex relationship and need support.
112. The Sexual Health contract in Public Health continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have particular needs, for example men who have sex with men.
113. We continue to support SAYiT which is the LGB&T+ Youth service in Sheffield and is a key partner of the Council.

Trans

114. The Strengthening Families projects on domestic abuse has a positive impact and recognises that trans people also face domestic abuse within a relationship.
115. The Sexual Health contract in Public Health continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have particular needs, for example, transgender people or those identifying as non binary.

Financial exclusion and poverty

116. We recognise the potential impact of Covid-19 on financial wellbeing particularly on women who tend to have more direct caring and childcare responsibilities and working in frontline or part time roles. There are also financial wellbeing impacts on BAME communities who tend to be more in front line roles or are in low paid work or in self employment. We are aiming to ensure proposals for 2021-22 have positive neutral impacts

wherever possible, and that we monitor the effects closely.

117. Various proposals in People Services are based on the principle of promoting greater independence – for example, through support to live at home, access community-based services or to utilise Direct Payments – and the potential for higher disposable income.
118. 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 maximise their income, minimise and manage debts and find it easier to keep on top of their contributions. A proposed updated maximum contribution cap would have no impact for the large majority of people using care and support services but will affect a small minority.
119. We are improving rates of pay to foster carers which will over time, bring them in line with the rate paid in the local region. 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. We are also equalizing payments between foster carers and kinship carers.
120. 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 outcomes for children and young people, including increased risk of poverty and financial exclusion.
121. The Strengthening Families Programme also helps us to respond to the impacts of the Covid-19 pandemic on vulnerable children, young people and their families. These impacts are not yet fully known but include increased child poverty and pressures on families.
122. The 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.
123. 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; in so doing, we are mitigating against one of the key determinants of financial exclusion and poverty.

Carers

124. As a result of Covid-19, many people are facing new or additional caring responsibilities. Providing care to vulnerable or shielding relatives in these circumstances is very challenging. Acting as carer for someone with dementia or learning disabilities, or being unable to have contact with a relative, is extremely difficult. We recognize and value the role unpaid carers play, now more than ever.
125. In the sections on older people and disability, some proposals put forward by People Services may have an indirect impact on carers due to multiple disadvantages this group faces. For example, support through home care or other means designed for more older people or disabled people to live at home; and work to provide the right support and mix of home care and residential care.
126. We are also working to increase availability of our deputyship and appointeeship services and to improve Adult Social Care payment processes. Improvements to specific programmes of work will also impact on carers – preparation for adulthood (All Age Disability); commissioning of dementia-friendly support; and work with health partners throughout the Mental Health Transformation Programme and Mental Health Strategy.
127. 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.
128. The Strengthening Inclusion programme positively affects 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: support that meets their needs and enables them to prepare for transition to independence, employment, to access the community and manage their health needs.

Voluntary and Community and Faith Sector

129. We recognize the vital role played by organisations in the voluntary, community and faith sector, and the volunteers and staff who work for them. This has been demonstrated by the way the sector has supported people across the city during the coronavirus pandemic. People with protected characteristics – including disability (and mental illness), race, age and sex – are heavily represented amongst people who use these services. The decision was taken to maintain the level of voluntary sector grant funding for 2021-22.

Place Portfolio

130. In **Place Portfolio**, the 2021/22 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 have been/will be considered as part of the decision making process for the proposals.
131. **Place Portfolio** has completed 11 Budget EIAs. 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: 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.
132. The Place portfolio has four main priorities to deliver:
- Decent Homes for Everyone
 - Jobs & Prosperity
 - Health & Welfare / Wellbeing
 - Environment
133. 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. 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.
134. 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.
135. 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. Transport and Sustainability priorities will be further aligned through plans to improve air quality. Our Parks and Countryside service works to preserve and develop Sheffield's woodlands which hold approximately 2.1 million trees and the recently developed

- Tree Strategy that has been co-produced with partners reaffirms our commitment to protect trees in the city for future generations.
136. 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 and the Better Parks strategy will strengthen this in the future.
 137. 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.
 138. It means making sure our neighbourhoods are safe and easy to move around, through delivering our Streets Ahead scheme to improve our roads and pavement 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.
 139. 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.
 140. 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
 141. One of the proposals may 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.
 142. Inflationary increase across a range of services Low level impact on poverty and financial inclusion through year-on-year inflationary increase.
 143. The Council incurs cost inflation like any other organisation. By keeping overheads as low as possible and providing services more efficiently, the Council strives to mitigate inflation but where legislation and market

conditions allow, the Council will recover cost increases through adjusting prices. These changes mean that we can continue to provide these services to the people of Sheffield without calling on the General Fund and reducing the scale of provision of other services.

144. Housing Repairs – There may be limited Impact on Age, Disability, Race, Sex and Poverty & Financial Inclusion.
145. The overall impact of the proposal is expected to have a positive impact on all tenants and leaseholders through improving how the service is delivered. The proposal may affect staffing levels and lead to review of some roles/terms and conditions. It is not anticipated that there will be any negative equality impacts from this. Any changes provide a potential opportunity to address an existing inequality within the service relating to workforce profile. Therefore, within the Human Resources R framework that the Council operates to, and also within the Equality Act 2010, the service aspires to improve its workforce profile if possible. The process will be in accordance with agreed Council policies. We will provide as much information and support as possible to employees experiencing any change, including use of the Employee Assistance Programme. Any agreed reasonable adjustments for members of the team will continue. The proposal may affect staffing levels and lead to review of some roles/terms and conditions.
146. Exit wholesale market at end of lease - Consultation with the leaseholders regarding the changes. Consultation with the Landlord to ensure that there are similar terms and conditions. The Landlord has been in individual discussions with the leasee's to ensure a smooth transfer
147. Review of corporate mail service -The review will look to exploit technology, re-design services, improve service offer and make cost savings by reducing the postage fee and handling costs of incoming and outgoing mail. The Team will work with Learning & Development and the Communications Service to ensure that any training will be delivered in a way that meets the needs of all relevant staff and that communications are clear and easy to understand.
148. 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.

149. 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.

Resources and PPC Portfolio

150. 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.
151. The Council is a large and complex organisation; we rely on effective professional support to run our business and the services we provide to Sheffield people. This indirect support from the Resources and PPC Portfolio includes:
- Supporting teams to manage their budgets and staff via HR and finance
 - Providing and maintaining the information technology systems
 - Helping our teams with legal advice ensuring our activities are lawful
 - Supporting the Council to manage our performance, policy, communications, finance, human resources, ICT and contracting.
152. The Resources and PPC Portfolio will help deliver savings across the Council by changing the way the Council works. Directors from this portfolio will continue to lead five broadly themed initiatives aimed at delivering better value for money user satisfaction. This is part of the Council's ongoing 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
 - Developing 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

- Review of the Council's governance and assurance framework to ensure open and transparent decision making is enabled.
153. Resources portfolio has just completed a major change project insourcing 250 locally based staff employed by the previous contractor to deliver ICT and Revenues and Benefits services. The focus for 2021/22 will be ensuring these services have an efficient and effective operating model, that meets the needs of the Council.
 154. For 2021/22, additional ICT pressures have been identified largely because of the Covid-19 pandemic. The rapid roll-out of new ICT solutions to enable staff to work from home where possible has put pressure on the Resources and PPC Portfolio budget which will require additional support to be drawn from the General Fund budget.
 155. 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 as they provide necessary services to Council departments, such as Legal Services. The Resources and PPC 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.
 156. There are only a small number of potential equalities impacts in these areas except in the area of Council Tax and Hardship funds. As noted earlier there was broad support for increasing Council Tax in the consultation, which may impact on financial inclusion. However as requested in the consultation we have increased money going into hardship schemes to mitigate any negative impact on the lowest paid.

Overall impact analysis

157. Inevitably, funding reductions at the scale and pace that we have experienced over the last ten 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 especially after the impact of COVID 19.
158. 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. The substantial reductions in funding over the last ten 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.

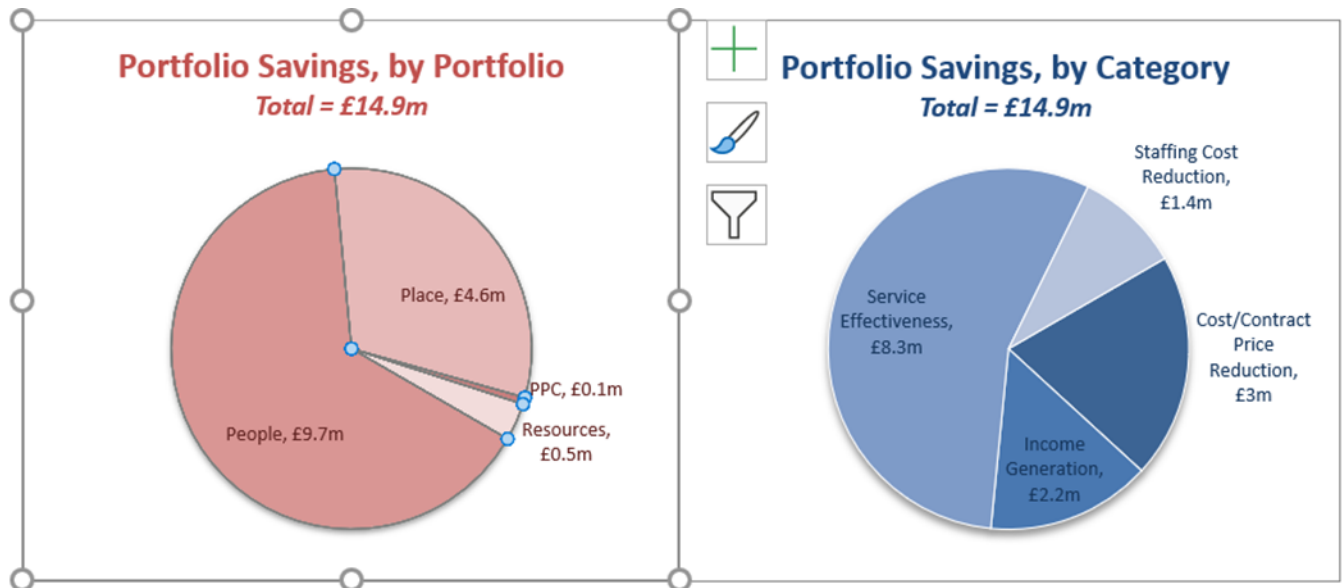
159. We have tried to minimise the impact on front line services to customers as far as possible by finding more efficient ways to deliver services, including by reducing costs of:

- 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.
- Underpinning this is an 'all age' approach to mental health and 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.
- Improving 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.
- 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.
- 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.
- 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.
- To do this means continuing to shape and redesign public services to work in a more integrated and preventative way. We are at all times guided in these choices by our values, commitment to fairness and tackling persistent inequality.

160. 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).

161. The total level of savings proposed by the Portfolios for 2021/22 is £14.9m and covers categories such as services effectiveness, cost reduction and staff savings



162. **People Services** In 2021/22, we are budgeting to spend in the region of £233 cash and £28m of Public Health grant on delivering services for People. A further £504m of funding was allocated separately by Government for schools and early year providers. The majority of our funding will be spent on social care: £114m for Adults Care and Support and £85m for Children, Young People and Families

163. **Place** In 2021/22, we have found mitigations of £4.9 million to meet the reduced central government funding, inflationary and demand pressures. However as a result of COVID, we will continue to plan for the impact that COVID has had, and will continue to have, on our budget as we could see a further drop in external income and an increase in costs that are associated with keeping the city safe and protecting the citizens of Sheffield from the impacts of the pandemic. One of the significant impacts of the pandemic has been on the leisure sector and as a consequence, the Council is working with its' leisure partners to ensure that the services they provide can be sustainably delivered not only during the pandemic but in the longer term future. The cost pressure of this in 21/22 is £12 million.

164. **Resources** is the second smallest Portfolio it covers: information technology; finance and commercial services; customer services; human resources and legal & governance.
165. **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 Engagement and Scrutiny. Public Health is distributed across the Council with the addition of a Director and small central team in PPC.
166. 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.

Our workforce

167. The potential workforce impact arising from the recommended savings proposals to set the 2021/22 budget, equates to a reduction of approximately 247 full time equivalent (FTE) posts.
168. As detailed in the Corporate Savings section of the main report, the Council plans to implement corporate programme aimed at facilitating the departure of around 300 staff (240 FTE) who wish to leave the Council's employment. Around 100 of the posts deleted will be replaced by new apprentice posts. The aim is to support services to develop and implement workforce plans that mitigate the risk of a large number of retirements over a short time period in a few years' time. At the same time, the proposal will provide a significant number of additional job opportunities for younger people.
169. These 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.
170. VER/VS activity and the outcomes of MER processes have been the subject of Equality Impact Assessments (EIAs, and they will continue to be monitored on an ongoing basis to ensure there is no disproportionate impact on any group within the workforce.
171. Consultation is taking place with the trade unions at a corporate and

Portfolio level to identify opportunities to mitigate compulsory redundancies and ensure support is provided to any employee who is affected by potential redundancy

Public Health

172. **Public Health** spending, which is approximately £36 million and is integrated throughout the Portfolios. More detail on the use of our Public Health grant is given in the portfolio sections. However as evidenced in the consultation as a result of the Covid 19, we will continue to resource this vital work. We continue to carefully monitor the national allocation of the Public Health grant and the impact that this has. We are robust in our planning 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 some activities in order to reinvest in other areas which have been prioritised as a result of the pandemic.

Key Themes

173. 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 and 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.
 - 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.
174. There are currently approximately 46,800 households who receive Council Tax Support, and of these approximately 29000 are of working age.
175. 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 2021/22 of Council Tax (1.99%) and Adult Social Care (3%), it is proposed that the budget for the Council Tax Hardship Scheme is increased to £1.8m.
176. 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.
177. 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.
178. 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.
179. 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

180. 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.
181. Across all Portfolios impacts on age have been identified; however for older people the impacts are largely in People Services.
182. 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.
183. 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.
184. We will aim to work with providers to achieve fair cost of care for people who live in care homes.
185. We have worked with our partners to develop the Dementia Strategy for Sheffield; we will continue to 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.
186. 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.
187. 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.

188. 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

189. 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.
190. In **People Services**, the proposals that identify impacts are summarised below:
191. Our refreshed early years' strategy, 'A Great Start in Life' sets out our ambitions for enabling all children aged 0 to 5 years to fulfil their potential.
192. We are working through Strengthening Families Change programme projects to reduce the number of children entering the care system and to facilitate the reunification of families where it is safe to do so.
193. 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, leading to better outcomes for the young people and an enhanced sense of belonging and engagement with society.
194. 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 are being built in Sheffield.
195. The Strengthening Families Programme also helps us to respond to the

- impacts of the Covid-19 pandemic on vulnerable children, young people and their families.
196. We are investing in a five-year programme of targeted preventative work to reduce the education achievement gap, which has widened during the Covid-19 pandemic.
 197. We continue to support SAYiT which is the LGBT+ Youth service in Sheffield and is a key partner of the Council.
 198. The current Mental Health Transformation Programme specifically considers young people and includes improving the transition pathways to Adults' Mental Health Services and to/from the Child and Adolescent Mental Health Service (CAMHS); a specific focus on Eating Disorder Services; and developing Mental Health Support Teams work in schools and colleges.
 199. 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.
 200. 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.
 201. 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 totalling £410,000. The hardship fund has increased steadily each year and was £1.4m in 2019/20. Due to the increase in 2021/22 of Council Tax (1.99%), and Adult Social Care precept

3% it is proposed that the budget for the Council Tax Hardship Scheme is increased to £1.8m.

Disability

202. 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](#).
203. 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.
204. In **People Services**, our work in relation to people with disabilities will be taken forward within some major programmes of work.
205. Covid-19 has had significant effects on many people with physical or learning disabilities, who may be facing health risks and concerns and feel the impact of needing to shield. Our work in relation to disabled people will be taken forward within some major programmes of work. In 2021-22, we will continue to commission dementia-appropriate support and services, following the development of the city Dementia Strategy. We will work jointly to update the Mental Health Transformation Programme (MHTP) for 2021-24 and introduce a Mental Health Strategy. Our All Age Disability project will continue to focus on transition points at different stages in people's lives and the need for integrated services.
206. We will continue to focus on people's strengths and aspirations and maintain a conversations-based approach in Adult Social Care. 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. A proposed updated maximum contribution for non-residential care and support (subject to consultation) would reflect the growth in care costs and would not affect the large majority of people paying contributions.
207. 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 are being built in Sheffield.

208. We recognize the vital role played by organisations in the voluntary, community and faith sector, and the volunteers and staff who work for them. This has been demonstrated by the way the sector has supported people across the city during the coronavirus pandemic. People with protected characteristics – including disability (and mental illness), race, age and sex – are heavily represented amongst people who use these services. The decision was taken to maintain the level of voluntary sector grant funding for 2021-22.
209. 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.
210. 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.
211. In recognition of the impact that the change to CTS has on disabled taxpayers the Council introduced, and in 2021/22 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 to 1.8m.
212. Analysis of the CTHS shows that approximately 55% of all awards are made to customers in receipt of Employment and Support Allowance. 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

213. 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](#).
214. 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.
215. 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.
216. There is strong evidence of a disproportionate impact of Covid-19 on BAME communities for various and complex reasons. This may manifest itself in different ways across the **People Services** portfolio – for example, exacerbating existing inequalities in educational outcomes, employment and skills as a higher proportion of BAME workers are in frontline roles or are self employed, income disparities and health. BAME communities access the voluntary sector services supported by the portfolio in higher proportions – these services are facing increased demand. The portfolio also has the

- highest proportion of BAME employees across the council.
217. Work on the Strengthening Families projects engages 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 communities, where a gradual increase in all children in care has been noted, (although there has been an increase in BAME children in the general population as well).
 218. Our refreshed early years' strategy, 'A Great Start in Life' sets out our ambitions for enabling all children aged 0 to 5 years to fulfil their potential and positively impacts on BAME communities which have a higher proportion of children aged 0 to 5.
 219. 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. Separately, there is ongoing progress to recruit more diverse foster carers.
 220. The launch of the library service operational review and the continuation of work to support choice and control through use of Direct Payments are further proposals that are likely to have particular positive impacts for people from BAME communities.
 221. The Sexual Health contract continues to provide improved access to sexual health services for BAME groups some of whom can be hard to engage with sexual health services including some overseas students..
 222. 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. .
 223. 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.

224. 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

225. 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.
226. 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

227. 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.
228. 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.
229. In **People Services**, Covid-19 has affected everyone. In some cases, men may face extra risk factors associated with pre-existing conditions or other factors. Women may also face different and additional impacts – for example, tending to have more direct caring and childcare responsibilities; working in frontline roles, including social care, children’s services, libraries

and community services and the voluntary sector.

230. The refreshed early years' strategy, 'A Great Start in Life' sets out our ambitions for enabling all children aged 0 to 5 years to fulfil their potential and describes our plans for continuing to develop high quality maternity, prevention and early intervention services which meet a diverse range of needs.
231. The Strengthening Families projects continue to work with survivors and perpetrators of abuse regardless of sex, 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. This will include women with substance misuse issues and 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.
232. The Parenting Project highlights increasing areas of support specific to fathers and works with those families in need of support.
233. The Strengthening Inclusion Programme is supporting more boys and girls. Boys are more disproportionately represented in SEND and Education, Health and Care Plans (EHCPs).
234. The Sexual Health contract continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have particular needs.
235. 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.
236. 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.

237. 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.
238. 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. 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.
239. 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

240. 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.

241. In **People Services**, the Strengthening Families projects on domestic abuse have a positive impact on people who may be attracted to or are in a same sex relationship and who need support.
242. The Sexual Health contract **lth** continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have particular needs, for example MSM.
243. We continue to support SAYiT which is the LGBT+ Youth service in Sheffield and is a key partner of the Council.
244. 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.
245. 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

246. There are nationally approximately 0.6% of the population that are trans, and so we would expect there to similar numbers in Sheffield, which equates to 3,300 people.
247. In 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.
248. The Sexual Health contract continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have particular needs, for example, transgender people or those identifying

as non binary.

249. 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

250. 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.
251. 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.
252. 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.
253. 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.
- 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:

- 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 Black Asian and minority ethnic backgrounds are more likely to be in poverty.
- 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 benefit changes.
- 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.

254. 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.

255. 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.

256. 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.

257. In People Services, our Grant Aid funding arrangements for 2021-22 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 Universal Credit and wider

welfare reform.

258. We recognise the potential impact of Covid-19 on financial wellbeing particularly on women who tend to have more direct caring and childcare responsibilities and working in frontline or part time roles. There are also financial wellbeing impacts on BAME communities who tend to be more in front line roles or are in low paid work or in self employment. We are aiming to ensure proposals for 2021-22 have positive neutral impacts wherever possible, and that we monitor the effects closely.
259. Various proposals in People Services are based on the principle of promoting greater independence – for example, through support to live at home, access community-based services or to utilise Direct Payments – and the potential for higher disposable income.
260. 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 maximise their income, minimise and manage debts and find it easier to keep on top of their contributions. A proposed updated maximum contribution cap would have no impact for the large majority of people using care and support services but will affect a small minority.
261. We are improving rates of pay to foster carers which will over time, bring them in line with the rate paid in the local region. 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. We are also equalizing payments between foster carers and kinship carers.
262. 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 outcomes for children and young people, including increased risk of poverty and financial exclusion.
263. The Strengthening Families Programme also helps us to respond to the impacts of the Covid-19 pandemic on vulnerable children, young people and their families. These impacts are not yet fully known but include increased child poverty and pressures on families.
264. The 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.

265. 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; in so doing, we are mitigating against one of the key determinants of financial exclusion and poverty.
266. In **Place** there are a couple of proposals with a potential impact on financial inclusion and poverty:
267. 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.
268. 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.
269. 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.

270. 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 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.
271. However we will increase Council Tax by 4.99% to enable us to continue to protect services to those who are in greatest need and at risk.
272. The Local Assistance Scheme (LAS) is run by the Council. 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.
273. The LAS was reviewed in 2017 and the following changes have been made to the scheme:
- 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).
274. 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. 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

275. 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.
276. 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.
277. As a result of Covid-19, many people are facing new or additional caring responsibilities. Providing care to vulnerable or shielding relatives in these circumstances is very challenging. Acting as carer for someone with dementia or learning disabilities, or being unable to have contact with a relative, is extremely difficult. We recognize and value the role unpaid carers play, now more than ever.
278. In the sections on older people and disability, some proposals put forward by People Services may have an indirect impact on carers due to multiple disadvantages this group faces. For example, support through home care or other means designed for more older people or disabled people to live at home; and work to provide the right support and mix of home care and residential care.
279. We are also working to increase availability of our deputyship and appointeeship services and to improve Adult Social Care payment processes. Improvements to specific programmes of work will also impact on carers – preparation for adulthood (All Age Disability); commissioning of dementia-friendly support; and work with health partners throughout the Mental Health Transformation Programme and Mental Health Strategy.
280. 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.
281. The Strengthening Inclusion programme positively affects 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: support that meets their needs and enables them to prepare for transition to independence,

employment, to access the community and manage their health needs.

282. In **Place and PPC** there are no impacts identified.
283. 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

284. 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.
285. In **People Services**, we recognize the vital role played by organisations in the voluntary, community and faith sector, and the volunteers and staff who work for them. This has been demonstrated by the way the sector has supported people across the city during the coronavirus pandemic. People with protected characteristics – including disability (and mental illness), race, age and sex – are heavily represented amongst people who use these services. The decision was taken to maintain the level of voluntary sector grant funding for 2021-22.
286. There are no identified disproportionate impacts in **Place** or **PPC**. 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.

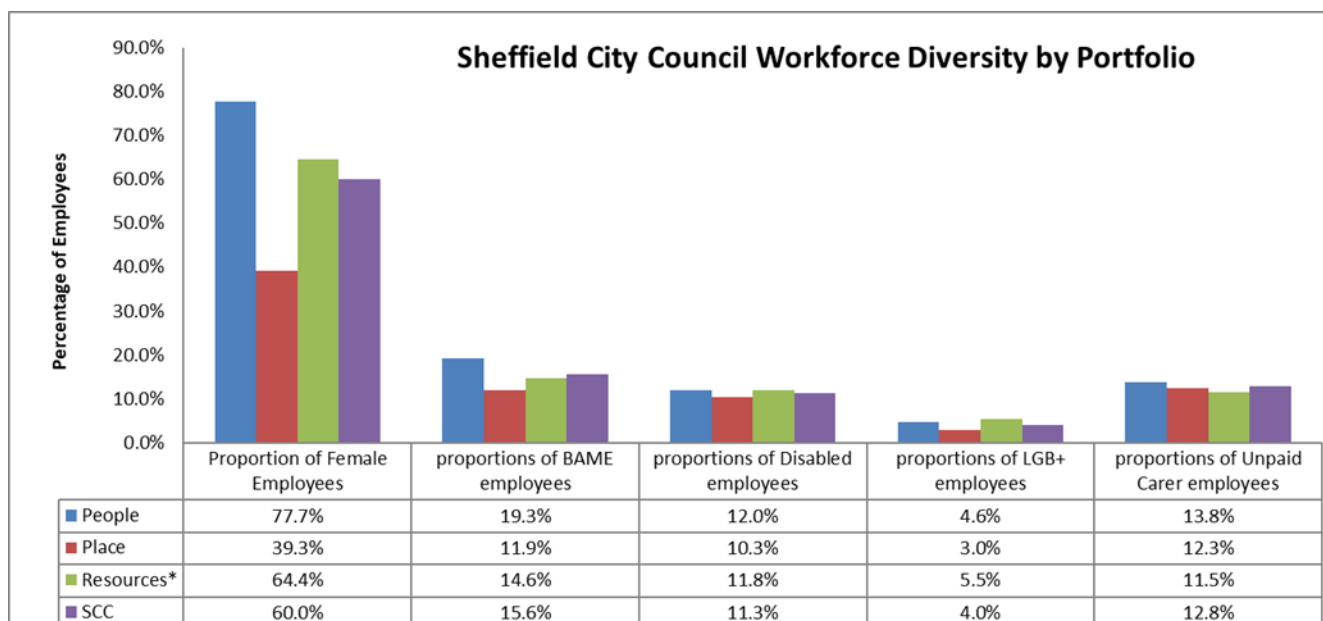
287. Spending in **Public Health** is integrated throughout the Portfolios, so more detail on the use of our **Public Health** grant is given in the specific EIAs. We are continuing to look at how and where the funding is spent to ensure that it is targeted to tackle the root causes of ill health and to have the maximum impact on reducing inequalities especially given the widening inequalities as a result of Covid 19. This may mean that we will save on some activities in order to reinvest in other areas.
288. 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

Council staffing implications, including workforce diversity

289. 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.
290. As aforementioned, the Council plans to implement a corporate programme aimed at facilitating the departure of around 300 staff (240 FTE) who wish to leave the Council's employment. Around 100 of the posts deleted will be replaced by new apprentice posts. The aim is to support services to develop and implement workforce plans that mitigate

the risk of a large number of retirements over a short time period in a few years' time. At the same time, the proposal will provide a significant number of additional job opportunities for younger people.

291. These 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.
292. VER/VS activity and the outcomes of MER processes have been the subject of Equality Impact Assessments (EIAs) and they will continue to be monitored on an ongoing basis to ensure there is no disproportionate impact on any group within the workforce.
293. We are committed to continue to pay a 'Living Wage' to Council employees and to extend this to our contracted providers. We are also now a member of the Living Wage Foundation.
294. 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



295. The main differences in each Portfolio are:

- **People** forms 44.5% (3495 employees) of our workforce. This Portfolio has the highest proportion of female employees, disabled employees, employees who are carer's and employees who are BAME. This is most reflective of the City's BAME profile. Employees who are LGB+ are also higher than the SCC overall profile.
- **Place** forms 40.9% (3,209 employees) of the workforce. This Portfolio has the highest proportion of male employees and the lowest proportions of female employees. There are low proportions of employees who are LGB+, disabled, and BAME.
- **Resources / Policy Performance & Communications** forms 14.6% (1,150 employees) of our workforce and has slightly higher proportions of employees who are disabled, LGB+, women and therefore low proportions of employees who are male and carers.

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.

Cumulative impact

296. 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.

297. 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 and some BAME communities tend to have lower incomes and are more likely to be cumulatively impacted. See [Community Knowledge Profiles](#) for details.
298. 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.
299. 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.
300. There has been a significant impact on the Council's workforce over the last decade due to restructuring and reductions. A Corporate programme, aimed at facilitating the departure of around 300 staff (240FTE) who wish to leave the Council's employment. The aim of the scheme is to deliver savings but also facilitate the Council's wider workforce plan. We also aim to take on a significant number of apprentices as well.
301. 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
Overall and for specific issues relating to communities sharing characteristics under the Equality Act 2010	<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 10 years.</p>
Poverty and financial exclusion	<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 Sheffield Equality Partnership to develop further monitoring and analysis arrangements within the year which seek to assess the issues highlighted.</p>
Workforce	<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
3rd February 2021

Approved (EIA Lead Officer):
Adele Robinson, Equalities and Engagement
Manager
3rd^h February 2021

EIA budgets 2021/22

EIA reference	QTier Ref	Title	Description
437 (continuous from 19/20)	001PLA013B2-1	Streets Ahead	Contract saving - Customer Experience performance requirements
439 (continuous from 19/20)	001PLA013B2-1	Streets Ahead	Contract saving - Urgent Defects and Category 1 Defects
443 (continuous from 19/20)	001PLA013B2-1	Streets Ahead	Contract saving - Review Management Information System (MIS) requirements
725 (continuous from 19/20)	001PLA013B2-1	Streets Ahead	Contract saving - Street lighting – Distribution Network Operator
523 (continuous from 19/20)	001PLA013B1-1	Fees & Charges Review	Inflationary increase across a range of services
464 (continuous from 19/20)	001RES113B1-1	Improved Operational Efficiency	Housing Repairs Team
867	001PLA013B5-1	Parkway Market	Exit wholesale market at end of lease
868	001RES113B3-	Corporate Mail	Review of corporate mail service
871	001PLA013B4-	Streets Ahead	Refinancing the Streets Ahead
872	001PLA013B3-	Sustainable	Cease match funding for
873	001RES113B4-1	Vacant posts	Deletion of vacant posts - no longer required
119	001CYP02054 B1-1	Placement Mix	Improve placement mix
150	001CYP01014 B1-1	Pension payments	Reduction to budget to reflect reduction in demand
194	001CYP02054 B2-1	Demand Management	Flatten growth trajectory in the care population.
475	001COM02034 B1-1	In-house Deputyship Service	Deputyship income and Appointeeship efficiencies
617	001COM02044 B1-1	Procurement of support for people with dementia	Supporting more people with dementia to remain independent
643	001COM02044 B5-1	Income and Payments Change Programme	Continued improvement of income and payment services

665	001COM04014 B2-1	Libraries, Archives and Information Service: operations review and income	Review of library archive and information resources
665	001COM04014 B1-1	Libraries, Archives and Information Service: operations review and income	Develop libraries offer and income opportunities
668	001COM02034 B2-1	Adult Social Care Direct Payments support service	Direct Payment Support
835	001CYP03094 B1-1	Mental health reviews and promoting independence	Improving outcomes for people with mental ill health including greater independence
859	001CYP02084 B1-1	Additional Income Residential Home	Expand Secure unit places to 12.
863	001CYP02024 B1-1	Integrated Workforce	Conversion of agency workers to permanent staff
864	001CYP02054 B3-1	Careleavers and Semi-Independent Living	Transition of young people out of social care post Covid-19.
876	001CYP04044 B1-1	Review of Staffing	A review of staffing relating to TARAS.
879	001CYP01014 B2-1	Operational efficiencies	Reduction to temporary recruitment budget
879	001CYP01014 B4-1	Other savings	Reduction to budgets including postage and insurance to reflect changes in demand
880	001CYP03094 B2-1	Youth pay award	Whole service review
885	001COM02044 B3-1	Adult Social Care maximum contribution	Uplift to the contribution cap in line with increase to residential care home standard rate
891	001COM02044 B4-1	Care home market reshaping	Adjustment to reflect changes in homecare and care home demand
893	001CYP01024 B1-1	Planning Strategy and Improvement	Reduction to capacity of team because of a transfer of responsibility
901	001COM02044 B2-1	Homecare Account Management	Improved debt collection rate
690	TBC	Register Office charges	Increase income in the Registry Office

838	TBC	Workstyle Changes (Covid 19)	Move to single shift working for First Point
837	TBC	Disestablishment of Planning and Performance Team	Introduction of Storm Telephony and real time monitoring of contact centre performance
537	TBC	New HR and Payroll System	Reduction of usage of key HR contracts
836	TBC	Members' Allowances	Reduction in allowances for Members appointed to SY Pensions Authority
626	TBC	Staffing Review	Full year effect of previous Finance and Commercial Services restructure

Glossary of Terms

Term	Definition
Abbreviations	The symbol 'k' following a figure represents £thousand. The symbol 'm' following a figure represents £million. The symbol 'bn' following a figure represents £billion.
Business Implementation Plans (BIPs)	These show what activities will be provided in 2021/22 for a specified cash limit budget. They also include details of the service pressures and savings to be delivered. Services and Portfolios are required to develop these as part of the Council's Business Planning process.
Business Rates	These can also be referred to as National Non-Domestic Rates (NNDR), 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.
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

	<p>level of arrears and provision for bad debts.</p> <p>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.</p> <p>Conversely, any estimated deficit on the Fund must be reclaimed from the aforementioned parties.</p>
Contingency	<p>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.</p>
Council Tax	<p>A banded property tax that is levied on domestic properties. The banding is based on assessed property values at 1 April 1991, and ranges from Band A to Band H. Around 60% of domestic properties in Sheffield fall into Band A.</p> <p>Band D has historically been used as the standard for comparing council tax levels between and across local authorities, as this measure is not affected by the varying distribution of properties in bands that can be found across authorities.</p>
Council Tax Support	<p>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.</p>
Credit Risk	<p>The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.</p>
Debt (Bad/Doubtful)	<p>A Bad Debt is a debt that the Council has written off and has deemed uncollectable.</p> <p>A Doubtful Debt is a debt the Council expects to become a bad debt.</p>
Designated Areas	<p>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.</p>
Equality Impact Assessment (EIA)	<p>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.</p>
FTE	<p>Full Time Equivalent (FTE) refers to a unit that measures the workload of an employee. 1.0 FTE is equivalent to a full-time employee.</p>

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.
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</i></p>

	<i>can only be spent on priorities agreed with local NHS managers)."</i>
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



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Sheffield City Council
Finance
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CAPITAL STRATEGY and BUDGET BOOK

2021/22 - 2025/26



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CONTENTS

1	Executive summary and recommendations	Page 3
2	Background and key facts	Page 8
3	Growing and inclusive economy priority	Page 26
4	Transport priority	Page 30
5	New homes priority	Page 34
6	Housing investment priority	Page 38
7	Cleaner greener safer priority	Page 42
8	Green and open spaces priority	Page 45
9	People: capital and growth priority	Page 50
10	Heart of the City II priority	Page 54
11	Essential compliance and maintenance priority	Page 58
12	Appendices	Page 63

1 EXECUTIVE SUMMARY AND RECOMMENDATIONS

A succinct summary of priority areas and recommendations for approval

1.1 Headline summary of priorities

2020 has been a year of tremendous change and challenge for all of us. This pace of change will not diminish. We must rise to the new challenges we face. The COVID-19 pandemic has had a significant impact on our City and its people. Climate change affects us all, and the window for us to effect meaningful change diminishes with each passing year.

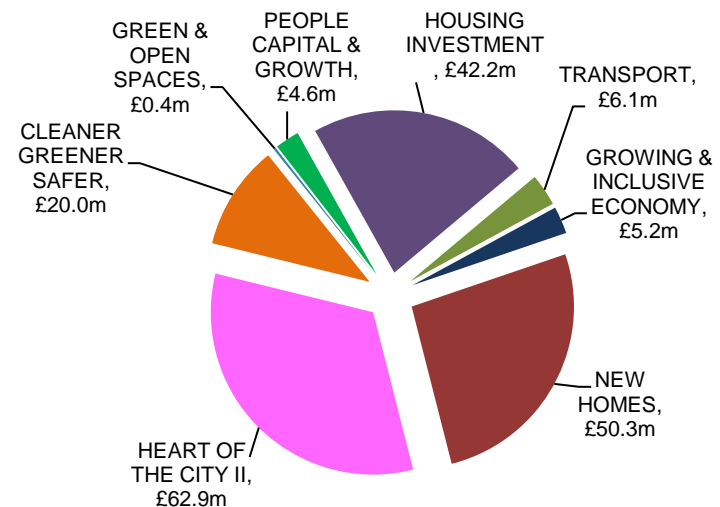
Against this challenging backdrop, we will spend our resources as effectively as we can to 'build back better', improving our resilience and sustainability for the long term. Our new administration will respond swiftly and with flexibility to emerging needs and trends to support the City in its recovery. As ever, we will strive to deliver the best possible value to the taxpayer.

Capital spending – as opposed to *revenue* spending – pays for assets, such as buildings, roads and council housing - and for major repairs to them. *Revenue* spend pays for the day-to-day running costs of council services. This Capital Strategy provides a high-level, longer term view of the Council's ambitions for capital investment which reflect the priorities and concerns of Sheffield people.

Capital Programme strategic priorities: 2021/22

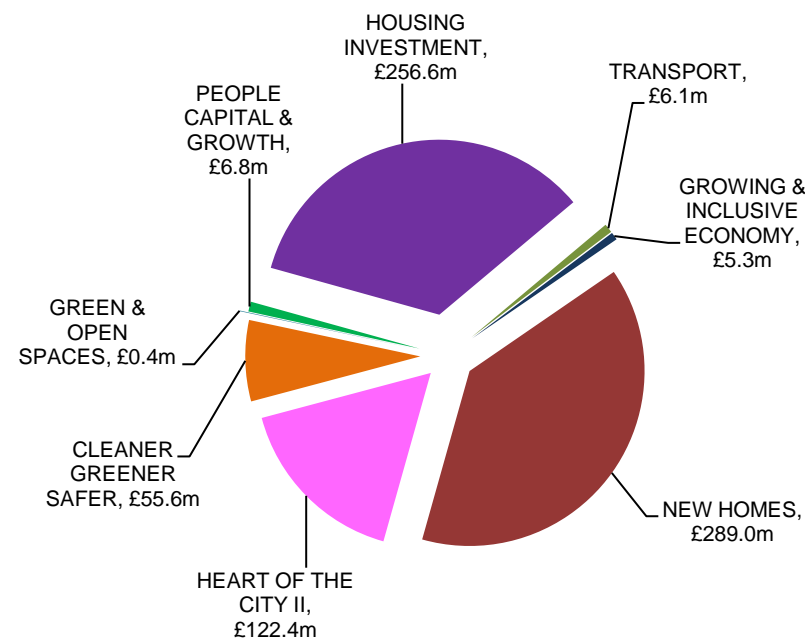
The size of the proposed capital programme in 2021/22 is £191.7m:

Growing and inclusive economy	£5.2m
Transport	£6.1m
New homes	£50.3m
Housing investment	£42.2m
Cleaner greener safer	£20m
Green and open spaces	£0.4m
People: capital and growth	£4.6m
Heart of the city II	£62.9m



Capital Programme strategic priorities: 2021/26

Growing and inclusive economy	£5.3m
Transport	£6.1m
New homes	£289m
Housing investment	£256.6m
Cleaner greener safer	£55.6m
Green and open spaces	£0.4m
People: capital and growth	£6.8m
Heart of the City II	£122.4m



The size of the proposed 5-year capital programme for 2021/22 to 2024/25 is £742.2m. 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 the following 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 2021-2026.

1.3.1 Growing and inclusive economy: £5.3m

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. COVID-19 has accelerated the pace of change, and we must act decisively to support an environment where more businesses can set up, grow, innovate and create good jobs. We want to see 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: £6.1m

Our Transport priority aims to deliver safe, well maintained streets which enable the City's ongoing development and helps every resident access jobs and local services. We want to see an attractive public transport offer and infrastructure which encourages other means of transport than the car to support our climate change objectives. 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 New homes: £289m

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, using a wide mix of measures to increase development.

The Council will also increase its own social housing stock. It will achieve this 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 want to increase the amount of quality housing provision for older people and are progressing 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.

We also want to ensure we are driving the highest environmental standards we can within our funding envelope.

1.3.4 Housing investment: £256.6m

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. We will build upon our sound work to date in improving energy efficiency and lever in external funding wherever possible to help us achieve this.

1.3.5 Cleaner greener safer: £55.6m

This 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 safe, 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: £0.4m

This priority focuses on a dedicated strand of works from the 'Cleaner greener safer' 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 reducing 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. We know they have been a lifeline for many of our residents throughout the COVID-19 pandemic and will continue to invest as much as we can to ensure they remain relevant and well-used.

1.3.7 People – capital and growth: £6.8m

The People Portfolio supports children, young people and their families, and adults and communities. It focuses on providing a good standard of education from fit-for-purpose premises, together with an emphasis on early intervention and prevention to reduce demand for services. We want to support our residents at all stages of life, and 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.

1.3.8 Heart of the City II: £122.4m

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. We're adopting a phased approach to development, enabling us to more effectively manage the risks arising from a development of this scale in this challenging climate.

1.4 How we will deliver these priorities

Three cross-cutting themes run as a golden thread throughout our capital programme delivery:

- **Sustainability** is at the heart of our decision-making process. Almost £140m of projects in our capital programme have a direct impact on the City's sustainability and resilience.

Whether delivering e-cargo bikes, clean bus technology, electric vehicle charging points, new cycle routes or further improving the insulation of our housing stock, consideration of each project's impacts on 'net zero' is now embedded in our business cases. We're mindful of the environmental impact of our own assets – namely our buildings and fleet – and have been investing for several years to begin to mitigate this.

But there is always more we can do. We have launched a Sustainability Programme Group to drive progress in this area and ensure our impact on climate change underpins consideration of everything we do. We look forward to hearing the views of our residents and businesses on how we can do more to create a sustainable City for the future. Further details on our approach to sustainability are set out at section 2.1.6.

- **Ethical procurement practices** drive real social value for our City and maximise the benefits for our residents.

We have a strong tradition of delivering employment and skills outputs for the communities we serve, and coupled with our focus on sustainability, we're driving social value through our contracts.

We'll support our local economy wherever we can and do what we can to keep Sheffield's economy moving.

- **Effective governance** is critical to the success of our capital programme.

Robust priority setting and effective funding strategies - coupled with sound project and programme management – are the building blocks for successful delivery.

Further details on procurement and governance are set out at section 2.8.2.

1.5 Purpose of this Strategy

- Set out the Council's key priority areas for capital investment;
- Provide an overview of specific projects included in the years 2021 to 2026;
- Set out the overall shape of the current Capital Programme for the 5 years to 2026 (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 2021

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. Councils are required to produce a Capital Strategy which:

- sets out a high-level view of how capital investment, capital financing and treasury management activities contribute to the provision of services; and
- provides an overview of how the associated risks are managed.

Our Capital Strategy is shaped by several 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 of 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

We can no longer rely on historical levels of revenue support grant from Government. Places are increasingly reliant on their local tax base. 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. Funding streams that reward economic development - such as Community Infrastructure Levy – 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.

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 Climate Emergency

Sheffield City Council has declared a Climate Emergency. As part of our commitment to work towards Sheffield becoming 'zero carbon' by 2030, currently almost £140m of projects are directly related to sustainability and minimising our impacts on climate change. New projects to help us tackle this challenge will continue to be brought forward as the results of consultation with our Citizens' Assembly – and emerging funding streams – crystallise.

As well as directly funding projects relating to sustainability, central government has also introduced some funding streams to support our work in this area. Grants which contribute to the costs of electric vehicle charging points, grants to support energy efficiency in our housing stock and corporate estate and funds to improve air quality through reducing emissions from Sheffield's bus fleet are coupled with our own investments to match-fund these grants when required, together with funding active travel from our own funds. We're working with local businesses to help them trial and make the transition to electric vans. Similar pilots are underway with electric taxis. The scale of this challenge is considerable and we all have our part to play.

We now actively consider the sustainability implications of all our projects across all Programme areas and will continue to improve our work in this area. We'll engage with stakeholders throughout the City so we can work together to tackle not only our carbon emissions, but also improve our resilience to the effects of climate change.

2.1.7 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.

2.1.8 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).

2.1.9 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 to deliver its ambitions for the City, including:

- **Sheffield City Region** – we work closely with the Mayoral Authority to push for greater control over the things that matter to Sheffield and the wider City Region, with a focus on skills, transport and jobs. 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 several 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 complies with the new, international obligations on **subsidy control**.

More work will be undertaken on these principles and their implementation to specific schemes over the coming year.

The government has also published reforms to the Public Works Loan Board intended to prevent the trend of some local authorities taking on debt to buy assets primarily for income. Sheffield has not done this and will adhere to the principles set out above.

CIPFA guidance

CIPFA has 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 (2021-26) shows a broadly balanced position, with proposed expenditure totalling £742.2m. 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 represent £630m (84.9 %) of the overall programme value.

The 2020/21 programme was set in March 2020, and at the time totalled £176.4m. This has been revised in-year. The effect of outturn slippage from 2019/20, in-year additions, variations slippage and re-profiles result in a current approved programme for 2020/21 of £209.6m (as at 31 December 2020). The Council's current anticipated capital investment profile for existing commitments (excluding potential pipeline projects) is:

	Priority	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/26 (£m)	TOTAL (£m)
1	Growing and inclusive economy	5.2	0.0	0.0	0.0	5.3
2	Transport	6.1	0.0	0.0	0.0	6.1
3	New homes	50.3	72.9	99.4	66.4	289.0

4	Housing Investment	42.2	56.9	57.8	99.7	256.6
5	Cleaner greener safer	20.0	17.7	17.9	0.0	55.6
6	Green and Open Spaces	0.4	0.0	0.0	0.0	0.4
7	People: Capital and Growth	4.6	2.2	0.0	0.0	6.8
8	Heart of the City II	62.9	56.1	3.4	0.0	122.4
	TOTAL	191.7	205.8	178.6	166.1	742.2

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	2021/22		2022/23		2023/24		2024/26		Total	
		£m	%	£m	%	£m	%	£m	%	£m	%
1	HRA contribution to capital	-40.7	21.2	-55.6	27.0	-56.7	31.7	-98.2	59.1	-251.1	33.8
2	Prudential Borrowing	-114.0	59.5	-126.4	61.4	-93.1	52.1	-45.6	27.5	-379.1	51.1
3	Government Grants	-10.0	5.2	-2.2	1.1	0.0	0.0	0.0	0.0	-12.3	1.7
4	Capital receipts	-11.5	6.0	-8.3	4.0	-9.8	5.5	-13.9	8.4	-43.4	5.9
5	Other grants and contributions	-11.8	6.1	-13.3	6.5	-19.0	10.7	-8.4	5.1	-52.5	7.1
6	C.I.L.	-3.7	2.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.7	0.5
7	Overall total	-191.7	100.0	-205.8	100.0	-178.6	100.0	-166.1	100.0	-742.2	100.0

A further breakdown of each of these funding sources is set out overleaf.

2.6.1 Revenue budget contributions to Capital

The Council can use revenue resources to fund capital projects directly. 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 £251.1m. In addition, £2.8m has been allocated from revenue budgets to support non-housing projects, relating mostly to the replacement of cremators at City Road and to support the scheme to develop the General Cemetery.

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 debt and interest. The Council can often borrow funds at lower cost 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 its 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 21/22 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	£62.896 (<i>£53.030</i>)	Major sporting facilities financing	£15.570 (<i>£14.641</i>)
New Council Housing	£35.521 (£0)		
TOTAL	£113.987 (<i>£71.417</i>)		

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.
The New Council Housing represents the development of New Homes Delivery Plan

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 is then repaid from increased tax revenues (i.e. business rates) in the area as land values rise because 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.
- 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.

We endeavour to maximise our project specific grants to support specific priorities, and we work in effective partnership to secure these. We have recently secured £500,000 to work with Stocksbridge Leisure Centre to deliver a range of improvements to their site. We are also working with the Stocksbridge Town Deal Board to secure a £25m grant to rejuvenate the area. And we have just received notification that our £15m bid to the Future High Streets fund to rejuvenate revitalise Fargate has been successful. In the new landscape, the Council must work across sectors and boundaries to drive collaboration and maximise our chances of success.

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 as 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. We are also often required to provide 'match' funded in order to secure project-specific external grants; the CIF can fund this. 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 cutbacks, the CIF assumes a greater significance in funding the Capital Programme. However, the CIF only funds 4.7% of the Capital Programme. Its spending power is dwarfed by the HRA or Prudential Borrowing, for example.

Proposals are currently being developed with the new Leader and Cabinet Members to ensure the CIF is deployed to deliver maximum advantage to the Council and wider City. 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, match funding requirements 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 and safe to use. 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 Strategy.

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 and 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 flood defences (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. We will always seek to use our funds most effectively to drive best value and reduce costs to taxpayers.

New CIL Regulations have 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

Several 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 (the 'Sheffield Land and Property 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 have been commissioned to support and evidence this process. In the context of ever-increasing budget pressures, difficult decisions will 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 (MRP) 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 the capital and investment plans are affordable, prudent and sustainable. In doing so, the Council will consider 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. Forecast borrowing costs (including interest and repayment charges) are expected to peak in 2021/22 at 17.8/% of net revenue, before falling slightly in subsequent years.

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 £175.6m in the next 5 years (21/22 to 25/26) 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. We must set the right priorities so we invest public money in the right areas.

2.8.2 Delivering real value for Sheffield people

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

The Council requires several "checkpoints" at which the validity of the project is tested by the Programme Groups and then the Capital Programme Group. These are:

- 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.
- 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 within the fullest extent permitted by law 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 (whilst minimising our internal costs).

As well as procurement routes, we also ensure the most appropriate forms of contract are used which deliver the best VFM for local people, protect the Council's interests and enable the market to respond with cost-effective tender submissions.

Post-COVID, this assumes even greater significance. We will do everything we can within the law to support local supply chains and local businesses to maintain the resilience of our economy and build back better. We will also contribute fully to the Government's latest consultation on the UK's new procurement rules following our departure from the European Union, lobbying for maximum flexibility to prioritise the local economy. We have signed up to the 'British Steel Charter' to maximise our use of British steel. And we are also signatories to the 'Construction Minimum Standards Charter', which promotes fair working practices for those in the construction industry.

We will also continue to build on our Ethical Procurement Policy, maximising the social value we generate from our spend. We will continue to require employment and skills outputs for the communities we serve, building a workforce fit for the future. We will also seek to minimise the environmental impacts of our capital programme wherever we can, across all our programme areas.

In short - we will maintain an unrelenting focus on doing things better and driving greater benefits for the City and our residents.

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 Cabinet

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 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 2020, the value of net slippage approved to date is £4.6m. This relates to the delay in programmes to replace cremators at City Road, extend Aldine House Secure Unit and complete the Broadfield Road Junction Improvement scheme.

£13.8m of allocations have been re-profiled - i.e. moved from current year into future years for schemes not yet in the delivery phase:

- £8.5m of this relates to the Heart of The City II project, reflecting the policy decision to pursue a phased (rather than “Big Bang”) approach to this development. This will mitigate project risks and safeguard taxpayers’ money. In the light of COVID-19, this gives us greater flexibility to ensure our City Centre solutions take account of the structural changes likely to result from the pandemic.
- £3.8m relates to the delay in the award of the contract for Phase 2 of the Council Housing Roofing programme and £1.4m to delays in commencement on the Daresbury New Build Council Housing site.

The impact of the COVID 19 pandemic has presented many challenges for delivery of capital schemes. Sites have been forced to close, and many of those which have reopened have incurred additional costs resulting from social distancing requirements and stretched supply chains. We expect significant further reprofiles and slippage will be brought for approval before the end of the financial year.

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 because 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. 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 may also be mitigated (post contract signature) through fixed price contracts when we consider this represents best value. We are ever mindful of the potential for increased costs resulting from COVID-19 – whether arising from social distancing requirements on site, or higher material costs which may be in short supply.

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 based on 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. Insolvency processes could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget. The Council could also suffer direct financial loss and any defects 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. That said, we have revised our financial evaluation processes this year in line with government guidance to ensure we do not unwittingly discriminate against new, often smaller businesses who may not be able to evidence long-term financial stability. This maintains a balance of encouraging new entrants to the market whilst effectively managing 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, Project Sponsors and, ultimately, Cabinet.

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 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 GROWING AND INCLUSIVE ECONOMY

We will seize opportunities to rebuild and renew our economy whilst becoming a cleaner and more sustainable city. Supporting our city centre and district centres to adapt to the changing economic circumstances to build future resilience and growth.

1 Background and context

This year has been economically challenging. No sector has remained untouched by the Covid-19 pandemic. Those in sectors most reliant on social interaction or visits deemed non-essential - such as retail, hospitality and culture - have faced dramatic reductions in demand, with many closing temporarily or operating at significantly reduced levels. The longer-term impact remains uncertain.

Even with the prospect of a Covid-19 vaccine on the horizon, our businesses have had to learn to live within the restrictions that keep us COVID-safe and evolve to the economic challenge. Many businesses have looked for new ways to operate, open and trade safely, exploring new products and markets, working more digitally and remotely and investing in new equipment to increase productivity. But for many, this has not been sufficient to regain pre-COVID levels of economic activity.

Most business sectors are experiencing lower demand due to increased uncertainty. Over 40% of businesses recently surveyed are looking to scale down their operations in the coming months. Those businesses able to make adaptations and flex to changing consumer needs have a more positive outlook. However, restoring consumer confidence to enable people to re-engage in economic activity is critical to retain jobs and maintain incomes in the medium term.

COVID 19 has presented the city with new challenges but, in some cases, the pandemic has highlighted - and even accelerated - pre-existing trends. Increased automation was already posing challenges in terms of adapting workforce skills to changing employment demands. COVID has brought about an acceleration of digital transformation and contact-free services, remote working and distance learning. The impact on the high street of declining retail expenditure in physical shops has led to a number of leading high street brands falling into administration. More office workers have set up at home. Our urban centres face real and significant challenges at a time of real uncertainty.

All these things impact our pipeline of capital projects. The office market may change, with demand for traditional office space reducing. However, we expect increasing demand for flexible and quality managed workspace – as employers seek for more hybrid working and ‘hub models’ that demand greater quality and circulation space.

Sheffield’s significant assets and strengths will continue to provide opportunities to produce sustainable economic activity to pull the city and region out of the COVID-generated recession. These must be leveraged appropriately:

- The University of Sheffield's Advanced Manufacturing Research Centre (AMRC) and Sheffield Hallam University's Advanced Wellbeing Research Centre (AWRC)
- The city's burgeoning digital and tech sectors
- A city centre that was already adapting to the changing role of the high street
- The developing Central Area Strategy, focusing on housing-led growth in the city centre, alongside catalytic employment projects like West Bar and Castlegate
- The ongoing development of Heart of the City II
- Sheffield's unique offer as 'The Outdoor City', sitting within the Peak District National Park

all present opportunities for growth and renewal, allowing us to present the City as an attractive and safe place to visit, live and work within the context of COVID.

We will of course work alongside Sheffield City Region in delivering their Strategic Economic Plan and Renewal Action Plan. This will maximise our funding opportunities.

2 Projects completed in 2020/21

	Project and value	Impact
1	Grey To Green 2	Safer and more sustainable transport through segregated cycling and footpaths Sustainable Urban Drainage New urban meadow planting providing enhanced public spaces
2	IRR Junctions Scheme	1. Improved junction operation on Inner Relief Road 2. Reduced journey times 3. Reduced congestion and attendant air pollution 4. Increased cycling and walking connectivity to city centre
3	Culvert Renewal Programme	5. Homes, businesses, development sites, educational facilities, medical, emergency and rescue facilities and utility substations protected from flooding

3 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Upper Don Valley Flood Scheme	Anticipated 9,250,000	18/19-21-22	No	Sheffield City Region Investment Fund (SCRIF)	The Scheme will provide a comprehensive linear flood defence to three	63 homes and 152 commercial properties will have much reduced likelihood of flooding

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
					Environment Agency	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.	<p>£30.179 million of damages avoided</p> <p>£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)</p> <p>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</p> <p>Potential generation of 98 Full Time Equivalent jobs to the local economy</p> <p>12.5 Full Time Equivalent construction job years</p> <p>1,900 jobs in the area will benefit from reduced flood risk (calculated using the Frontier Methodology)</p> <p>2 A roads protected (A61 and A 6101)</p> <p>2 Tram routes protected – City centre routes through to Malin Bridge and Middlewood</p>
2	Grey To Green 2 (Angel Street)	£768,000	2021/22	No	ERDF Corporate Investment Fund	<p>Construction of segregated cycling lane (two way) to connect Grey to Green to City Centre cycling route and to Upper & Lower Don Valley</p> <p>Implementation of Sustainable Urban Drainage (SUDs) and planting</p>	<p>Safer and more sustainable transport through segregated cycling and footpaths</p> <p>Sustainable Urban Drainage</p> <p>Enhanced public spaces</p>

4 Potential priority areas / projects under consideration

We will assess our economic plans across our pillar strategies: the economy, transport, housing and sustainability in the context of COVID recovery and this will guide priority investments. 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

- Businesses have the confidence, information, support and infrastructure they need to operate through and beyond the current crisis, to adapt to changing circumstances to enable them to grow and 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, whilst ensuring people can travel and work in COVID-safe conditions.
- Support the climate change aspirations of the City.

Working with Sheffield Museum's Trust and other partners, we will also review the future of the Graves Building / Central Library with the aim of developing a costed plan for these facilities. We will aim to address digital inclusion and attract visitors from outside Sheffield to grow the City's economy and help its communities to thrive.

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. Lack of funding for wider Economic Development activity	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 Central Government and the replacement 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. Work closely with the SCR to maximise access to Government funding.
4	Uncertainty about the impact of Covid-19 on the medium and long-term needs of business and their infrastructure requirements	Ongoing dialogue with the business community and the City Growth Board leading to a post COVID-19 Economic Strategy.

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. This is further complemented by the regional and national transport agenda, whereby improvements in sustainable and inclusive connectivity will be key to ensuring a strong recovery from the covid-19 pandemic. On a practical level, the publication of government advice around sustainable transport infrastructure design, the consultation on long standing requests for legislative changes to highway powers to Highway Authorities outside of London and the funding allocations for transport further outline an ongoing commitment to transport improvements.

On a local level, the City's Transport Strategy outlines the policy position for this investment:

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 our projects are focused upon delivering these priorities for the City.

It is the Council's ambition that public transport, cycling, and walking are 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, support local economies whilst being a fundamental cornerstone to achieving local and national climate change resilience. 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 several 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. Now complete, the findings from this survey identified 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 Transforming Cities Fund 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 2020/21

	Project and total value	Impact
1	Ultra Low Emission Vehicle Rapid Chargers (£1.2m)	Increased access to electrical vehicle charging points. Improved air quality
2	Electric Van Scheme (£0.9m)	Opportunity to businesses to trial electric vehicles Improved air quality
	Provision of E-bikes and E-Cargo Bikes (£0.6m)	Provision of e-bikes for social prescribing and businesses Improved health outcomes Improved air quality
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

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 – 2021/22	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 – 2021/22	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 – 2021/22	No	NO2 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 – 2021/22	No	Transforming Cities Fund	Improved Cycle Connectivity across City centre	Improved infrastructure, reduced congestion.
5	Neepsend Kelham Parking Scheme	£624,000	2021/22 – 2022/23	Yes	Section 106 Future Parking Income	Regulated parking improvements	Improved traffic flow

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	Constrained timescales to meet the Government direction for Air Quality and associated Clean Air Zone (CAZ) development and delivery Transforming Cities Fund (TCF) constrained timescales – still subject to decision	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. 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.
4	Public engagement and acceptability	As described in point 3, funding for major transformative projects has stringent funding deadlines which are controlled by associated legal agreements. With all projects of this nature, consultation needs to be meaningful and engaging with the public and stakeholders is critical to obtaining success and delivering a project that meeting competing demands and expectations. Doing this under funding specific deadlines means a focused approach to obtain and address any matters arising. This has been mitigated through TCF by using new ways of consultation and setting a new blueprint for consultation procedures, including specific communications resource.

5 NEW HOMES

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 set out a commitment as part of its New Homes Delivery Plan to increase the number of new homes 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 homes in the City. This commitment is set out in the Council's Housing Strategy 2013-2023, which is due to be updated in 2021.

The 2020 Strategic Housing Market Assessment that informs this strategy and programme advised that 902 of these new homes each year should be affordable to meet the shortfall of affordable homes for rent and sale in the City. The Council will work in partnership with the public and private sector 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 2028. It is aiming to add 1,600 new properties up to 2023, funded from our Housing Revenue Account and external grant funding. This will also enable us to increase the use of local supply chains and boosting local employment and apprenticeship opportunities through housing capital contracting. We will deliver this through building new Council homes, appropriating or acquiring land to build on and acquiring existing homes to bring into the Council's rental portfolio improving the range of homes available for our customers.

2 Projects completed in 2020/21

	Project	Impacts
1	Council Housing Stock Acquisitions	Acquisition of approximately 75 existing properties into Council Housing Stock, increasing supply of homes at affordable rent.
2	New Council Housing Phase 2 (Weakland)	36 units of accommodation delivered
3	Onsite Acquisitions (Ox Close)	Additional 25 Units of Council Housing provided
4	Knutton Crescent (Modern Methods of Construction)	4 units of accommodation delivered

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	£55.7m	2021-26	N	Housing Revenue Account	TBC in programme	Increased Council housing stock to address housing register demand
2	Older Persons' Independent Living (OPIL) 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
3	Learning Disabilities Accommodation Phase 4b (Adlington)	£1.4m	2017-20	Y	Capital receipts and Housing Revenue Account	8 units of learning disabilities (LD) accommodation delivered	Increase quality LD stock, reduce care costs and enable homes to be brought back into use of young people and families
4	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
5	New Build Council Housing Phase 5 (Newstead General Needs)	£14.5m	2020/21-2023/24	N	Capital receipts, Housing Revenue Account, borrowing	Up to 93 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	£3.0m	2018-2023	Housing Revenue Account	Ha of brownfield land acquired to increase SIP pipeline	Increased council housing stock to address significant shortfall of Council affordable homes for rent.
2	Strategic Site Assembly in Priority investment areas	£9.0m	2018-2023	Corporate Investment Fund	Ha of brownfield land acquired to increase pipeline	Increase number of housing of all tenures to meet identified needs
3	Private Sector Interventions	£13.0m	2021 - 2023	Corporate Investment Fund	Interventions implemented 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	2019-2023	Corporate 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 (Older Persons Independent Living)	£24.5m	2021-2024	Housing Revenue Account	130 unit scheme of OPIL accommodation	Increase quality and range of homes available for learning disabilities and older people, reduce care costs and release stock to wider market.
6	Temporary Accommodation	£14.4m	2021-2025	Housing Revenue Account	80 units to provide temporary accommodation for families and single people	Accommodation provided funded by SCC to support vulnerable people.
7	Viking Lea	£16.5m	2021-2024	Housing Revenue Account	87 general needs units	Increased Council housing stock to improve quality and choice of homes available to address housing register demand
8	Hemsworth	£16.3m	2021 - 2024	Housing Revenue Account	80 unit scheme of OPIL accommodation	Increase quality LD and OPIL stock, reduce care costs and release stock to wider market
9	Algar	£22.5m	2021 - 2024	Housing Revenue Account	121 general needs units.	Increased Council housing stock to improve quality and choice of homes available to address housing register demand
10	Scowerdons Shared Ownership	£11.5m	2021 - 2024	Housing Revenue Account	56 Council shared ownership units	Increase affordable housing and within the city

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 and increase the supply of good quality affordable homes 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 neighbourhoods across the city.
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 fear of losing their homes due purely to delays in receipt of Universal Credit
6	The increasing capital costs of building new homes may limit the number of new homes that can be funded through the HRA – increased emphasis on environmental and space standards, plus the councils desire to build to lifetime homes standards put pressure on the budget	The appropriate specification / procurement routes / funding options are considered for the whole programme and each project individually to mitigate impacts
7	Ability to balance finance borrowing with rent policy	Examining funding and borrowing options and how we model payback to make schemes viable

6 HOUSING INVESTMENT

Quality Council-owned housing stock for our tenants on well-managed estates

1 Background and context

This priority covers housing 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, secure and modern properties in attractive neighbourhoods. 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 and will be consulting on these works in the coming year. We are proposing to close waste chutes in tower blocks, provide modern waste facilities and install fire suppression systems.

We will continue existing planned work programmes already identified as priorities with tenants, such as roofing, kitchens and bathrooms. 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. A key priority for Sheffield is the net zero carbon target for 2030 and we will be investigating the contribution we can make in council housing to reduce the carbon emissions in our stock. This will be a challenge that needs external grant funding.

2 Projects completed in 2020/21

	Project and value (all years)	Impact
1	Adamfield Tower Block Re-Roofing (£0.1m)	Safe watertight building
2	Kitchen & Bathroom Replacements (£31m)	Approximately 4000 Kitchens & Bathrooms uplifted.
3	Adaptations (£1.4m in-year)	Approximately 200 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	2020-25	Yes	HRA	New roofing to approx. 6,400 properties.	Safe, water-tight, structurally sound properties.
2	Electrical Upgrades Phase 2	£22.5	2021-24	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)	£10.9	20-25	Yes	HRA	2,400 properties anticipated to receive adaptation works	Accessible and fit for purpose homes
4	Obsolete Heating	£5.9	20-24	Yes	HRA	3,100 replacement boilers and / or heating systems installed	Warm and energy efficient homes
5	Heating Breakdowns	£1.8	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	Walls, Pointing, Render	£2.4	2021-25	HRA	Render, improved cladding and rainwater goods.	Watertight, warm homes
2	Health and Safety Environmental Works	£11	2020-25	HRA	Improved communal spaces, walls / steps pathways	Contribute to a safe environment, improved access.
3	Kitchens and Bathrooms	£14.5	20-25	HRA	Replacement of Kitchens and bathrooms	Modern Homes

4	Fire Safety	£8	22-25	HRA	New sprinkler and fire suppression systems	Safe homes which are compliant with fire safety assessments
5	External Wall Insulation Packages 2&3	£9.2	21-25	HRA	Council dwellings	Warm and energy efficient homes
6	Environmental Works (including Boundary Walls and Fencing)	£0.5	22-25	HRA	Attractive and safe environment around homes	Attractive and safe environment to live.
7	Community (District) Heating	£5.8	2021-25	HRA	Council dwellings	Warm and energy efficient homes
8	Single Staircase Tower blocks	£10	2021-25	HRA	Installation of fire suppression systems, upgrade to communal areas, window replacement, reroofing works and new waste management facilities	Safe, warm and dry homes
9	Windows & Doors	£1.0	21-25	HRA	Council dwellings	Warm and energy efficient homes
10	Waste Management	£2.1	2021-25	HRA	Accessible and clean waste facilities that support recycling	Contribute to the City's waste management strategy and improved environment for residents
11	Carbon Reduction	£4.3	2021- 25	HRA	Energy efficient homes	Contribute towards the city's net zero Carbon priority and warm, efficient, greener homes

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Impact and implications of the COVID-19 Pandemic	Work with our contractors, delivery teams and customers to maintain COVID-Safe working practices and to understand the potential implications on project programmes and costs.
2	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
3	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
4	Any future impact of changes to national policies including the Social Housing White Paper	Working directly with Government to address any future policy changes and, impacts on the HRA Business Plan and increasing tenant engagement and scrutiny role. Prioritising as part of the changes and increased regulation to prioritise investment in homes to improve fire safety.
5	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
6	Implications of Brexit on procurement and construction supply chain activities	Work with the Commercial Teams to understand and minimise the implications to ensure continues smooth delivery of project programmes and services, working with local supply chains.

Making our neighbourhoods good places to live and ensuring that all 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 Cleaner, Greener, Safer 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 2020/21

	Project and value	Impact
1	Grant for Manor Lodge £330,000	To support site operator, secure further grant funding to upgrade visitor facilities at the site

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 Cleaner, Greener, Safer 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	2021-2024 Cabinet report due March 2021	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 enjoyed, 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, enjoyable, and well-used.

The Council undertakes a wide range of improvements, including replacing damaged, 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 varied and beloved parks and green spaces, and this priority demonstrates our commitment to ensuring the high quality of those spaces is maintained and improved upon, even in challenging financial circumstances. The link between health and green spaces has become evident over recent years with GPs prescribing outdoor activities in nature to promote as an alternative to traditional medicines in some cases.

In more recent times, the importance of access to quality outdoor spaces was brought to the forefront of the nation's mind through the COVID-19 pandemic. During national (and local) lockdowns residents visited green spaces for their daily exercise and to help their mental wellbeing during a time of crisis with record numbers seen in many parks and countryside spots.

2 Projects completed in 2019/20

	Project and value	Impact
1	Parson Cross Skate Park	Improved the active use of Parson Cross Park by children, young people and adults by providing a new all wheels facility on the site of the existing skate ramps. Improved and maintained site quality and Sheffield Standard Score by replacing the deteriorating skate ramps with a new facility suitable for a wider range of users.

2	Ecclesall Woods	Improved the path network throughout the woods, improving access and reducing damage done to woodland floor by woodland users. Chestnut fencing for the development of wildflower protection areas installed.
3	Bannerdale Phase 1	Parkland paths installed to improve connectivity and links across the amenity grassland. Woodland access improvements including paths and 18 steps to aid accessibility in the steepest parts of the woodland area. The entrance at Springfield Close has been redesigned to create a separate vehicle and pedestrian entrance; site furniture and new signs have also been installed.
4	Oxley Park Play and Access	New children's playground with fixed equipment and a natural play theme in a prominent location adjacent to the Leisure Centre. Infrastructure including paths, access routes, landscaping and additional bike and car parking provision to encourage sustainable travel, as well as cater for car users of the Leisure Centre and Oxley Park due to restricted public transport links
5	Millhouses Playground	Installed a replacement multi-play unit for Millhouses Park playground after the old one was removed because of irreparable damage. Improved accessibility and play value of the new unit as it has been designed with inclusive elements.
6	Arbourthorne Pond	Improved quality of the pond through the light removal of some pond vegetation and removal of any debris. Refurbished site container to allow the storage of community equipment. Improved accessibility of the pond through the provision of an accessible perimeter path.
7	Philadelphia Gardens Phase 2	Added trim trail and trampoline near the swing to provide some play opportunities for older children. Removed embankment slide and the area around it made safe
8	Hillsborough Play Project	Snake's head play feature created for the grass embankment snake. New embankment play feature with new equipment created, old slide removed and agility trail added.
9	Colley Park Improvements Phase 2	Play area for younger children installed. Mini bike and scooter track with bumps and line markings installed. Steel and concrete Parkour Area for older children installed, together with repairs made to the Multi Use Games Area fencing. Car park resurfaced; seating and bins installed throughout all play areas.
10	Ponderosa Active Parks Improvements	Improved paths network and site-lines through thinning of vegetation. 4 pieces of play equipment and associated surfacing installed, including resurfacing under exiting play units. Benches, signage, bins, installed, together with improvements to 2 entrances which had been highlighted as a barrier to site usage.

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 Phase 4 (Phase 5 to follow)	£95K (Total all phases £444K)	2020/21 – 21/22	No	S106, Public Health, Parks Investment Fund & Third Party Contributions	Improved play & recreational opportunities Green Space Quality Play Value	Works to Mortomley Park, Upper Hanover Playground, Osgathorpe Park, Angram Bank, Bole Hill Recreation Ground & Worrall Recreation Ground Improved Health and Wellbeing for children and families Increase in community pride and value
2	Norton Woodseats Cricket Pavilion	£421K	2019/20 – 21/22	No	S106 & Sport England	Improved sporting facilities	Increased number of users of site; improved health and 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 NW 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	Hillsborough All Wheels Park	£266K	2020/21 – 21/22	No	British Cycling, Access Sport, Public Health & Third Party Contributions	High quality bike park facility, associated infrastructure and landscaping	Provide a sustainable facility supporting children and young people's physical activity. Increased number of users of site; raise the overall quality of the site
5	Westfield Playground	£183K	2020/21 – 21/22	No	Westfield Big Local, Public Health, Parks Investment Fund & Housing Services	New playground Green Space Quality Play Value	Improved health and wellbeing. Increase in community pride and value. Increased number of users of site. Raise the overall quality of the site.

4 Potential priority areas / projects under consideration

There are a number of initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be the subject of separate Cabinet reports if, as and when they are brought forward. Several additional potential projects are also currently being considered by Members. However, funding will need to be sought and agreed for any projects that are to be taken forwards, and this will be discussed over the coming months.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Masterplan development and implementation projects	£1m +	2021/23	Various including s.106, external funding including HLF	A 'whole site' approach taken to a number of sites, including Ponderosa Park, Mather Road Recreation Ground, Ecclesfield Park, Parkwood Springs and Hillsborough Park, Parson Cross Park, Graves Park	Sites which, following consultation with local people, are well used by all sections of the local community.
2	Access and environmental improvements	c. £300k	2021/23	s.106	Delivering safe, clean, welcoming and accessible sites at Sky Edge, Arbourthorne Playing Fields, Manor Playing Fields, Gleadless Valley Woodland Complex, plus a range of small-scale environmental improvements	Sites which, following consultation with local people, are well used by all sections of the local community.
3	New park and new recreational facilities developments	c.700k	21//24	s.106 and external funding such as Towns Fund (Stocksbridge)	Delivery of sustainable new recreational assets at sites such as Oxley Park (potentially skate park and 3G pitch), Owlthorpe 'new park' as part of proposed housing development. New recreational facilities in areas such as Gleadless Valley, Handsworth Rec, Heathlands Park, Steel City and Hollinsend Park	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
1	Section 106 monies are quickly becoming depleted and are likely to be exhausted by 2021.	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 people's desire for open green space and income generating activity.
2	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.
3	Prolonging asset life in challenging financial circumstances.	Engagement of, and consultation with, local communities at the planning stage pays dividends in reducing vandalism when the works are complete. We also often undertake improvements to sightlines and boundaries as part of our works, minimising the potential for 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 where possible.

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 four key areas of focus:

- Ensuring there is sufficient and good quality education provision.
- 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 good quality school places in environments that are fit for purpose. This has resulted in over £100m programme of new schools and refurbishment projects. Oasis Don Valley, Astrea Academy, Mercia Academy and the expansion of 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 school estate for which it is responsible (community schools) is fit for purpose. The backlog of maintenance is still significant. However, with a programme of projects to address key issues, prioritised through a survey programme and funded by the annual Schools Condition Allocation (SCA) of capital grant funding, progress is being made. The need far outweighs the funding allocated annually and continues to present a significant challenge.

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 Key projects completed in 2020/21

	Project and value	Impact
1	Disabled Facilities Grants (£3.2m)	Adaptations to private properties to allow people to remain in their own homes
2	SEND Provision Expansion (Gleadless Site) (£0.8m)	Additional Special Educational Needs Provision places
3	Shooters Grove Electrical works (£0.5m)	Upgraded electrical infrastructure
4	Mossbrook Special School Expansion (£0.3m)	Additional Special Educational Needs Places
5	SEND Provision Investment (Various sites) (£0.5m)	Additional Special Educational Needs places and enhanced facilities

3 Projects 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	FRA Works 4 x sites	£2m	2020/21 – 21/22	No	Department For Education	Improved fire safety	School facilities fit for purpose
5	Pipworth Dining Hall	£1m	2020/21 – 21/22	No	Department For Education	Improved Dining Facilities	School facilities fit for purpose
6	Aspire Hubs	£0.3m	2020/21 – 21/22	No	Corporate Resources	Improved facilities for vulnerable young people	Increased support for young people and families

7	Care Leaver Accommodation	£1m	2020/21 – 21/22	No	Corporate Resources	Improved accommodation for young people	Increased support for vulnerable young adults
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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	£TBC	2021-2023	Capital Grant – Education & Skills Funding Agency (ESFA)	Further school expansion to accommodate increasing demand	Supporting the increasing needs of children and young people with special educational needs and disabilities (SEND).
2	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.
3	Building condition	TBC	2020 onwards	Capital Grant – Education & Skills Funding Agency	Programme of repairs and upgrades to a range of schools	Maintaining schools to ensure they are safe, warm and dry.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	School Places: The Local Authority has a statutory duty to provide sufficient pupil places. However, there is a risk that the Basic Need capital grant allocated to support expansion projects will be insufficient.	An ongoing review of all pupil places
2	Specialist Provision: Significant growth in need and complexity of special education provision.	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.
3	<p>Building Condition:</p> <p>Backlog maintenance is currently estimated at £95m. Existing resources of around £3m annually are largely absorbed by reactive maintenance and essential programmes such as Fire Risk mitigation.</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.</p>	<p>Prioritise repairs on a 'worst first' basis, whilst aggregating requirements wherever possible to maximise efficiency of delivery. Continue to lobby DfE for additional funding. Consider making funding requests to the Corporate Investment Fund to tackle this backlog, Opportunities for SCC Schools to be included in DfE funded significant refurbishment and rebuild programmes will be maximised.</p>
4	<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.</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>
5	<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. Being delivered by Sheffield City Council, 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, including the City’s first net zero carbon workspace, a quality hotel, new homes, restaurants and cafes, leisure destinations and stunning public realm including a new “pocket park” right in the city centre – all creating the type of high quality city centre development 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 2020/21

	Project and value	Impact
1	HoCII Block F Trafalgar Works - £6.2m capital receipt	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. The site sale had been expected to complete in 19/20 but C19 impact meant that completion was deferred until December '20.
2	John Lewis Partnership Lease Re-gear - £3.4m	Surrender of existing lease with John Lewis Partnership and enter into a new lease. This will retain a key retail operator in the City and safeguard jobs. The store will be refurbished to modern retail standards.

3 Current projects already in delivery

	Project	Budget (£)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	HoCII Land Acquisitions and Feasibility work	£2.8m remaining expenditure	Oct 13 - Mar 22	No	Prudential Borrowing	All land interests secured and final payments settled.	<p>The HoCII 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 £2.6m is the remaining forecast expenditure of a £69.5.4m total budget.</p>
2	HoCII Block A 'Radisson Blu / Gaumont Building'	£47.4mm	Sep 18 - Mar 24	No	Prudential Borrowing	Development of mix of Hotel, Leisure unit. Hotel pre-let to Radisson Blue 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	HoCII Block B Laycock House / Burgess House	£20.4m	Sep 18 – Mar 22	No	Prudential Borrowing	56 residential units, small office and ground floor retail	Increased residential offer in the City centre helping to make the City centre a more vibrant city neighbourhood.
4	HoCII Block C Issac's Building	£20.7m	Sep 18 – Mar 22	No	Prudential Borrowing	Office accommodation and ground floor retail	Increased quality office capacity in the City centre attracting inward investment.
5	HoCII Block E Telephone House	£2.8m	Sep 18 – Jun 21	No	Prudential Borrowing	<p>Asbestos removal and refurbishment of retail units and car park cladding replacement.</p> <p>Further budget will be drawn down for final fit out of retail/leisure</p>	Bringing back into life a number of previously vacant properties and improved exterior of the multi-story car park. Secure storage of Bikes to enable more active travel options for users of the City.

	Project	Budget (£)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
						units including for use as a Bike Hub .	
6	HoCII Block G Wellington Street / 'Pound's Park'	£5.2m	Sep 18 – Jun 22	No	Prudential Borrowing & Get Building Fund	Development of a pocket park "Breathing Spaces" funded by GBF Grant. Remainder of site to be sold as development plots for private development of commercial space.	High quality public space providing attractive environment for visitors, workers and residents of the surrounding city centre. Environmental and well-being benefits from more greening. This will make the remainder of the site a very unique and attractive location for commercial development which will in turn create increase high quality office hotel and /or residential capacity in the City centre.
7	HoCII Block H Formerly Henrys now, Elshaw House, Cambridge Street Collective and Bethel Chapel	£60.1m	Sep 18 – Sep 23	No	Prudential Borrowing	Development of mix Leisure, Food, Zero- carbon Office and retail	Increased leisure offer in the City in a cutting edge food hall concept combined with further grade A Zero Carbon office space attracting inward investment and Jobs.
8	HoCII Block H1 Leah's Yard	£4.4m	Sep 18 – Dec 21	No	Prudential Borrowing	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 an iconic heritage building.
9	HoCII Infrastructure & Public Realm	£1.5m	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 overleaf.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	HoCII Block E Telephone House Retail	£1.5m	Jul 21- Mar 22	Prudential Borrowing	Final unit fits outs for retail / leisure spaces.	Bringing back into life several previously vacant properties.
2	HoCII Block H1 Leah's Yard	£4m	Jan 22 – Sep 22	Prudential Borrowing	Fit-out phase of development of Listed building subject securing tenants and obtaining necessary budget approval	Bringing back into life an iconic heritage building.
3	John Lewis Partnership Capital Contribution	TBC	Sep 21- Sep 23	Prudential Borrowing	Comprehensive refurbishment of key anchor retail store	Bringing an underperforming store up to modern retail standards. Safeguarding jobs and attracting wider inward investment.

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 and supply pressures amplified by COVID-19 pandemic.	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 physical retail space alongside more aggressive commercial terms being demanded.	Constant review of leasing strategy, focussing on elements that cannot be digitised such as experiential retail, food and drink, and competitive socialising. Targeting the right mix of international, national and local brands who are adapting their business models to suit the changes in shopper behaviour and the digital world.
3	Changing requirements for office space following the COVID-19 pandemic.	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. Targeting occupiers needing modern fit for purpose space and promoting the net zero carbon workspace within the scheme. Also targeting a wider market where Sheffield can benefit from locations away from the South East of England and elsewhere. As of December 2020, enquiries are already picking up with targeting activity for Q2 2021.

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. Investing in our fleet to lower emissions and reduce maintenance costs.

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.

An ongoing 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. Works funded via this programme are primarily aimed at maintaining the existing fabric of the estate. Where possible, as part of that process, works will seek to address the decarbonisation agenda by improving the efficiency and sustainability of our assets.

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. This is particularly important as we seek to recover from the COVID–19 pandemic and re-set our asset strategy to reflect new norms.

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 in the final stages to support this activity to identify where we should focus our efforts.

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.

The five-year Fleet investment programme commenced during 2019/20 and by the end of 2020/21 we will have replaced more than a third of our fleet with 353 cleaner more efficient vehicles, including 24 fully electric vehicles. This has been a significant challenge during 2020 due to COVID-19 related supply chain issues. In the third year of the programme, we are looking to replace a further 111 vehicles and 18 items of plant to further reduce our emissions and maintenance costs.

2 Projects completed in 2020/21

	Project	Value	Impact
1	Transport Fleet Renewal	£5.8m	Fit for purpose, low carbon fleet
2	Fire Risk Assessment red tape Studio	£0.9m	Safe premises for our customers and staff.
3	Paths and Surfacing	£0.18m	Maintenance of paths and hard surfacing in Parks and Cemeteries, mitigating potential injuries and claims from slips, trips and falls
4	Dams and Water Courses	£0.15m	Maintenance of dams and watercourses to prevent potential breaches and subsequent flood risk

3 Current projects already in delivery

	Project	Budget (Future years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Bolehills Pavilion Reinstatement	0.32m	2020/21/— 21/22	No	Insurance/ Sports England / Revenue Contribution	Delivery of new bowls pavilion	Fit for purpose recreational facilities
2	Ecclesfield Depot	£0.23m	2020/21/— 21/22	No	Revenue Contribution	Upgraded welfare facilities	Cash saving through mothballing of Concord facilities

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	£0.476m	21/22 to 24/25	Corporate Investment Fund	Delivery of suitable fire precautions to meet statutory compliance	Safe premises for our customers and staff.
2	Site Security/CCTV	£0.462m	21/22 to 24/25	Corporate Investment Fund	Compliant Security Installations	Increased safety and security
3	Protection and Care	£0.045m	21/22 to 24/25	Corporate Investment Fund	Address the most serious internal and external defects	Ensure buildings in relation to supporting the most vulnerable within Sheffield are suitable for their and service needs.
4	Statutory Service Delivery	£1.795m	21/22 to 24/25	Corporate Investment Fund	Proposed works will address a range of identified defects particularly the need to keep many of the buildings watertight through roof work and window replacement as well as the need to address failing heating and electrical systems.	Ensuring that the operational building from which SCC delivers its statutory public facing services are fully functional with no interruption to service delivery being encountered through building failure. Buildings include our Crematoria, Mortuary & Coroner services and the sites through which our adult and children's statutory protection and care services are delivered.
5	Priority Non-Statutory Service Delivery	£2.195m	21/22 to 24/25	Corporate Investment Fund	Address the most serious external defects	These investment priorities cover the wider range of SCC service delivery, which whilst non statutory contribute directly to improving the quality of life for our neighbourhoods through services for early years, youth and the elderly together with citywide services delivered through our green space and depot infrastructure. Whilst the requirement to maintain a functioning network of Library and neighbourhood services across the city has been delivered through the recent Library Services Review both our core libraries and volunteer delivered services are operating in the majority from old and deteriorating buildings with a range of defects. A programme for these buildings is therefore proposed to address the most serious external defects to ensure that these buildings can remain operational and allow our volunteer libraries to concentrate more resources on sustainable long term service delivery.

						Investment is also required in our early years, respite, heritage and depot provision to ensure these services remain functional
6	Heritage Investment	£0.215m	21/22 to 24/25	Corporate Investment Fund	Address the most serious defects and maintain the building fabric	Ensuring that our responsibilities for maintaining the City's heritage and cultural assets, the buildings that define our history and our neighbourhoods are met
7	Respite Review	£0.356m	21/22 to 24/25	Corporate Investment Fund	Reviewing our respite care arrangements and seeking opportunities to improve future provision with our public sector partners, eg Sheffield Children's Hospital Trust	Improved care
8	Contractual Obligations	£0.246m	21/22 to 24/25	Corporate Investment Fund		Meeting our commercial estate leasehold repair obligations
9	Emergencies/Unknowns	£1.0m	21/22 to 24/25	Corporate Investment Fund	Address catastrophic failure in elements of building fabric outside of planned preventative maintenance	Safe premises 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 has progressed during 2020 and has provided valuable data to enable the potential projects listed in 4 above to move forward.
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 utilising the data from the Condition Survey programme. Accept that lack of funding will lead to the closure of non-core property due to lack of maintenance investment.
4	Insufficient funding to impact on the aim of decarbonisation of the estate	Utilise the existing funding to maximise the impact on decarbonisation and look to draw down available loan or grant funding if and when it becomes available.

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 to provide a single co-ordinated 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. non HRA 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.

Demand for CIF funding exceeds supply. The CIF currently represents only 4.7% of the Capital Programme.

2 Purpose of the Corporate Investment Fund (CIF)

The CIF 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 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 City-wide 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 (although New Homes Bonus is now coming to an end). The Council will also receive S.106 commuted sum (on and off site) contributions for the provision of new affordable housing. 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.

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 investment priority setting, 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 this 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 soon publish an **Infrastructure Funding Statement** (IFS), delivering greater transparency of CIL and S.106 receipts and spending. Going forward, 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'. Our next iteration of this list will be informed by our Local Plan consultation.

When determining our proposed priorities, 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 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 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)), took place from September to October 2020. An IDP will be required for the Publication Draft Plan (Regulation 19) consultation, due to take place a year later between October and November 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
				2021-2022	2022-2023	2023-2024	2024-2026	Total
94024, DIGITAL INCUBATOR (NAQNO)	SEP 2016	MAR 2024	Approved - Active	10	10	22		42
94014, UDV FLOOD SCHEME PHASE 1 (NAQNO)	MAR 2019	AUG 2022	Approved - Active	4,245				4,245
94028, GREY 2 GREEN PH2 (NAQNO)	APR 2017	NOV 2021	Approval Requested	715	18	18		751
94120, M1 GATEWAY PUBLIC ART PROJECT (NAQNO)	MAR 2014	MAR 2022	Approval Requested	219				219
Total				5,189	28	40	-	5,257

Page 329

TRANSPORT

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
90703, BLACKBURN VALLEY CYCLE ROUTE (NAQNO)	JAN 2009	JUL 2021	Approval Requested	53				53
92888, MIDLAND STATION CONGESTION (NAQNO)	MAY 2019	JUL 2019	Approval Requested	21				21
93079, CAZ BACK OFFICE (NAQNO)	JAN 2009	DEC 2009	Approval Requested	25				25
93081, CAZ SIGNAGE (NAQNO)	JAN 2018	MAR 2021	Approval Requested	309				309
93082, CAZ ANPR INFRA (NAQNO)	JAN 2008	JAN 2009	Approval Requested	2,790				2,790
93085, TCF NETHER EDGE WEDGE CYCLING (NAQNO)	AUG 2019	MAR 2020	Approval Requested	7				7
93086, TCF MAGNA MHALL CYCLING (NAQNO)	SEP 2019	MAR 2020	Approval Requested	10				10
93087, TCF AMID CORRIDOR (NAQNO)	SEP 2019	MAR 2020	Approval Requested	11				11
93089, TCF SW BUS CORRIDORS (NAQNO)	SEP 2019	MAR 2020	Approval Requested	19				19
93121, CLEAN BUS TECHNOLOGY (NAQNO)	APR 2018	SEP 2020	Approval Requested	807				807
93134, EFFINGHAM PARKING SCHEME (NAQNO)	APR 2020	MAR 2021	Approval Requested	18				18
93168, WORTLEY CROSSING (NAQNO)	OCT 2020	JUL 2021	Approval Requested	60				60
93372, ITS NETWORK MANAGEMENT (NAQNO)	SEP 2016	MAR 2020	Approval Requested	182				182
93376, BROADFIELD ROAD JUNCTION (NAQNO)	JAN 2018	MAR 2022	Approved - Active	1,323				1,323
93381, EM ELECTRIC TAXI TRIAL (NAQNO)	DEC 2020	JUL 2021	Approval Requested	465				465
Total				6,100	-	-	-	6,100

NEW HOMES

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
97497, INTERIM TA REFURBS (NAQNO)	APR 2020	MAR 2022	Approval Requested	474				474
97498, INTERIM TA ACCOMMODATION (NAQNO)	APR 2020	MAR 2022	Approval Requested	3,250				3,250
97551, COUNCIL HSG ACQUISITIONS PROG (Q0067)	APR 2014	MAR 2026	Approval Requested	8,220	8,446	8,678	18,079	43,424
97555, NBCH-P04A-ADLINGTON RD-OPIL (NAQNO)	MAR 2017	OCT 2022	Approval Requested	12,296				12,296
97556, NBCH-P04B-ADLINGTON RD-LD (NAQNO)	APR 2016	MAR 2022	Approval Requested	655				655
97559, NBCH-P05-NEWSTEAD-GN (NAQNO)	JAN 2020	MAR 2024	Approval Requested	1,372	12,337	278		13,987
97564, NBCH-P10-DARESBURY/BERNERS-GN (NAQNO)	APR 2019	MAR 2023	Approval Requested	8,614	778			9,392
97571, NBCH-P15-GAUNT RD-GN (NAQNO)	APR 2019	MAR 2022	Approval Requested	1,905				1,905
97572, NBCH-P16-NEWSTEAD-ENABLE (NAQNO)	AUG 2020	MAR 2023	Approval Requested	4,060	71			4,131
00140591Q0087 STOCK INCREASE (CHS)	APR 2014	MAR 2028	Approval Requested	8,088	49,859	88,957	45,276	192,180
97444, GENERAL/RTB ACQUISITIONS CHS (Q0069)	APR 2015	MAR 2025	Approval Requested	1,392	1,431	1,470	3,062	7,356
Total				50,327	72,921	99,383	66,418	289,049

HOUSING INVESTMENT

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
00100000Q0094 HRA REGENERATION	APR 2019	MAR 2025	Approval Requested	2,500	4,000	4,000	4,000	14,500
00100000Q0095 IT UPGRADE (HSG)	APR 2019	MAR 2026	Approval Requested	430	1,570	1,750	1,250	5,000
90136, CHAUCER SQUARE MAINTENANCE (NAQNO)	JAN 2009	DEC 2030	Approval Requested	18	18	18	36	90
97222, PSH EMPTY PROPERTIES (NAQNO)	JAN 2008	MAR 2026	Approval Requested	120	120	120	240	600
97390, PHS ACTIVITY (NAQNO)	APR 2010	MAR 2026	Approval Requested	25	25	25	50	125
97150, RHB LOANS HAL (NAQNO)	JAN 2008	MAR 2023	Approval Requested	220	225			445
97162, RYEDALE LANDLORD LOANS (NAQNO)	APR 2020	MAR 2022	Approval Requested	12				12
97166, WAKEFIELD HAL (NAQNO)	APR 2020	MAR 2022	Approval Requested	100				100
97394, HULL - HUMBER SUB REGION HAL (NAQNO)	JAN 2008	MAR 2022	Approval Requested	225				225
97451, REGIONAL ENERGY HAL (NAQNO)	APR 2016	MAR 2022	Approval Requested	120				120
97452, REGIONAL ERL (NAQNO)	APR 2016	MAR 2022	Approval Requested	120				120
97507, SHEFFIELD REPAYMENT LOANS (NAQNO)	APR 2018	MAR 2022	Approval Requested	85				85
97520, KIRKLEES RF FUNDS HAL(2) (NAQNO)	APR 2014	MAR 2022	Approval Requested	119				119
97338, PROGRAMME MANAGEMENT COSTS RTB (NAQNO)	JAN 2008	MAR 2025	Approval Requested	312	312	312	624	1,560
97348, HRA PROGRAMME MANAGEMENT (NAQNO)	JAN 2008	MAR 2026	Approval Requested	250	250	250	500	1,250
97127, OBSOLETE HEATING (NAQNO)	APR 2010	MAR 2024	Approval Requested	2,000	2,000	1,257		5,257
97131, ASBESTOS SURVEYS (NAQNO)	APR 2010	MAR 2024	Approval Requested	180	79			259
97139, LANSDOWNE AND HANOVER CLADDING (NAQNO)	JAN 2008	MAR 2022	Approval Requested	69				69
97148, S H MGMT FEES COMMISSIONED (NAQNO)	APR 2011	MAR 2024	Approved - Active	2,530	2,555	2,581	2,633	10,299
97264, H & S ELECTRICAL REWIRES (NAQNO)	APR 2010	MAR 2024	Approval Requested	33	33			66
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	550			1,150
97459, GARAGE STRATEGY-IMPROVEMENT (NAQNO)	APR 2017	MAR 2022	Approval Requested	253				253
97464, ROOFING REPLACEMENTS PROG (NAQNO)	MAY 2019	MAR 2025	Approved - Active	9,884	9,142	9,171	9,171	37,367
97468, DEMOLITION PROGRAMME (NAQNO)	DEC 2019	MAR 2023	Approval Requested	456	358			814
97470, ADAPTATIONS 2020-25 CONTRACT (NAQNO)	JUL 2020	MAR 2025	Approval Requested	2,611	2,611	2,823	2,823	10,869
97475, ELEMENTAL REFURBS 2021-26 (NAQNO)	SEP 2020	MAR 2026	Approval Requested	2,445	2,986	3,236	5,687	14,355
97476, ADAPTATIONS - STAIRLIFTS (NAQNO)	APR 2021	MAR 2026	Approved - Active	300	300	300	600	1,500
97477, ELECTRICAL UPGRADES PH 2 (NAQNO)	SEP 2020	MAR 2027	Approved - Active	2,892	5,784	5,784	14,460	28,920
97480, CITYWIDE TOWER BLOCKS - FS (NAQNO)	SEP 2019	MAY 2023	Approved - Active	3,221	6,280	454		9,955
97968, LIFT REPLACEMENTS (NAQNO)	APR 2011	MAR 2024	Approved - Active	537	450			987
97989, SPRINKLERS - FIRE SAFETY (Q0069)	JUL 2013	MAR 2022	Approval Requested	2				2
97990, SHELTERED FIRE ALARM LINKING (NAQNO)	JAN 2016	MAR 2025	Approval Requested				23	23
98002, ELECTRICAL STRATEGY (NAQNO)	AUG 2016	MAR 2022	Approval Requested	1,227				1,227
00140653Q0079 HEATING, ENERGY EFFIC & CARBON RED	APR 2014	MAR 2026	Approval Requested	3,551	5,765	6,597	7,074	22,988
00140653Q0080 ENVELOPING & EXTERNAL WORK	APR 2014	MAR 2026	Approval Requested	250	750	2,932	16,428	20,360
00140653Q0082 ADAPTIONS & ACCESS (CHS)	APR 2021	MAR 2026	Approval Requested				3,645	3,645
00140653Q0083 WASTE MGT & ESTATE ENVIRONMENTALS	APR 2014	MAR 2026	Approval Requested	615	2,323	3,075	5,510	11,523
00140653Q0084 H & S ESSENTIAL WORK	APR 2015	MAR 2026	Approval Requested	801	2,337	6,142	11,675	20,955
00140653Q0085 COMMUNAL AREAS INVESTMENT	APR 2014	MAR 2025	Approval Requested	2,500	5,500	6,432	6,000	20,432
00140653Q0086 INTERNAL WORKS	APR 2014	MAR 2026	Approval Requested				5,288	5,288
00140653Q0089 OTHER ESSENTIAL WORK	APR 2014	MAR 2026	Approval Requested	520	507	507	1,999	3,534
Total				42,174	56,871	57,807	99,716	256,567

CLEANER, GREENER, SAFER

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
94122, NEW CREMATORS CITY ROAD (NAQNO)	SEP 2019	MAR 2022	Approved - Active	2,407				2,407
94531, GENERAL CEMETERY HLF PH2 (NAQNO)	JAN 2008	MAR 2024	Approved - Active	1,995	1,153	280		3,427
94119, MSF FINANCE (NAQNO)	FEB 2017	MAR 2023	Approval Requested	15,570	16,559	17,608		49,737
Total				19,972	17,711	17,888	-	55,571

GREEN & OPEN SPACES

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
94523, PLAY IMPROVEMENT PROJECT (NAQNO)	AUG 2017	MAR 2022	Approved - Active	104				104
00120461Q0093 GREEN AND OPEN SPACES S106 STRATEGY	APR 2016	MAR 2022	Approved - Active	341				341
Total				445	-	-	-	445

PEOPLE CAPITAL & GROWTH

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
90761, DON VALLEY SCHOOL (Q0061)	JAN 2014	MAR 2022	Approved - Active	245				245
90797, MERCIA SCHOOL (Q0061)	AUG 2015	APR 2023	Approved - Active	2	2	2		6
90927, SHOOTERS GROVE - PHASE 2 (NAQNO)	JAN 2020	AUG 2022	Approved - Active	176				176
90944, HALFWAY INFANTS OFFICE BLOCK (NAQNO)	JAN 2020	MAR 2023	Approved - Active	272	10			282
90906, ALDINE HSE- 2 BED EXTN & MUGA (NAQNO)	JAN 2008	MAR 2022	Approved - Active	1,233				1,233
90898, CARFIELD AVE - CARE LEAVERS (NAQNO)	JAN 2008	MAR 2022	Approved - Active	543				543
97333, MINOR WORK GRANTS (NAQNO)	JAN 2008	MAR 2023	Approved - Active	150	150			300
97334, DISABLED GRANTS (NAQNO)	JAN 2008	MAR 2023	Approved - Active	2,000	2,000			4,000
Total				4,620	2,162	2	-	6,784

HEART OF THE CITY II

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
94050, SHEFFIELD RETAIL QUARTER 2 (NAQNO)	OCT 2013	MAR 2022	Approval Requested	2,077				2,077
94054, SRQ OFFICES (NAQNO)	JAN 2017	MAR 2022	Approval Requested	1,268				1,268
94055, SRQ - STRATEGIC DEV PARTNER (Q0078)	JAN 2008	MAR 2022	Approved - Active	356				356
94057, A PALATINE CHAMBERS BLOCK (NAQNO)	APR 2018	MAR 2024	Approval Requested	10,630	31,652	1,468		43,749
94058, B LAYCOCK HOUSE NEW BUILD (NAQNO)	APR 2018	MAR 2022	Approval Requested	7,890				7,890
94060, C PEPPER POT BUILDING (NAQNO)	APR 2018	MAR 2022	Approval Requested	7,453				7,453
94063, G WELLINGTON ST CAR PARK (NAQNO)	SEP 2018	DEC 2024	Approval Requested	4,057	328			4,384
94064, G1 38 CARVER STREET (NAQNO)	APR 2018	MAR 2023	Approved - Active	2	0			2
94065, H HENRYS BLOCK (NAQNO)	APR 2018	MAR 2025	Approval Requested	26,019	24,082	1,974	3	52,079
94066, H1 LEAHS YARD (NAQNO)	APR 2018	MAR 2022	Approval Requested	2,143				2,143
94067, HOC II INFRASTRUCTURE & PR (NAQNO)	APR 2018	MAR 2022	Approval Requested	1,003				1,003
Total				62,896	56,062	3,442	3	122,403

ESSENTIAL COMPLIANCE & MAINT

	Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
					2021-2022	2022-2023	2023-2024	2024-2026	Total
Total					-	-	-	-	-

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2021-2022	2022-2023	2023-2024	2024-2026	Total
Total				-	-	-	-	-



Author/Lead Officer of Report: Paul Schofield,
Head of Accounting and Infrastructure

Tel: 07980 781036

Report of: *Eugene Walker*

Report to: *Cabinet*

Date of Decision: *17th February 2021*

Subject: *Revenue and Capital Budget Monitoring 2020/21 – as at 31st December 2020*

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:-		

Purpose of Report:


This report provides the outturn monitoring statement on the City Council's Revenue and Capital Budget as at the end of Month 9, 2020/21

Recommendations:

1. Cabinet are asked to:
 - (a) Note the updated information and management actions provided by this report on the 2020/21 Revenue Budget Outturn;
 - (b) In relation to the Capital Programme, note the forecast Outturn position described in **Appendix 2**; and

(c) Approve the additional expenditure on the Tech 2020 project as detailed in **Appendix 3.**

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: Paul Schofield
		Legal: David Hollis
		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 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: Paul Schofield 	Job Title: <i>Head of Accounting and Infrastructure</i>
	Date: 4 th February 2021	

1. PROPOSAL

1.1 This report provides the outturn monitoring statement on the City Council's Revenue and Capital Budget for 2020/21

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 2020/21, and as such it does not make any recommendations which 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.

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 2020

Report author: Paul Schofield, Head of Accounting and Infrastructure

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 £1.8m. This is an improvement of £14.4m on the Month 6 forecast.
3. During this quarter ended 31st December there has been some extensive funding changes benefitting the Council by some £20.8m. The UK Government has confirmed £11.8m of additional general support, £3.7m to compensation for lost income, £2.4m of grants to support the Leisure sector, £0.5m to help with temporary accommodation for those without a home, and, the Council has received a £2.4m contribution from the local NHS Clinical Commissioning Group to meet the costs of enhanced care for patients discharged from hospitals.
4. However, Covid cost pressures have continued to rise by £13.2m. Sheffield City Trust has received £1.6m direct support from the government and this reduces the net increase to £11.6. Some of the increase is due to better identification of costs previously classified as business as usual,
5. Outside of the response to the pandemic, action taken to reduce underlying cost and income pressures has reduced the forecast overspend by £5.2m to leave service pressures up by £6.3m
6. Most of the forecasted pressure on revenue budgets for this year is due to the impact of the coronavirus on Sheffield. The latest estimate of the overall financial cost of issues relating to the COVID-19 pandemic will be upwards of £73.5m, a net decrease of £7.7m on the Month 6 position due to a £14m reduction of the estimated impact on Council Tax and Business Rates losses mitigating the £6.3m rise in service pressures described above. This estimate has been revised every quarter since March and it will continue to change as the longer-term effects of the virus are better understood, and, the measures to restrict the spread of the virus change. The Month 9 estimate benefits from another three months of data during which there has been better than expected

business rate and Council Tax payment performance, helped also by lower than expected claims for Council Tax support as the national Furlough Scheme has been extended.

7. The Medium-Term Financial Analysis presented to Cabinet in October emphasised the additional uncertainty which the Covid-19 pandemic is creating for all types of organisations in their financial planning. The graphic below reconciles between the estimated gross pressure (also reported back to Ministry of Homes Communities and Local Government) and the impact on revenue budgets in 20/21.

£73.5m Estimated total impact of COVID- 19	£8.7m due to Business Rates/Council Tax losses, no 20/21 impact (after £3.1m attributable to Government's Share of BR losses)	
	£64.8m Covid service expenditure pressures and loss of income	£1.8m forecast overspend at M9
	(£3.9m) mitigating service savings (£59.1m) Central Government grant funding	

Response to the position

8. Sheffield is not alone in facing additional financial pressures caused by the COVID pandemic, and councils nationwide are struggling to cope with the additional pressures. The Council is taking the following actions to manage the position and mitigate the financial pressures:
- Monitoring and controlling the immediate financial impacts of the crisis
 - Reviewing the delivery of its current agreed savings programme to minimise the delays to implementation caused by COVID
 - Reviewing emerging non COVID-related financial pressures to reduce or eliminate them where possible
 - Learning lessons from the ways of working adopted during the pandemic, including actions that can be taken jointly with other key partners such as Sheffield CCG and Sheffield City Trust, to identify improvements that maintain service levels to the public whilst potentially reducing costs
 - Re-working its Medium Term Financial Analysis, including identifying any reserves that can be judiciously released to temporarily support the financial position. The provision of further government support for 21/22 has allowed the Council to balance its Budget in 2021/22 but the latest assessment is that the Council has a budget gap in the medium term which is not sustainable. Ensuring ongoing viability will have to involve the prioritisation of resources, identification of additional savings, demand management controls and the effective and prudent utilisation of the Council's reserves. Consequently we will need further financial support from Central Government if the Council's

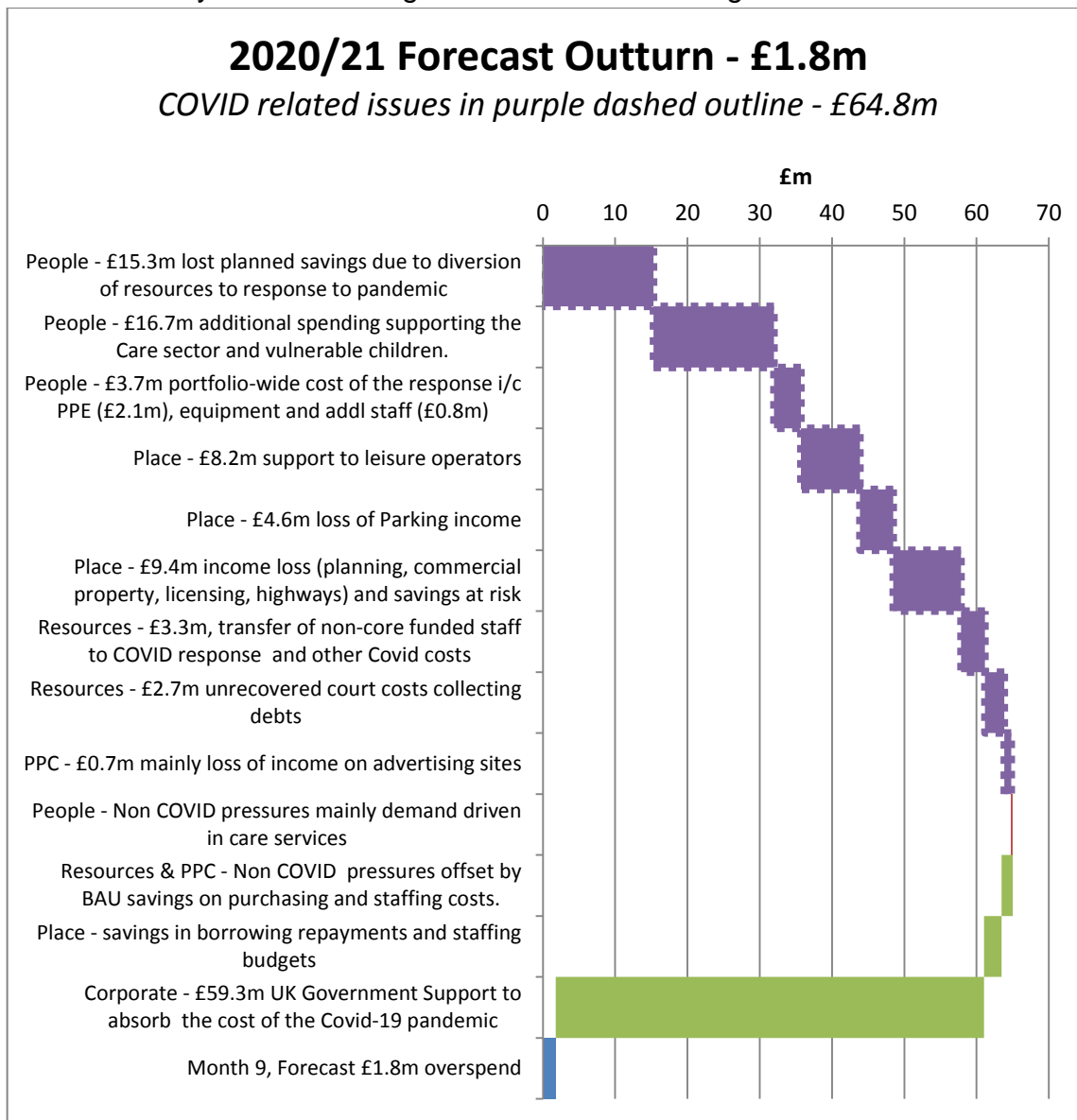
medium term financial position is to be sustainable. Without this Government support we will move in time to the position where we cannot set a sustainable budget

- Lobbying Central Government for further support to recognise the short and longer term impacts of the pandemic, and the role the Council can play in regenerating the economy

9. The Council does welcome the additional revenue funding announced so far by the Government to manage the financial pressures it and other local authorities face, though, as above, it must be emphasised that more financial support is needed to support the sector through the immediate crisis and the medium term.
10. Thus, the Council is planning to deliver, much quicker than previously achieved, the transformative changes that are needed to re-balance its financial position and protect services in the medium term. This process will be challenging however, and the Council is also keen to act as a catalyst to regenerate the economy of the city and the wider region. To fulfil fully this role, and to maintain a sustainable financial position in the medium term, the Council will need significant further Central Government funding.
11. In summary the Council is confident that, even though the emergence of new variants coupled with the traditional winter health pressures have pushed the country into a third Lockdown, it can manage the financial pressures emerging from the crisis this year.

Detailed position

12. The graph below summarises the main movements toward this forecast outturn from an initially balanced budget with comments on significant issues.



Position by Portfolio

13. The table below summarises the outturn position by portfolio at Month 9. Reasons for the variance to budget for the full year are given in the waterfall chart above.

Portfolio	Month 9			Month 6	Change
	Forecast Outturn	Full Year Budget	Forecast Variance	Forecast Variance	From Month 6 to Month 9
People	311,694	275,796	35,898	30,946	4,951
Place	185,394	165,636	19,757	24,512	(4,755)
Policy, Performance & Communications	3,265	3,116	149	283	(134)
Resources	34,072	28,828	5,244	5,229	15
Corporate	(532,630)	(473,377)	(59,254)	(44,768)	(14,486)
Grand Total	1,795	0	1,795	16,203	(14,407)

The main changes from Month 6 to Month 9 forecast are:

- People – increased demand pressures in both Children and Adult Social Care offset by contributions from the local NHS Commissioning Group
- Place – additional £4.8m of grant to fund the cost of supporting our leisure services providers plus grants for supporting the homeless during the pandemic. £2m of emerging staff savings from holding vacancies, offsetting pressures elsewhere.
- Resources and PPC - savings on council wide purchasing contracts plus staffing savings from vacancy management
- Corporate – receipt of central government funding to mitigate the impact of the Covid-19 pandemic

Dedicated Schools Grant (DSG)

14. At Month 9, the Council is forecasting a £0.9m overspend on DSG budgets. This position has not substantially changed from Month 6. The key reasons for this overspend are savings undeliverable due to COVID lockdown of £0.2m, £0.2m staffing pressure within MAST teams due to demand in children's services and £0.3m pressure caused by pay award in excess of budget assumptions.

Public Health

15. Public Health services are funded by Public Health Grant – any variances to budgeted expenditure will be managed by adjusting the drawdown of grant income to match, therefore Public Health variances will be nil in terms of net expenditure and invisible within the above reported position. 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	Month 9		Month 6	Change	
	Forecast Outturn	Full Year Budget	Forecast Variance	Forecast Variance	From Month 6 to Month 9
People	27,616	28,021	(405)	(249)	(156)
Place	2,873	2,884	(11)	(57)	46
Director of Public Health	1,833	1,921	(88)	(43)	(45)
Total	32,322	32,826	(504)	(349)	(155)

16. The key reason for this position is the overall reduction in staffing costs in Drug and Alcohol Coordination Teams and Public Health Staffing due to COVID-19 lockdown.

Housing Revenue Account

17. The HRA income and expenditure account provides a budgeted contribution towards funding the HRA capital investment programme of £23.1m. As at Month 9 the account is forecasting a £1.5m adverse variance from this budgeted position which is an improvement of £2.1m on the Month 6 position.

Housing Revenue Account (excl. Community Heating)					
	Month 9		Month 6	Change	
	Forecast Outturn	Full Year Budget	Forecast Variance	Forecast Variance	From Month 6 to Month 9
Net Income - Dwellings	(141,930)	(142,801)	870	2,851	(1,980)
Other Income	(6,085)	(6,217)	131	(32)	164
Tenant Services incl.					
Repairs & Maintenance	89,385	88,843	542	804	(261)
Depreciation	23,935	23,935	(0)	0	(0)
Interest on borrowing	13,133	13,175	(41)	(41)	0
Contribution to Capital Programme	21,562	23,065	(1,503)	(3,581)	2,078
Total	(0)	0	(0)	(0)	0

18. The main reason for this variance is anticipated disruption to rental income due to bad debt following Lockdown. This position has improved by nearly £2m since the Month 6 forecast as the initial surge of arrears has stabilised.
19. There is also a variance on the community heating account of £59k, an improvement of £31k on the Month 6 position. The account is managed to balance over the near term.

Collection Fund

20. As at the end of September, the local share of the Collection Fund income stream is forecasting an overall in-year deficit of £8.7m, made up of a £5.6m deficit on Council Tax and a £3.1m deficit on Business Rates. This position is discussed in more detail

within **Appendix 1**. Due to Collection Fund accounting regulations, this deficit will not impact on 2020/21 and will be fed into the budget process for 2021/22 and beyond.

Capital Summary

21. The approved capital programme budget for 2020/21 at 31st December 2020 was £210.8m. The overall outturn of expenditure against this approved budget is forecast to be £138.3m, a variance of £72.5m which has increased by £17.6m from Month 6. The programme has been severely disrupted by a combination of the lockdown measures taken to stop the spread of the virus, and, operational problems in the construction activities. Further information on the Capital Programme is reported in **Appendix 2**.

Implications of this Report

Financial implications

22. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2020/21. There is one recommendation to approve additional expenditure to support the upgrading of the Council's ICT infrastructure to make it fit for purpose especially in response to the pandemic where staff are continuing deliver services remotely from Council offices.

Equal opportunities implications

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

Legal implications

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

Property implications

25. There are no other property implications arising from the recommendations in this report this report.

Recommendations

26. Cabinet are asked to:
- (a) Note the updated information and management actions provided by this report and including the attached **Appendix 1** on the 2020/21 Collection Fund Account position.
 - (b) In relation to the Capital Programme, note the forecast Outturn position described in **Appendix 2**.

- (c) Approve the additional expenditure on the Tech 2020 project as detailed in Appendix 3

Reasons for Recommendations

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

Alternative options considered

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

Appendix 1

Collection Fund Monitoring

As at 31st December 2020

Summary

1. In 2020/21 approximately £331.2m of SCC net expenditure was 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 deficit of £8.7m made up of a £5.6m deficit on Council Tax and a £3.1m deficit on locally retained Business Rates. Due to Collection Fund accounting regulations, this deficit will not impact on 2020/21 and will be fed into the budget process for 2021/22 and beyond.
3. The initial lockdown from March 2020, subsequent restrictions and related disruption of the city's economy will have a significant impact on both revenue streams both for 2020/21 and for future years. This is both from an increase in people on Council tax Support leading to less Council Tax receivable plus a reduction in the Business Rates payable across the city.

Income Stream (all figures £m)	Budget 20/21	Forecast Year End Position	Variance
Council Tax	(227.4)	(221.8)	5.6
Business Rates Locally Retained	(103.8)	(100.7)	3.1
Total	(331.2)	(322.5)	8.7

Council Tax

4. The forecast year end position for Council Tax is a deficit of £5.6m. This is primarily because of forecast increase in the number of CTS claimants of £2.2m and losses on collection including an increase in the bad debt provision totalling £4.4m. The Council's share of this income shortfall (85.6%) comes to £5.6m.
5. Sheffield City Council is currently subject to National Restrictions. At time of writing, the path out of these restrictions is uncertain as to how and when restrictions may be lifted. To the extent that these restrictions impact negatively on market conditions, the likely effects on Council Tax revenue will be higher revenue foregone due to Council Tax Support and increased bad debt.
6. However, there is now much less of the year remaining and the position, though uncertain, begins to become more stable. It is worth noting that the above deficit will not impact on this year's revenue position – the overall Collection Fund deficit will be recognised over the next 3 years and as such currently forms part of the future years' business planning.

Business Rates

7. The forecast year end position for Business Rates is an £6.3m deficit of which Sheffield's share is £3.1m. The overall deficit is illustrated in greater detail below.
8. The enhanced Retail Relief for 2020/21 distorts the usual clarity of the below table – the 'estimated reliefs' line has a large variance, offset by additional grants below.

Collection Fund - Business Rates (all figures £m)	Budget 20/21	Forecast Year End Position	Variance
Gross Business Rates income yield	(274.9)	(273.9)	1.0
Estimated Reliefs	49.4	161.1	111.7
Losses on collection, appeals and increase/(decrease) to bad debt provision	11.4	17.6	6.2
Net Collectable Business Rates	(214.1)	(95.3)	119.0
Transitional Protection Payments due from Authority	3.3	2.4	(0.9)
Cost of Collection allowance	0.8	0.8	0.0
Additional S31 Grants for retail relief	-	(111.7)	(111.7)
Non Domestic Rating Income	(210.0)	(203.8)	6.3
Appropriation of net business rates:			
Sheffield City Council (49.2%)	(103.8)	(100.7)	3.1
SY Fire Authority (1%)	(2.1)	(2.0)	0.1
Central Government (49.4%)	(103.5)	(100.4)	3.1
Designated Areas (0.4%)	(0.6)	(0.6)	0.0
Total Appropriations	(210.0)	(203.8)	6.3

Non-Domestic Rating Income

9. The Gross Business Rates Income Yield remains relatively stable and is not expected to change materially before year end. The main driver of the deficit on Business Rates is an increase in anticipated losses on collection of £6.2m. This is entirely attributable to market conditions during the year, and the disruption wrought by the COVID pandemic.
10. The 20/21 Business Rates tax base was established prior to the announcement of 100% discount for retail hospitality and leisure businesses in the March Budget. Thus, the cost of these reliefs, and compensating grant income, is therefore not in the budget and appears above as a large variance – these do, however, net out and are of no overall impact. The combination of the reduced tax base and higher bad debt drives a significant in-year deficit on the Collection Fund.

Conclusion

11. The above position of a £8.7m deficit rests on a number of assumptions – mainly that the city's economy remains relatively stable for the remaining months, and that retail and hospitality businesses are in the main able to continue trading over the year. Any eventual deficit at year end does not affect the 2020/21 General Fund outturn, because of the specific regulations by which the Collection Fund is accounted for.

12. Any deficit will influence into the General Fund budget in future years, so the effects of the likely year-end deficit will be felt over the medium term. 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.

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CAPITAL PROGRAMME MONITORING AS AT DECEMBER 2020

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 6 to month 9 20/21 and Capital programme budget position as at December 2020.

	2020/21	2021/22	Future	Total	Comments
Month 6 Approved Budget	222.3	222.8	377.4	822.6	The key changes to the programme forecast relate to: ADDITIONS - £28.9 - Inclusion of Council Housing Electrical Upgrade Phase 2 - £14.4m - Inclusion of Council Housing Elements contract - £4.8 - Inclusion of Heat for City Programme - £1.5m - Inclusion of Council Housing Sanitary Contracts - £0.3m - Inclusion of Electric Taxi Trial purchase costs - £0.2m - City Park - £0.3m - Care Leavers Accommodation REDUCTIONS - £14.7m - RPA Block Allocation reduction to fund Electrical Upgrade Phase 2, Sanitary and City Wide Tower Blocks Scheme, Elements contract - £9.0m - City Wide Tower Blocks Scheme REPROFILE - £3.5m in relation to Council Housing Roofing Replacement programme
Month 9 Approved Budget	210.8	227.1	393.0	830.9	

2 - Top 20 Projects by value as at December 2020

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2020/21. This group accounts for 57% of the 2020/21 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	Delivery Forecast RAG	All Years Outturn	All Years Budget	All Years Variance		Delivery Forecast RAG		
H Henrys Block	927	7,661	(6,734)	3,297	15,161	(11,863)	-78.3%	NR	56,956	56,956	(0)	0.0%	NR	See Item 4.1
Med Finance	10,981	10,981	0	14,641	14,641	(0)	0.0%	NR	64,378	64,378	(0)	0.0%	NR	
Nbch-p04e-adlington Rd-opil	5,452	9,451	(3,999)	8,530	12,895	(4,365)	-33.8%	A	20,827	20,827	(0)	0.0%	G	See Item 4.5
B Laycock House New Build	5,363	7,040	(1,677)	9,057	11,305	(2,248)	-19.9%	A	17,089	17,089	(0)	0.0%	A	The construction costs have been re-profiled to reflect the latest delayed programme
C Pepper Pot Building	5,050	5,381	(332)	8,176	9,338	(1,162)	-12.4%	A	16,589	16,589	(0)	0.0%	A	The construction costs have been re-profiled to reflect the latest delayed programme
Brownfield Site	379	1,428	(1,049)	1,992	6,058	(4,066)	-67.1%	NR	6,058	6,058	(0)	0.0%	NR	See Item 4.4
Stock Increase (chs)	-	-	-	128	5,100	(4,972)	-97.3%	G	192,308	141,834	50,474	35.6%	G	See 4.2 re: current year variance. All year variance relates to new programme forecast awaiting approval
Nbch-p10-daresbury/barners-gn	1,765	2,892	(1,127)	2,780	4,981	(2,200)	-44.2%	G	12,172	12,172	(0)	0.0%	G	COVID delays leading to slippage on programme
Heating, Energy Effic & Carbon Red	-	-	-	4,693	(4,693)	-100.0%	NR	22,704	28,086	(5,383)	-19.2%	NR	NR	See Item 4.3 re: Current Year variance. All year variance relates to new programme forecast awaiting approval
Udv Flood Scheme Phase 1	2,461	2,545	(84)	4,013	4,097	(84)	-2.1%	A	8,342	8,342	(0)	0.0%	A	Delays due to obtaining work permits from Environment Agency and dispute with landowner
Council Hq Acquisitions Prog	2,625	2,430	195	3,701	3,748	(48)	-1.3%	G	47,172	31,860	15,312	48.1%	G	All year variance relates to new programme forecast awaiting approval
Electrical Strategy	2,133	1,375	757	3,166	3,727	(561)	-15.1%	G	3,727	3,727	(0)	0.0%	G	Delay to programme due to COVID 19
Hbc II Block 1	3,371	3,436	(65)	3,436	3,436	-	0.0%	NR	3,436	3,436	(0)	0.0%	NR	
Interim Ta Accommodation	-	-	-	3,250	(3,250)	-100.0%	G	3,250	3,250	-	0.0%	G	See Item 4.6	
Transport Efficiency 20-21	1,451	2,066	(614)	3,195	3,195	0	0.0%	NR	3,195	3,195	(0)	0.0%	NR	
Clean Bus Technology	1,040	3,000	(1,940)	2,386	3,194	(807)	-25.3%	NR	3,194	3,194	(0)	0.0%	NR	The impact of Covid has led to delays in retrofitting programme. A programme extension until the end of May 21 has been agreed with the funding provider
G Wellington St Car Park	239	1,968	(1,730)	387	2,981	(2,594)	-87.0%	NR	4,811	4,811	(0)	0.0%	NR	See Item 4.8
Caz Anpr Infra	120	1,960	(1,840)	171	2,961	(2,790)	-94.2%	A	2,961	2,961	(0)	0.0%	A	See Item 4.7
Srj Offices	1,26	2,660	(1,434)	1,622	2,881	(1,259)	-43.7%	A	2,881	2,881	(0)	0.0%	A	COVID 19 has impacted on letting of the remaining units, therefore the capital contribution and final fit out provisions have been slippage into 21/22
A Palatine Chambers Block	1,465	1,513	(47)	1,963	2,813	(850)	-30.2%	NR	45,937	45,937	(0)	0.0%	NR	Extended tender process has resulted in a delay to the start of the construction stage
Top 20 Value	46,068	67,988	(21,920)	72,243	120,477	(48,234)	-40.0%		537,987	477,583	60,404			
Rest of Programme	39,546	57,631	(18,085)	66,055	90,316	(24,261)	-26.9%		366,054	353,310	12,745			
Total Capital Programme Value	85,614	125,619	(40,005)	138,298	210,793	(72,495)	-34.4%		904,041	830,893	73,148			
% of Programme within the Top 20	54%	54%	55%	52%	57%	67%			60%	57%	83%			

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £72.5m below budget, an increase of £17.6m from the £54.9m reported at month 6. The key variances by board are explained below. The overall expenditure forecast has fallen overall by £29m but this has been offset by budget approvals bringing budgets in line with forecasts. This fall in forecast expenditure was expected as the impact of COVID 19 began to be fed into contractors delivery plans and impacted upon tenders for new schemes

BOARD	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
HEART OF THE CITY II	22,187	36,375	(14,188)	36,069	58,208	(22,140)	Key Variances - See Item 4.1 and 4.8 (£414.5m) - In addition slippage on Blocks B&C due to COVID and facade attention issues (£43.4m) - Slippage on SRJ Offices - COVID delays to securing final tenants (£41.3m)
QUALITY OF LIFE	11,727	12,479	(752)	16,266	17,059	(793)	Key Variances - Slippage on City Centre Safety Scheme (£40.2m) - Slippage on General Careless Scheme (£43.6m)
HOUSING GROWTH	14,703	21,423	(6,720)	21,947	46,100	(24,153)	Key Variances - See Item 4.2 - Stock Increase Block Allocation (£4.9m) - See Item 4.3 - Brownfield Acquisitions (£4.5m) - See Item 4.5 - Adlington (£4.4m) - See Item 4.6 - Slippage on Interim Temp Accommodation (£43.2m) - See Item 4.8 - Slippage on Daresbury/Saint (£4.8m)
HOUSING INVESTMENT	12,409	13,363	(953)	18,424	34,734	(16,310)	Key Variances - Review of G number Block Allocations, now not likely to be utilised in 20/21 - (£411.6m) - COVID 19 delays on Dispute Heating, and Electrical Replacement works (£42.1m) - COVID 19 delays to Adaptations Work (£40.8m) - COVID 19 delays to Roofing Replacement programme (£40.8m)
ECONOMIC GROWTH	4,786	6,898	(2,112)	7,800	9,228	(1,428)	Key Variances - Current Renewal Scheme forecast saving (£40.7m) - HRB Junctions Scheme forecast saving (£40.7m)
ESSENTIAL COMPLIANCE & MAINT	5,477	7,953	(2,476)	8,504	9,811	(1,307)	Key Variances - Forecast slippage on Bolehills Pavilion reinstatement (£180k) - Forecast over-spillage on Sooty House RPA (£180k)
TRANSPORT	5,735	12,683	(6,948)	10,295	15,687	(5,392)	Key Variances - CAZ Program Slippage (£43.1m) - Clean Bus Technology Slippage (£0.8m)
PEOPLE CAPITAL & GROWTH	6,734	12,276	(5,542)	13,385	16,257	(2,872)	Key Variances - Alton Sports Pitch Slippage (£43.7m) - Pipeworth Structural Works slippage (£40.7m) - Disabled Facilities Grant Forecast over forecast to be below budget due to Covid 19 restrictions in accessing clients' properties (£40.4m) - Shaft Training Centre not progressing saving (£40.2m) - Newcastle Meadow - FEL pitches slippage (£0.2m)
ICT	1,447	1,447	-	1,447	1,447	-	
GREEN & OPEN SPACES	132	1,082	(950)	1,705	2,241	(536)	Key Variances - Slippage on Matthews Lane Cricket Pavilion scheme (£366k) - Slippage on Parks 5106 Programme (£200k) - Acceleration Play Improvement Project (£20k)
CORPORATE	57	-	57	57	-	57	Reflects HCA grant repayment regarding sale of council house
Grand Total	85,614	125,619	(40,005)	138,298	210,793	(72,495)	

4 - Top 10 Forecast Slippage against Full Year Budget

Of the £43.7m of key variances identified below £22m relate to block allocations not yet approved for specific projects. £7.2m of slippage/reprofiles on schemes in delivery or out to tender are directly as a result of the impact of COVID. Slippage on Heart of the City reflects the latest forecast from contractors on construction elements and revisions to delivery model

Business Unit	Board	FY Budget	FY variance on budget	Explanation
4.1 H Henrys Block	HEART OF THE CITY II	15,161	(11,863)	REPROFILE - Appointment of construction contractor delayed and more prudent assumption about level of early works likely when they commence on site in February. Also reprofile of Development Management costs to revised construction program and recalculation of interest charges. Budget reprofile approved at January Cabinet will be reflected in Feb monitoring.
4.2 Stock Increase (chs)	HOUSING GROWTH	5,100	(4,972)	REPROFILE - Review of Stock Increase programme in light of COVID issue revealed that some schemes anticipated to come forward in 20/21 will now be later. Formal reprofile requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
4.3 Heating, Energy Effic & Carbon Red	HOUSING INVESTMENT	4,693	(4,693)	REPROFILE - Review of the current projects to HRA properties has been undertaken and due to COVID 19 and prolonged project timescales, reprofiling is required to reflect the revised project delivery plans and anticipated expenditure in 2020/21. These projects are anticipated to start on site during 2021/22. Formal reprofile requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
4.4 Brownfield Site	HOUSING GROWTH	6,058	(4,466)	REPROFILE - Purchase of Cannon Brewery Site now expected in 21/22. Delay due to COVID
4.5 Nbch-p04e-adlington Rd-opil	HOUSING GROWTH	12,895	(4,365)	SLIPPAGE - Delays have been incurred as a result of COVID 19 and the suspension of works on site and the furlough of inspection staff. Sequences of works has been adjusted to adapt to delays to LABC inspections. Contractors revised cash flow received and included in forecast figures. Formal reprofile requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
4.6 Interim Ta Accommodation	HOUSING GROWTH	3,250	(3,250)	REPROFILE - New unlikely that suitable accommodation will be available to purchase in current financial year. Formal reprofile requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
4.7 Caz Anpr Infra	TRANSPORT	2,961	(2,790)	SLIPPAGE - Variations between YTD budget and YTD expenditure exist as a consequence of the delayed JAGD confirmation of approval of OSC and the release of allocation of funding, as a consequence of both the restrictions to appoint the preferred supplier due to the legal challenge and the Covid-19 pandemic national/local 'lockdown' measures. Budget reprofile approved at January Cabinet will be reflected in Feb monitoring.
4.8 G Wellington St Car Park	HEART OF THE CITY II	2,981	(2,594)	REPROFILE - Plans for delivery of this element of the scheme revised to be private developer led. Budget reprofile approved at January Cabinet will be reflected in Feb monitoring.
4.9 Communal Areas Investment	HOUSING INVESTMENT	2,432	(2,432)	REPROFILE - Currently projecting an uncertain due to delays to developing the project information and project development at pre tender stages due to Covid 19, the project delivery stage is anticipated to be during 2021/22. Formal reprofile requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
4.10 Enveloping & External Work	HOUSING INVESTMENT	2,264	(2,264)	REPROFILE - A review of the pipeline external works projects to HRA properties has been undertaken and due to COVID 19 and extended project timescales, reprofiling is required to reflect the revised project delivery plans and anticipated expenditure in 2020/21. Formal reprofile requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
Total		57,796	(43,490)	

5 - Top 10 Forecast Overspends over Full Year Budget

Housing Investment and Growth schemes will form an additional call on the HRA. It is anticipated that TCF costs will be met from grant income a proportion of which is already covered by budget variations that will be reflected in February figures. Overspend on Accelerated adaptations can be met from exiting DFG resources.

Business Unit	Board	FY Budget	FY variance on budget	Explanation	
5.1	General/rtb Acquisitions Chs	HOUSING GROWTH	546	573	OVERSPEND - The average cost of refurbishment to acquired properties has increased mainly due to the increase in works required. The impact of this means that there is a budget pressure for this work stream resulting in a forecasted overspend. Budget increase requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
5.2	Kitchen/bathrm Planned Replmt	HOUSING INVESTMENT	920	500	OVERSPEND - Forecast profile revised to reflect the principle approval to extend the contract through to March 2021. The project is currently predicting an overspend of £482k. The overspend is due to the addition of Temporary Accommodation (TA) properties, conversion works at Creswick Way and fire-damaged void works, this in addition to void properties that will be brought up to the Decent Homes Standard during the last quarter of the financial year. There are 10 fire-damaged void properties and 1 TA Sundry that have been taken from RMS and added to this capital programme, all of which have been classified as a strategic priority. The costs of these will be recharged back to RMS on the basis of RMS's original estimates. Any additional costs identified such as upgrading full kitchens/bathrooms, rewires etc. that have not been identified as part of RMS's will be charged to the capital scheme. Budget increase requested as part of Housing programme refresh approved at January cabinet will be reflected in February monitoring.
5.3	Tcf Sw Bus Corridors	TRANSPORT	99	290	OVERSPEND - Budget increase approved at January Cabinet will reduce this overspend to £90k which will be met from TCF stage 2 payments.
5.4	Heating Breakdowns	HOUSING INVESTMENT	600	266	OVERSPEND - Demand for boiler and full heating replacements in December was well above the planned output figures (see above). This area of work is now expected to exceed the budget and will require a variation (Overspend predicted at approximately £260k). Increasing the number of boiler only installs does reduce the average cost per unit and has therefore increased the number units possible for the specified budget. The predicted unit output has increased (520 now predicted - 322 original planned outputs) and the upward trend looks to continue. As this project is entirely governed by demand (i.e. heating failures), the need to make variations is also completely governed by that demand. This budget is massively influenced by the cessation of the obsolete programme.
5.5	Tcf Magna Mhall Cycling	TRANSPORT	58	252	OVERSPEND - Budget increase approved at January Cabinet will reduce this overspend to £107k which will be met from TCF stage 2 payments.
5.6	Accelerated Adaptations Grant	PEOPLE CAPITAL & GROWTH	580	188	OVERSPEND - Increased capacity and improved procurement leading to expected increased outputs
5.7	Tcf City Centre	TRANSPORT	172	162	AWAITING APPROVAL - Budget increase approved at January Cabinet. will be reflected in February figures.
5.8	Ewi Non-traditional 3	HOUSING INVESTMENT	77	157	AWAITING APPROVAL - Outturn forecast all years is higher than the currently approved budget due to a request from Housing to continue with design work prior to Gateway 2 submission. PM has submitted a paper to Homes Board to draw down advanced funding to cover this work.
5.9	Tcf Housing Zone North	TRANSPORT	140	131	Overspend - Awaiting outcome of discussions re: street furniture options
5.10	Ewi Non-traditional 2	HOUSING INVESTMENT	52	126	AWAITING APPROVAL - Outturn forecast all years is higher than the currently approved budget due to a request from Housing to continue with design work prior to Gateway 2 submission. PM has submitted a paper to Homes Board to draw down advanced funding to cover this work.
Total			3,244	2,646	

Key Risks

Key risk areas continue to be:

- Schemes funded via time limited grants - at the moment key grants identified appear to be managing this risk. **Potential risk now against Transforming Cities Tranche 1 funding £0.8m spend required to be delivered before 31st March. Work ongoing to assess whether this will be possible.**

- Use of Right To Buy 1-4-1 receipts - Buffer now expected to fall to £600k at lowest point. MHCLG have granted a blanket extension until the end of the financial year. Current forecasts indicate no repayment will be required but requires no further fall behind in spending on Adlington.

Appendix 3

Approval of additional expenditure on Tech 2020 programme

1. Purpose of the Report

To seek formal approval for the use of £9.7m of Reserves to fund the completion of the Tech 2020 project. The appropriate procurement authority was obtained at the time the expenditure was committed.

2. Background

In June 2018 Cabinet approved a programme of activity at a cost of £25.8m over six years to invest in the implementation of the Technology 2020 Strategy to improve the Council's ICT and bring it up to current day standards. There had been no significant investment for the last 8 years. The report also sought approval to commence negotiations with Capita plc to bring the ICT element of the current partnership in-house and/or recommission the ICT services as appropriate.

3. Current Position

Practical completion is scheduled in 2021/22 with the activity in the remaining years of the proposal to 2023/24 being the programmed refresh of equipment.

The latest Outturn cost is £38.8m and the movement in cost is explained below.

4. Cause of Change

The primary driver for the increase in cost has been the operational difficulties encountered with the Council's former contractor, Capita. The supplier simply could not deliver the transfer of SCC systems from its infrastructure to the new hosting environments. This has extended timescale of the project by approximately 18 months and into the period of the Covid 19 pandemic.

As with most projects, cost is proportional to time. The extended timescale led to a longer retention of the project team and extension of the Capita service contract which provided the Council's ICT infrastructure and some software for key activities such as housing services, finance and procurement. There were other cost increases caused by the weaker Sterling/Euro exchange as the uncertainty over Brexit negotiations coincided with the project extension.

The pandemic fundamentally altered the Council's working model, creating a need for most staff to be able to work from home. This has required alternative and additional software to that originally envisaged in the technical solution.

The technical solution had already been revised from the original model before the pandemic struck. The pace of change in IT is such that the range of products constantly

changes, and, previously leading products become outdated in months. The decision was taken to adopt a Microsoft Enterprise Agreement which brought enhanced functionality, some of which has been used to deliver the new working environment. Another change was to lease equipment rather than buy it outright. This allowed the Council to replace all equipment within 18 months of starting the project rather than refresh over a period of five years. This has enabled a faster rollout of new software across the Council because there is a common build of equipment.

5. Financial Implications

The project has delivered 95% of the estimated financial savings and enhanced functionality.

In addition, it has brought an agile operational flexibility to rapidly respond to events like the Covid pandemic which would have required weeks of commercial negotiation under the previous out-sourced arrangements.

These benefits have come at an increased cost of approximately £12.3m, It is proposed to fund this through a drawdown from reserves of £9.7m in 2-20/21 followed by an increase of between £1m and £1.4m p.a. of additional operating costs in future years. The latter funding will be approved through the annual business planning process.

6. Recommendations

- (a) Note the current position on the Tech 2020 project
- (b) Approve the use of reserves to fund the completion of the project



Author/Lead Officer of Report:
Damian Watkinson,
Finance Manager

Tel: 0114 273 6831

Report of: *Eugene Walker*
Report to: *Cabinet*
Date of Decision: *17th Feb 2021*
Subject: *Capital Approvals for Month 09 2020/21*

Is this a Key Decision? If Yes, reason Key Decision:-
Yes No
- Expenditure and/or savings over £500,000
- Affects 2 or more Wards

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 9 2020/21.

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 contracts
- Approve the acceptance of the DfE grant 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>Sarah Bennett</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>Terry Fox</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: 21/12/20	

MONTH 09 2020/21 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 9 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:

- 6 additions of specific projects to the capital programme creating a net increase of £6.628m;
 - 12 variations creating a net reduction of £0.015m;
 - 6 re-profiles of expenditure with no increase to budgets
 - 1 amendment to funding source with no change to budget
 - 1 new procurement route and 1 change to procurement route with no associated change to expenditure

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 accepted

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 accepted

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 / Q number / summary description		Value £'000
A	Economic growth	
	New additions	
	None	
	Variations and reasons for change	
	None	
B	Transport	
Page 363	New additions	
	None	
	Variations and reasons for change	
	<p>Electric Van Scheme</p> <p>Scheme description</p> <p>This project has previously been approved to provide local fleet operators with an opportunity to gain operational experience with electric vans via a vehicle loans scheme which will operate for 2 years with the intention that this will act as a precursor to purchasing similar vehicles on a permanent basis.</p> <p>Sheffield City Council received grant funding of £896k from Highways England to purchase the electric vans and chargers:</p> <ul style="list-style-type: none"> • 30 electric vans • 5 rapid chargers • 10 slow chargers for Staniforth Road & Manor Lane depots <p>What has changed?</p> <p>It was initially anticipated the vehicles would be purchased in 2020-21 however the project has experienced delays due to the implications of Covid 19. The vehicles are now expected to be delivered in 2021-22 and as a result, £649k of funding has been moved into the 2021-22 capital program.</p> <p>Variation type: -</p>	<p>2020-21 -649</p> <p>2021-22 +649</p>

	<ul style="list-style-type: none"> [slippage] 					
	<table border="1"> <tr> <td>Funding</td> <td>Highways England</td> </tr> <tr> <td>Procurement</td> <td>No change.</td> </tr> </table>	Funding	Highways England	Procurement	No change.	
Funding	Highways England					
Procurement	No change.					
C	Quality of life					
	New additions					
	None					
	Variations and reasons for change					
Page 364	None					
	Green and open spaces					
	New additions					
	None					
	Variations and reasons for change					
	<p>Oxley Park-SCLC Play & Access</p> <p>Scheme description Existing recreational facilities within Oxley Park are limited, in poor condition, and in need of significant investment. Play facilities are currently restricted to one set of swings located in an inaccessible area of the site. The footpath infrastructure around the site is poor, making some areas difficult to access. The project will provide new play facilities, footpaths, seating and improve carparking and cycle parking facilities which will enable the Leisure Centre to better interface with its fantastic parkland setting and will create new more accessible and overlooked play facilities linked closely with the other improvements.</p> <p>What has changed? The costs for the footpath element of the scheme came in slightly below estimate and the contract award was completed in December The costs for the play element of the scheme came in £50K below estimate so the contract can be awarded. However, the costs for the Leisure Centre elements of the scheme came in £80K more than estimated, which can't be covered by the lower costs on the footpath and play elements.</p>	+14				

Page 365	<p>Following discussions between the Project Manager, Cost Manager, Architect, and Leisure Centre Representatives it was possible to reduce the cost, mainly by removing one element for new steps and retaining walls. These items are not necessary to complete the objectives of the scheme and can be completed later.</p> <p>Even with this removed and some changes the contingencies total costs are £10K more than the £500K funding received from the Towns Fund. The Council hold two S106 agreements for £14K that have to be used in the Stocksbridge Town Council area. These agreements have therefore been brought into the scheme.</p> <p>Variation type: Budget Increase</p> <p>Costs</p> <table border="0"> <tr><td>CDS Fees</td><td>£40.9K</td></tr> <tr><td>Footpaths</td><td>£40.8K</td></tr> <tr><td>Professional Fees</td><td>£19.6K</td></tr> <tr><td>Play</td><td>£118.8K</td></tr> <tr><td>Leisure Centre</td><td>£251.7K</td></tr> <tr><td><u>Contingency</u></td><td><u>£42.5K</u></td></tr> <tr><td>Total</td><td>£514.3K</td></tr> </table> <p>Budget Current 20/21 Budget £500K + £14.3K = £514.3K</p>		CDS Fees	£40.9K	Footpaths	£40.8K	Professional Fees	£19.6K	Play	£118.8K	Leisure Centre	£251.7K	<u>Contingency</u>	<u>£42.5K</u>	Total	£514.3K	
	CDS Fees	£40.9K															
	Footpaths	£40.8K															
	Professional Fees	£19.6K															
Play	£118.8K																
Leisure Centre	£251.7K																
<u>Contingency</u>	<u>£42.5K</u>																
Total	£514.3K																
Funding	Towns Fund £500K + S106 Agreement 562 £0.7K + S106 Agreement 1061 £13.6K																
Procurement	No change.																
E	Housing growth																
	New additions																
	<p>Phase 2 Geotech Survey and Invasive Investigative Works Framework - *Procurement Strategy only</p> <p>Scheme description</p> <p>Phase 2 Geotechnical surveys and invasive investigative works are currently commissioned on an individual basis across the Council which increase Officer time and cost to numerous projects.</p> <p>The framework will improve efficacy through the establishment of a framework of providers (in a similar fashion to that adopted for asbestos surveys) that can be approached when required and deliver value for money by utilising Capital Delivery Service resources smartly.</p> <p>How are we going to achieve it?</p> <p>Establish a small framework of local suppliers to carry out surveys via a 2 year and 9 months framework agreement.</p>	0*															

	What are the benefits?							
	Project efficacy using a framework removes the need to carry out multiple procurements. One framework used by clients across the Council. Developing a long-term commercial relationship with specialist SMEs.							
	Funding Source	Various – to be determined as individual projects come through for approval	Amount	Up to £150k p.a.	Status		Approved	
Procurement	i. Closed Competitive tender route using the Constructionline database to generate a pre-tender list of local suppliers.							
Page 366	Variations and reasons for change							
	None							
	Housing investment							
	New additions							
	None							
	Variations and reasons for change							
	Non-PFI Highways Resurfacing Scheme description Across Sheffield housing, Neighbourhood teams identified a number of housing estates parking, access roads and footpath areas that are not included in the SCC's Streets Ahead programme and are in a various state of disrepair. The 6 sites identified require resurfacing, edging and drainage repairs/replacements. If these areas are left in their current condition they will continue to deteriorate and will require constant repair which will impact on the repairs budget and as all sites continue to deteriorate they will eventually become more serious from a health and safety point of view. What has changed? A report went to Homes Board December 20 to request approval to include 18 other sites in the South East area of the city, identified by the Neighbourhood Teams, for inclusion in the upgrading programme at a cost of £44k. Variation type: - Budget increase						+44	

	Budget Current 20/21 Budget £133.0K + £44.2K = £177.2K		
	Funding	HRA via Block Allocation for Environmental works	
	Procurement	No change.	
Page 367	250 Barnsley Road – Temporary Accommodation		+33
	Scheme description A proposal to develop a new purpose-built facility that will integrate provision for all customer groups, with assessment as well as accommodation services, has been approved, but this facility will not become available until 2021. An interim solution is therefore required to meet current need in the city. 250 Barnsley Road has been converted to provide up to 13, short term, (2-3 nights) emergency homeless places, including 2 accessible rooms, on an interim basis until the permanent solution is in place. The facility is intended to be for single women and single women with children.		
	What has changed? The increase in cost is due to: <ul style="list-style-type: none"> • Water damage to the existing building structure and finishes • Additional structural, roofing and asbestos works identified during demolition • Additional project fees • Additional client direct costs: drainage survey, planning application, asbestos • Survey and pest control The final account is yet to be agreed with the contractor, who is struggling to resource contract administration partially due to the impact of Covid19. Hence this is currently CDS' estimation of the anticipated final account.		
	Variation type: Budget increase		
Budget Previous Years £83.8K <u>Current 20/21 Budget</u> £393.5K + £33.3K = £426.8K Total £447.3K + £33.3K = £510.6K			
Funding	HRA via Block Allocation for Essential Works		
Procurement	No change.		

<p>External Wall Insulation - Non-Traditional Package 2</p>		<p>+126</p>
<p>Scheme description The original project scope involved resolving structural defects and extending the life expectancy of the dwellings, which would remove them from the defective housing stock. This would make non-traditional dwellings into traditional archetypes by extending the foundations and erecting new insulated cavity walls around the existing structures. This would also include modifications to roof and opening details and would improve thermal performance.</p> <p>What has changed? The feasibility has now been completed and approved. Following early surveys by CDS a question has been raised regarding the outbuildings / lean-to structures within the plots. These outbuildings and lean-to structures have been attached to the vast majority of the Airey houses.</p> <p>This has raised the following questions:</p> <ul style="list-style-type: none"> • Should the outhouses / lean-tos be upgraded, minor decoration or full re-render / roof repairs? • the infills / lean-to structures will need to be removed to insulate the dwelling, but will these be replaced? <p>The outcome of these additional items has not yet been resolved and as a result the estimated cost of the contract cannot be finalised and submitted in an Outline Business Case and Procurement Strategy.</p> <p>However, CDS and the appointed Consultants have been asked by Housing to continue work attached to the original scope, which during January-March will be dwelling surveys and producing drawings/ specifications of the main buildings. This work has a cost not currently part of the approved budget. Therefore, an advance on the design element of the total budget is required.</p> <p>Costs £120K Survey & Design Work <u>£6K CDS Project & Contract Management</u> £126K Total Costs</p> <p>Variation type: Budget increase</p> <p>Budget Actuals 19/20 £5.8K = £5.8K <u>Current 20/21 Budget</u> £52.0K + £126K = £178.0K Total 19-21 Budget £57.8K + £126K = £183.8K</p>		
<p>Funding</p>	<p>HRA via Block Allocation for Heating, Energy Efficiency and Carbon Reduction</p>	
<p>Procurement</p>	<p>i. Design commissioned via the Capital Delivery Service Partner. ii. Project Management undertaken in-house via the Capital Delivery Service. iii. Surveys procured by closed competitive tender.</p>	

Page 369	<p>External Wall Insulation - Non-Traditional Package 3</p> <p>Scheme description The original projects scope involved fixing a layer of insulation to the outside face of the dwelling, with modifications to roof and opening details, improving its thermal performance.</p> <p>What has changed? Following early surveys by CDS a question has been raised regarding the outbuilding within the plot. At over 50% of Wates houses, this outbuilding has been attached to the dwelling by an infill built by the tenants.</p> <p>This has raised the following questions:</p> <ul style="list-style-type: none"> • should the outhouse itself be upgraded, minor decoration or full re-render / roof repairs? • the infill will need to be removed to insulate the dwelling, but will this be replaced? <p>The outcome of these additional items has not yet been resolved by Housing and as a result the estimated cost of the contract cannot be finalised and submitted in an Outline Business Case and Procurement Strategy.</p> <p>However, CDS and the appointed Consultants have been asked by Housing to continue work attached to the original scope, which during January-March will be dwelling surveys and producing drawings/ specifications of the main buildings. This work has a cost not currently part of the approved budget. Therefore, an advance on the design element of the total budget is required.</p> <p>Costs £59K Advanced Intrusive Surveys £90K Survey & Design Work <u>£6K CDS Project & Contract Management</u> £155K Total Costs</p> <p>Variation type: Budget increase</p> <p>Budget Actuals 19/20 £25.3K = £25.3K Current 20/21 Budget <u>£77.7K + £155K = £232.7K</u> Total 19-21 Budget <u>£103.0K + £155K = £258.0K</u></p>		+155
	Funding	HRA via Block Allocation for Heating, Energy Efficiency and Carbon Reduction	
	Procurement	<p>i. Design commissioned via the Capital Delivery Service Partner.</p> <p>ii. Project Management undertaken in-house via the Capital Delivery Service.</p> <p>iii. Surveys procured by closed competitive tender.</p>	

Page 370	<p>HRA Block Allocation Heating, Energy Efficiency, and Carbon Reduction</p> <p>Scheme description Block allocation of funds for heating and energy saving schemes.</p> <p>What has changed? Draw down for EWI Package 2 of £126K required, see entry above Draw down for EWI Package 3 of £155K required, see entry above Draw down for Crabtree Grange Boiler House Refurb Feasibility of £3K approved as Director Variation Total draw down = £284K</p> <p>Variation type: Budget decrease</p> <p>Budget Current 20/21 Budget £0.0K Current 21/22 Budget £3,551.3K - £284K = £3,267.3K Total 20-26 Budget £22,987.7K - £284K = £22,703.7K</p>		-284
	Funding	HRA	
	Procurement	N/A	
<p>HRA Block Allocation Waste Management & Estate Environmentals</p> <p>Scheme description Block allocation of funds for improvement to the housing estates e.g. footpaths, parking etc.</p> <p>What has changed? The scheme to improve housing estate sites parking, access roads and footpath areas that are not included in the SCC's Streets Ahead programme has added several sites to the programme. See entry above for Non PFI resurfacing</p> <p>Variation type: Budget decrease</p> <p>Budget Current 20/21 Budget £0.0K Current 21/22 Budget £615.1K - £44.2K = £570.9K Total 20-26 Budget £11,523.1K - £44.2K = £11,478.9K</p>		-44	
Funding	HRA		

	Procurement	N/A	
Page 371	HRA Block Allocation Other Essential Work		-33
	<p>Scheme description Block allocation of funds for other essential work not Health and Safety related for the Council Stock</p> <p>What has changed? More funding has been agreed to finish off the Barnsley Road Temporary Accommodation scheme, which has incurred extra costs. See entry above.</p> <p>Variation type: Budget decrease</p> <p>Budget Current 20/21 Budget £0.0K Current 21/22 Budget 520.4K - £33.3K = £487.1K Total 20-26 Budget £3,533.9K - £33.3K = £3,500.6K</p>		
	Funding	HRA	
	Procurement	N/A	
G	People – capital and growth		
	New additions		
	<p>Gleadless site SEND school places</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> ○ There is a growing demand for SEN (Special Educational Needs) placements. ○ There is a forecast secondary placement shortfall of 90 places, with 50 of these places being covered by this proposed scheme at Gleadless ○ Invest to save opportunity to reduce annual revenue costs to £18k per annum per pupil x 50 places = £900k p.a., including provision of school meals: This compares to a figure of approximately £70k p.a. per pupil (= £3.5m) if independent places were to be funded. <ul style="list-style-type: none"> ● What are the implications of not doing it now? <ul style="list-style-type: none"> ○ Families having to travel further to access support and reach destination. ○ Ongoing revenue costs of £70k per annum per pupil (£3.5m p.a.) would continue. 		+1,600

Page 372	<p>How are we going to achieve it?</p> <ul style="list-style-type: none"> ○ Create a modular facility within the grounds of Gleadless (Bents Green Satellite Site). <p>What are the benefits?</p> <ul style="list-style-type: none"> • Outputs: <ul style="list-style-type: none"> ○ New standalone modular facility, including class bases, breakout rooms, sensory room; offices; Pupil and adult WCs etc. • Benefits: <ul style="list-style-type: none"> ○ Allows SCC to meet statutory duty to provide places ○ Links with established Bents Green special schools and existing expansion (2020) at the Gleadless site – this will support with curriculum delivery, staffing, teaching and learning, SEND expertise and knowledge etc. <p>When will the project be completed?</p> <p>31/08/2021</p>							
	Funding Source	Anticipated SEND Capital Allocation (if this is not confirmed shortfalls to be provided from Dedicated Schools Grant)	Amount	£1.6m	Status	Expected shortly	Approved	
	Procurement	<ul style="list-style-type: none"> i. Design and build contract by direct award via the LHC framework. ii. Supply of furniture and equipment by competitive quotes. iii. Cost and project management services undertaken in-house via the Capital Delivery Service 						
<p>Talbot - Seven Hills SEND school places</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> ○ There is a growing demand for SEN (Special Educational Needs) placements. ○ There is a forecast secondary placement shortfall of 90 places, with 40 of these places being covered by this OBC across the Talbot and 							+1,100	

<p>Seven Hills sites.</p> <ul style="list-style-type: none"> • Why do we need to address it now? <ul style="list-style-type: none"> ○ Invest to save opportunity to reduce annual revenue costs to £18k per annum per pupil x 40 places = £720k p.a., including provision of school meals: This compares to a figure of approximately £70k p.a. per pupil (= £2.8m) if independent places were to be funded. • What are the implications of not doing it now? <ul style="list-style-type: none"> ○ Families having to travel further to access support and reach destination. ○ Ongoing revenue costs of £70k per annum per pupil (£2.8m p.a.) would continue. <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> ○ Create a modular facility within the grounds of Talbot (car park site of Learn Sheffield facility). <p>What are the benefits?</p> <ul style="list-style-type: none"> • Outputs: <ul style="list-style-type: none"> ○ New standalone modular facility, including class bases, breakout rooms, sensory room; offices; Pupil and adult WCs etc. • Benefits: <ul style="list-style-type: none"> ○ Allows SCC to meet statutory duty to provide places ○ Links with established Talbot schools and existing refurbishment (2020) of the Learn Sheffield Building – this will support with curriculum delivery, staffing, teaching and learning, SEND expertise and knowledge etc. <p>When will the project be completed?</p> <p>31/08/2021</p>							
Funding Source	Anticipated SEND Capital Allocation (if this is not confirmed shortfalls to be provided from Dedicated Schools Grant)	Amount	£1.1m	Status	Expected shortly	Approved	

	Procurement	<ul style="list-style-type: none"> i. Design and build contract by direct award via the LHC framework. ii. Supply of furniture and equipment by competitive quotes. iii. Cost and project management services undertaken in-house via the Capital Delivery Service 	
Variations and reasons for change			
Page 374	Halfway Infants Office Block replacement		0
	Scheme description <ul style="list-style-type: none"> • Timber framed office block housing admin team and Headteachers office. Building is now beyond economical repair and requires a major refurbishment. The school will have Heads office, General office and Staff room available. Replacement building complies to current regulations. • Main works to be completed in the summer holidays 2020/21. 		
	What has changed? <ul style="list-style-type: none"> • Change in procurement strategy route as noted below. 		
Variation type: -		<ul style="list-style-type: none"> • Procurement strategy route change to appointment by rotation via YORbuild2 (Previously: direct call-off via LHC Framework). • Change required due to extent of construction works requiring a Principal Contractor to build interface between new modular office block with the existing building. The YORbuild2 framework specialises in building projects including new builds and refurbishment. 	
Funding	N/A		
Procurement	i. Appointment by rotation via the YORbuild2 Framework.		
	Talbot Special School SEN		+62.4
	Scheme description <ul style="list-style-type: none"> • To expand SEND Provision to provide up to 50 Post 16 learning places in buildings next to Talbot Special School - currently occupied by Learn Sheffield through minor internal re-modelling. • Release space within Seven Hills and Talbot Secondary Special Schools to create places for the increased demand for Y7 children requiring place. • Support Learn Sheffield to relocate into alternative premises. 		

	<p>What has changed?</p> <ul style="list-style-type: none"> Variation of +£62.4k required for additional equipment costs to be added to the scheme: to be funded from Special Provision Capital - SEND <p>Variation type: -</p> <ul style="list-style-type: none"> Budget increase: additional funding required to cover costs of equipment. 		
	Funding	Special Provision Capital - SEND	
	Procurement	N / A – cash advance to School will be made to undertake procurement via call-off from YPO.	
Page 375	<p>Dobcroft Jnr Mobile Replace – Scheme Closure</p> <p>Scheme description</p> <ul style="list-style-type: none"> Demolition of 2 mobile classrooms and replacement of Double mobile <p>What has changed?</p> <ul style="list-style-type: none"> Scheme completed at £191.3k, being within original budget of £218.9k: close and return £27.5k unused funding to Building Condition pot. <p>Variation type: -</p> <ul style="list-style-type: none"> Budget decrease: £27.5k underspend on completion. Scope: scheme to be closed. 		-27.5
	Funding	<ul style="list-style-type: none"> DfE School Building Condition Allocation fund 	
	Procurement	No change.	
	<p>Mercia School</p> <p>Scheme description</p> <ul style="list-style-type: none"> Construction of a new 6FE (Form Entry) secondary school in SW Sheffield, plus space for 300 6th Form pupils, with future possibility to expand to an 8FE school subject to separate funding. <p>What has changed?</p> <ul style="list-style-type: none"> £170k additional S106 funding requested to be applied, to replace the currently budgeted Basic Need funding provision, as agreed by the People – Capital and Growth Group. No net change to expenditure. 		0

	Variation type: - <ul style="list-style-type: none"> Budget Funding Change: Section 106 funding to replace Basic Need funding to the amount of £170k. 		
	Funding	<ul style="list-style-type: none"> Funding swap only: total revised budget of £26.1m now to be funded by £25.5m from Basic Need, £0.6m from S106 and £10k from other contributions. 	
	Procurement	No change.	
Page 376	90900 Aspire Hub - Malon Way - Slippage Scheme description <ul style="list-style-type: none"> The building requires some alterations to the office accommodation to provide suitable local accommodation for looked after children and care leavers. Project Aspire Hubs will be multi-function, multi-agency staffed “hubs” which offer edge of care support, residential in care provision and move on placements to foster families and supported lodgings providers. What has changed? <ul style="list-style-type: none"> Contractor/supplier delays arose in 2020-21 from general Covid-19 factors affecting resources. Variation type: - <ul style="list-style-type: none"> Slippage: £51.5k expenditure and funding to be slipped from 2020-21 into 2021-22, due to a contractor/supplier delays and general Covid-19 factors experienced in 20-21. 		2020-21: -51.5 2021-22: +51.5
	Funding	Capital element funded by Corporate Investment Fund capital receipts	
	Procurement	No change.	
	Aspire Hub – Mather Road - Slippage Scheme description <ul style="list-style-type: none"> Office provision for multi-agency staff, single storey stand-alone building in Mather Road, attached to the Children’s Home. Office accommodation required for new ‘Project Aspire’ initiative, to support: <ul style="list-style-type: none"> Adolescents ‘edging to care’ • Adolescents on the edge of care • Adolescents in care. Young people who have recently moved to supported or independent accommodation. The proposal is to build a single storey extension which would accommodate the Project Aspire staff and multi – agency support (Health Workers and Police) 		2020-21: -132.2 2021-22: +132.2

	<p>What has changed?</p> <ul style="list-style-type: none"> Contractor/supplier delays arose in 2020-21 from general Covid-19 factors affecting resources. <p>Variation type: -</p> <p>Slippage: £132.2k expenditure and funding to be slipped from 2020-21 into 2021-22, due to a contractor/supplier delays and general Covid-19 factors experienced in 20-21.</p> <table border="1" data-bbox="170 491 2000 619"> <tr> <td data-bbox="170 491 322 555">Funding</td> <td data-bbox="322 491 2000 555">Capital element funded by Corporate Investment Fund capital receipts</td> </tr> <tr> <td data-bbox="170 555 497 619">Procurement</td> <td data-bbox="497 555 2000 619">No change.</td> </tr> </table>	Funding	Capital element funded by Corporate Investment Fund capital receipts	Procurement	No change.	
Funding	Capital element funded by Corporate Investment Fund capital receipts					
Procurement	No change.					
H	Essential compliance and maintenance					
	New additions					
Page 377	<p>Transport Efficiency 21-22</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> Transport Services is the provider of vehicles and plant to all SCC services, some schools, and academies. Apart from the Repairs and Maintenance service vehicles, SCC has not invested in the fleet in recent years. This has resulted in running an old, outdated fleet with increasing repair bills and expensive short-term hire costs to cover regular periods of breakdowns. The Vehicle Replacement Strategy 2019 - 2025 set out the strategy to address these issues over a 6-year period, starting in 19/20. The replacement programme is reviewed each year to take account of changing service shapes, the development of emerging technologies and the city's air quality agenda and plans to introduce a clean air zone (CAZ) in the city. The total programme value of £21m covers around 1,100 vehicles. In the first two years of the replacement programme we will have replaced 353 of the oldest, most polluting vehicles. This continues to address the excessive age of SCC's vehicle and plant fleet. Newer vehicles have helped to reduce excessive maintenance and expensive short-term hires. <p>The ageing fleet needs replacing due to the following:</p> <ul style="list-style-type: none"> To enable the fleet to be CAZ compliant by 2021 To reduce vehicle emissions and improve air quality that will support better health and wellbeing for the residents of Sheffield. In line with SCC's Air Quality Action Plan (AQAP) diesel vehicles must be Euro 6.2. Petrol variants and alternatively fuelled vehicles must be considered. A vehicle hierarchy flowchart will be used to determine what fuel type the replacement vehicle will be. Continued excessive increases in vehicle/plant maintenance costs and vehicle/driver downtime, leading to expensive short-term hires. To reduce the average age of the vehicles from 8 years down to 3 to 4 years. 	+3,453.5				

- Provide fit for purpose vehicles in line with service requirements.

- What are the implications of not doing it now?

- Potential penalty charges from future Air Quality schemes/CAZ
- High levels of exhaust emissions, which would lead to more health risks due to high vehicle emissions for the people of Sheffield and its visitors.
- Rising maintenance and resource costs. Failure to deliver a reliable service due to vehicles being off the road.
- The problems above will increase year upon year. We have prioritized the oldest, most polluting vehicles in the fleet, thus minimising excessive maintenance and expensive short-term hires.
- Other service portfolios will fail to deliver a reliable service and could have a significant impact on Performance Indicators. Less fit for purpose vehicles will also impact on service delivery.

How are we going to achieve it?

- Continue to purchase new vehicles as replacements for the older vehicles within the fleet using the prudential borrowing capital programme model.

What are the benefits?

- Objectives: The primary purpose of this proposal is to secure the funding required to initiate year 3 of the proposed fleet replacement programme. The approval of year 3 vehicle replacement business case will provide funding to ensure the Council continues to operate a fit for purpose fleet of vehicles that drives maximum service efficiencies and reliability.
 - To replace older inefficient fleet vehicles that have high levels of diesel engine exhaust emissions. Vehicles to be replaced range from Euro 3 to Euro 5. Year 3 of the programme will bring forward compliance with the city’s clean air zone current proposed standards
 - To provide fit for purpose vehicles in line with Transport Services requirements.
 - To lower the Council’s carbon footprint
 - To reduce the cost to the Council of repairing old inefficient vehicles
 - To reduce the cost of short-term vehicle, hire to cover periods of breakdown
 - To incorporate alternative fuel vehicles where available in line with Sheffield’s proposed CAZ within this project. A few alternative fuelled vehicles have been introduced into services throughout year 1 and year 2 replacement programmes. We expect the percentage of these vehicles to increase over the next two years as EV’s evolve and the vehicle charging infrastructure is in place.
- Outputs:
 - By the end of year three we will have replaced 55% of our fleet with more effective, cleaner vehicles.
 - Reduced emissions – significant air quality impact, over half a tonne of carbon and 200,000g of NOx per km will be saved as a result of this investment.

- Maintenance costs should be reduced by a further £181k in year 3, and by slightly less in each subsequent year, reducing by £129k by year 7
- Benefits:
 - All SCC vehicles will be compliant with proposed CAZ standards
 - Lower exhaust emissions therefore enabling SCC to meet its air quality requirements in line with SCC AQAP and lead the City in the adoption of alternatively fuelled vehicles.
 - Reducing the carbon footprint and contributing to the green strategy. Introducing EV's, Hybrids and Euro 6 vehicles in year 1 and 2 has significantly contributed to reducing the carbon footprint.
 - A reduced average age of fleet vehicles and plant, more fuel efficient, therefore lower running costs.
 - Improved reliability, fewer breakdowns/less time off the road and lower maintenance costs. To reduce expensive spot hire for replacement hired in vehicles/plant.
 - Fit for purpose vehicles for Transport Services stakeholders, clients, and customers. This will facilitate optimum vehicle availability to support front line staff/services therefore enhance operational delivery, and to improve and sustain achievement against local and national performance targets.
 - Bulk purchasing of vehicles will allow for a more cost-effective deal with suppliers to be captured, driving down further savings for the council.

How will this project contribute towards the delivery of 'Net Zero by 2030'?

- Introducing EV's, Hybrids and Euro 6 vehicles in year 1 and 2 has significantly contributed to reducing the carbon footprint.
- An estimate of the emissions savings based on the vehicles to be upgraded in years 1-3 of the programme is detailed below. The calculation is based on average mileage of 8,500 per vehicle per year and emissions benefits have been verified by our air quality specialists. The calculation methodology is detailed in appendices:

Investment Summary	Year 1	Year 2	Year 3	Total
No of vehicles replaced	178	107	111	396
Plant items replaced	38	30	18	86
Emissions Saving CO2 tonnes	0.721	0.545	0.575	1.84
Emissions Saving NOx tonnes	0.471	0.177	0.208	0.86

When will the project be completed?

Page 380	31/03/2022							
	Funding Source	Prudential Borrowing: £3.09m Capital Receipts: sale of older stock: £0.36m	Amount	£3.45m	Status		Approved	
	Procurement	<p>A combination of mini-competitions and direct call-offs will be used to procure the following;</p> <ul style="list-style-type: none"> i. Passenger cars and light commercial vans via the CCS Vehicle Purchase Framework; ii. Commercial vehicles including pick- ups and flat beds via the TTPL Hertfordshire County Council Purchase Framework. iii. Minibuses via the TTPL Bath & North East Somerset Council Bus & Coach Procurement Framework. iv. Plant and machinery via the NEPO (in partnership with TTPL) Grounds Maintenance & Plant Equipment Framework. 						
<p>Manor Lane Lift Refurbishment</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> • What is the problem we are trying to address? <ul style="list-style-type: none"> ○ Provision of a reliable passenger lift to efficiently move passenger between floors at this site. • Why do we need to address it now? <ul style="list-style-type: none"> ○ The current passenger lift has reached the end of its natural life, it does not meet current standards and has numerous obsolete parts that cannot be replaced: e.g. the controller / door operator is no longer manufactured. • What are the implications of not doing it now? <ul style="list-style-type: none"> ○ Should the lift fail it may not be possible to repair it ○ People with disabilities may not be able to access upper floors <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> • What is the proposed solution / recommended option? <ul style="list-style-type: none"> ○ Renew the passenger lift 								+74.6

Page 381	<p>What are the benefits?</p> <ul style="list-style-type: none"> • Outputs/ Benefits: <ul style="list-style-type: none"> ○ A passenger lift to move passenger between floors ○ Greater Efficiency and free of noise. ○ Easy to use / greater reliability. ○ Reduced energy costs <p>When will the project be completed? Est. installation date – May/June 2021</p>							
	Funding Source	Revenue Contribution to Capital from Minor Works BU 15187	Amount	£74.6k	Status		Approved	
	Procurement		<ul style="list-style-type: none"> i. Installation and maintenance by SCC Repairs and Maintenance Lift Team. ii. Principal Designer, materials and components, surveys, step and guarding all by competitive quotation. 					
<p>Shoreham Street Roof - feasibility</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> • What is the problem we are trying to address? <ul style="list-style-type: none"> ○ The existing flat roof looks to be constructed of a galvanised metal decking with an insulation and mineral felt overlay, incorporated into the roof are 6 glass roof lanterns that allow natural light into the building. For a long period, the site has suffered from roof leaks mainly from around the glass roof lanterns, the main areas affected are: <ul style="list-style-type: none"> ▪ Corridor in Red Tape ▪ Corridor in Steelworks Studio ▪ Lounge in Steelworks Studio ▪ Common Room in Human League ▪ Corridor in Atrium area in Red Tape 								+8

Page 382	<ul style="list-style-type: none"> Why do we need to address it now? <ul style="list-style-type: none"> Corporate Repairs & Maintenance have tried to identify the source of the leaks and have carried out several repairs but without success. Identified as a high priority repair through RBL condition survey programme What are the implications of not doing it now? <ul style="list-style-type: none"> Greater maintenance and repair cost in the future <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> What is the proposed solution / recommended option? <ul style="list-style-type: none"> Feasibility then completion of the necessary roof repairs <p>What are the benefits?</p> <ul style="list-style-type: none"> Objectives: Understand the extent and cost of the repairs Outputs/ Benefits: Resolution of the maintenance issue. <p>When will the project be completed? Feasibility – March 2021; Tender – June 2021; Works – summer 2021</p>							
	Funding Source	Capital Receipts: ECM element of CIF	Amount	£8k	Status		Approved	
	Procurement		i. Feasibility in-house by the Capital Delivery Service.					
<p>95638 Abbeyfield House Roof - feasibility</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> What is the problem we are trying to address? <ul style="list-style-type: none"> In Block 02/Stable Block Outbuilding, the majority of the roof coverings have failed, and the structural timber roof members have started to decay Why do we need to address it now? <ul style="list-style-type: none"> Identified as a high priority repair through RBL condition survey programme 							+11.3	

Page 383	<ul style="list-style-type: none"> What are the implications of not doing it now? <ul style="list-style-type: none"> Building goes into disrepair and greater maintenance and repair cost in the future <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> What is the proposed solution / recommended option? <ul style="list-style-type: none"> Feasibility then completion of repairs/replacement of c.125m2 pitched roof (natural slate) to Stable Block Outbuilding. Include replacement of timber roof structures where necessary. <p>What are the benefits?</p> <ul style="list-style-type: none"> Objectives: Understand the extent and cost of the repairs Outputs/ Benefits: Resolution of the maintenance issue. <p>When will the project be completed?</p> <p>Feasibility – May 2021; Tender – summer 2021; Works – autumn 2021</p>							
	Funding Source	Capital Receipts: ECM element of CIF	Amount	£11.3k	Status		Approved	
	Procurement		i. Feasibility in-house by the Capital Delivery Service.					
Variations and reasons for change								
<p>Radon Works</p> <p>Scheme description</p> <ul style="list-style-type: none"> Scheme was originally set up with a £50k budget to address any Radon surveys and resultant works that arose over recent years across the corporate estate. <p>What has changed?</p> <ul style="list-style-type: none"> Client request for project closure: No Radon works planned in foreseeable future; close BU and remove the drawdown pressure of the unused £28,304 Corporate Resource Pool/Capital Receipts. <p>Variation type: -</p>							-28.3	

	<ul style="list-style-type: none"> Budget decrease and scheme closure: 		
	Funding	Capital Receipts - Corporate Resource Pool	
	Procurement	N/A	
Page 384	Hoyle's Barn Scheme description <ul style="list-style-type: none"> Planned restoration of a decayed Grade 2 listed building: Hoyle's Barn, Hoyle's Farm, Blindside Lane, Sheffield. What has changed? <ul style="list-style-type: none"> Initial feasibility work, now charged to revenue, led to quotes for a rebuild at around £755k. As such it is not economic to proceed with the works at this time. Variation type: - <ul style="list-style-type: none"> Budget decrease/change in scope -scheme closure: 		-32
	Funding	Natural England Grant £14k and £18k Revenue Contribution to Capital	
	Procurement	N/A	
	Graves Park Farm Welfare - Slippage Scheme description <ul style="list-style-type: none"> Replace current welfare facilities with new modular building incorporating welfare facilities, showers and drying room and office. Replace animal welfare unit. What has changed? <ul style="list-style-type: none"> Contractor/supplier delays arose in 2020-21 from general Covid-19 factors affecting resources. Variation type: - Slippage: £27.7k expenditure and funding to be slipped from 2020-21 into 2021-22, due to a contractor/supplier delays and general Covid-19 factors experienced in 20-21.		2020-21: -27.7 2021-22: +27.7
	Funding	Revenue Contribution to Capital	

	Procurement	N/A	
Page 385	Central Library Equalities Act WC - Slippage Scheme description <ul style="list-style-type: none"> Sheffield Central Library is a grade II listed building and requires an Equality Act compliant accessible WC What has changed? <ul style="list-style-type: none"> Staffing/supplier delays arose in 2020-21 from general Covid-19 factors affecting resources, leading to further slippage of this feasibility work into next year. Variation type: - Slippage: £8k expenditure and funding to be slipped from 2020-21 into 2021-22, due to staffing/supplier delays and general Covid-19 factors experienced in 20-21.		2020-21: -8 2021-22: +8
	Funding	Revenue Contribution to Capital	
	Procurement	N / A	
Page 385	Corporate Buildings Essential Replacement Condition Surveys - Slippage Scheme description <ul style="list-style-type: none"> Condition Surveys as part of the CBERP (Corporate Buildings Essential Replacement Programme). What has changed? <ul style="list-style-type: none"> Staffing/supplier delays arose in 2020-21 from general Covid-19 factors affecting resources, leading to further slippage of this feasibility work into next year. Variation type: - Slippage: £160k expenditure and funding to be slipped from 2020-21 into 2021-22, due to staffing/supplier delays and general Covid-19 factors experienced in 20-21. Extension to		2020-21: -160 2021-22: +160
	Funding	Capital Receipts – Corporate Resource Pool	
	Procurement	Extension to existing corporate contract	

I	Heart of the City II
	New additions
	None
	Variations and reasons for change
	None

	Scheme name / business unit / summary description of key terms	Funder	Value £'000
A	Economic growth		
	None		
B	Transport		
	None		
C	Quality of life		
	None		
D	Green and open spaces		
	None		
E	Housing growth		
	None		
F	Housing investment		
	None		
G	People – capital and growth		
	School Places Basic Need Allocation	Department for Education (DFE)	14,672

	<p>Background</p> <p>This Allocation of £14.6M of capital funding from DfE will be paid as an adjustment to the Basic Need Allocation for 2020/21 and is equivalent to funding for 913 secondary school places. A proportion of this will be used to support the creation of an additional 535 School places in two secondary Academies: King Ecgbert school and Silverdale School, as agreed in consultation with the DfE Pupil Planning Adviser.</p> <p>Financial and Commercial Implications</p> <p>Key features of the proposed Grant Agreement (not exclusive) are summarised below.</p> <ul style="list-style-type: none"> • This funding must be used exclusively to fund capital expenditure. • All reporting requirements must be complied with as set out in the terms and conditions relating to this grant, non-compliance to these requirements could result in suspending or withdrawing the project funding. • Section 151 officer and Chief Internal Auditor sign off is required to verify this funding has been spent on capital projects. • Spend Data to be provided through the annual School Capacity Survey return. • In Specified circumstances it may be required to produce and implement an action plan to improve the efficiency of capital spend. If this condition is not complied with future allocations may be reduced • All documentation must be made available for inspection if requested by DfE. • If the organisation does not comply with any of the conditions and requirements repayment of all or part of the funding may be requested by the Secretary of State. • The Project Manager will need to read, understand and comply with all of the grant terms and conditions. 		
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	<p>Legal Implications</p> <ul style="list-style-type: none"> The funding will be paid to the Council via Section 31 of the Local Government Act 2003. The Council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act, this gives the Council the ability to accept the funding. The conditions of the grant must be complied with. 		
H	Essential compliance and maintenance		
	None		
I	Heart of the City II		
	None		

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Author/Lead Officer of Report: Gillian Charters,
Interim Head of Highway Maintenance

Email: gillian.charters@sheffield.gov.uk

Report of: Executive Director of Place

Report to: Cabinet

Date of Decision: February 2021

Subject: Proposed Changes towards a Sustainable Streets Ahead Contract.

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 type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Environment, Steetscene & Climate Change		
Which Scrutiny and Policy Development Committee does this relate to? Economic & Environment Wellbeing		
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? TBC		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Appendices B & C are not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).		

Purpose of Report:

Report seeking approval from Cabinet for proposals to assist the Contract's long-term performance through changes to the payment mechanism and improving the quality and consistency of the service. The proposals include a significant annual saving to the Council for the remaining term of the Contract.

Recommendations:

Cabinet receives the report and approves:

- i) the proposed changes to the Performance Requirements (Schedule 2) as set out in appendix one
- ii) the proposed changes to the Payment Mechanism (Schedule 4) as set out in this report

Background Papers:

Report to the Economic and Environmental Wellbeing Scrutiny & Policy Development Committee 2019: Post Core Investment Period Review of Streets Ahead Contract.

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: Kerry Darlow
	Legal: David Cutting
	Equalities: tbc
<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: Mick Crofts
3	Cabinet Member consulted: Cllr Mark Jones
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 Charters
	Job Title: Interim Head of Highway Maintenance
Date: February 2021	

- 1. Proposed Changes towards a Sustainable Streets Ahead Contract**
 - 1.1.1 The Streets Ahead Highways Maintenance contract, which commenced in 2012, is described as a fence-to-fence contract covering all aspects of highway maintenance including; road surfacing, street cleaning, grounds maintenance and winter maintenance. It is a 25-year PFI Contract with Amey Hallam Highways Limited (Amey), supported by £1.2bn of credits from the Department for Transport (DfT). The services are delivered by a subcontractor, Amey LG which is part of the Ferrovial group.
 - 1.1.2 As part of the continuous review of the services delivered under the Contract, opportunities to improve the efficiency and effectiveness of the service have been identified and therefore we propose to make changes to the Performance Requirements (Schedule 2 of the contract) to reflect this. There are no significant changes to the output specification, but changes have been made to improve interpretation between the council and Amey. A summary is contained in table 1.9.2 and a full tracked changes version in Appendix A.
 - 1.1.3 In addition, we have negotiated with Amey to simplify some aspects of the Payment Mechanism, (Schedule 4 of the contract) making the contract commercially more sustainable. The proposed changes will help to incentivise Amey to embed service quality improvements and secure the Council a significant reduction to the Annual Unitary Charge.
- 1.2 The Proposed Amendments to the Payment Mechanism**
- 1.3 Application of Single Performance Requirement**
 - 1.3.1 Currently, failure or poor delivery can mean not meeting more than one Performance Requirement and attracting multiple deductions for the same event. The proposal is that only the highest deduction would apply.
- 1.4 Ratchet Multiplier**
 - 1.4.1 To overcome the current risk of large unforeseen one-off deductions, changes to the operation of the Ratchet are proposed. Lowering the multiplier ratio provides a more sustainable solution but retains the incentive for the contractor to rectify the failing(s) and stop multiple occurrences.
 - 1.4.2 It is also proposed that the Ratchet will not apply to the support function elements of the Performance Requirements, such as management information systems and Customer Service. This is to distinguish between the output from the contractor that does not directly affect the integrity and functionality of the highway network and the performance requirements that are about the physical condition of the network.
- 1.5 Monthly Performance Cap**
 - 1.5.1 The introduction of a new performance cap for the application of Performance Requirements and subsequent adjustments to the monthly payment is proposed.

1.5.2 As an additional safeguard for the Council the cap will be subject to an escalation process whereby it will increase if there is consistent poor performance which exceeds the cap.

1.5.3 In addition, the level of potential deductions may be lowered if the contractor delivers consistent good performance. The objective of any performance mechanism is corrective and not punitive. These concepts work in tangent to provide the incentive to ensure good performance.

1.6 Winter Maintenance

1.6.1 Due to the critical dependency of effective winter maintenance for the city to function, through the winter period (Oct- Mar), the performance cap is elevated. This reflects the critical nature and essential timely delivery of this element of the service provided by the contractor.

1.7 Highway Emergencies

1.7.1 The immediate response parts of the service delivery by contractor, defined as Highways Emergencies being performance requirements 1.1 – 1.9 inclusive are outside of the proposals and shall continue to operate unchanged in accordance with the existing Payment Mechanism.

1.8 Termination

1.8.1 The methodology of calculating termination remains as per the original contract terms and Payment Mechanism. The calculation of Service Points as the mechanic does not change in line with the proposals detailed in this report.

1.9 Proposed amendments to the Performance Requirements

1.9.1 Appendix A shows the track changes made to the Performance Requirements across Schedule 2. Predominantly the changes are to improve the definition of the requirement or response and or timescales for delivery to minimise interpretation issues between the parties going forward.

1.9.2 Summary Table of Changes to Performance Requirements

Service Standard & Scope	Number of requirements with amendments	Number of requirements with changes to Service Points	Additional information
1.General	19	14	
2.Carriageways and Footways	4	0	Removal of x1 service requirement
3.Structures	4	0	Removal of x1 service requirement
4.Streetlighting & Signs	n/a	n/a	n/a

5. Traffic Signals, Control Infrastructure and & Intelligent Transport Systems	n/a	n/a	n/a
6. Grounds Maintenance	6	3	
7. Winter Maintenance	1	0	
8. Street Cleaning	n/a	n/a	n/a
9. Miscellaneous Assets	n/a	n/a	n/a
10. Strategic Assistance	1	0	

1.9.3 The Service Points are redacted as commercially sensitive information from our publication of the Streets Ahead contract. Please see Appendix B.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The changes recommend in this report contribute to the 'Being an In touch Organisation' and 'Thriving Neighbourhood and Community' priorities identified in the Council's Corporate Plan 2015 – 2018.
- 2.2 Through reducing the cost to the Council of providing Highway maintenance, without compromising the output specification the council is making the best use of public money to have the greatest impact for Sheffield.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The changes proposed will not have a direct impact to the service delivered by Amey to customers and therefore a public consultation has not been undertaken on this occasion.
- 3.2 As a key stakeholder in the project the Department for Transport have been consulted regarding these proposals.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 There aren't any equality of opportunity implications arising from this report as there are no changes in delivery of services to customers. An Equality Impact Assessment has been completed. [reference number].

4.2 Financial and Commercial Implications

4.2.1 Savings

The proposed changes will result in a significant reduction to the Annual Unitary Charge of £1.7m. This is a saving of £28.9m over the remaining life of the contract.

4.2.2 Cost of change

The legal costs of making the necessary changes to the contract documents are being met by Amey and this includes the costs of the Council's legal advice and time.

4.2.3 Please also see appendix C.

4.3 Legal Implications

4.3.1 The Contract contains a High Value Change mechanism that would allow the proposed changes to be made and the Council has a general power under section 1 of the Localism Act 2011 to do things an individual may generally do (including vary a contract in accordance with its terms) 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 If the Contract is changed to a material degree, it may be held that there is, in fact, a new contract, which should have been re-tendered in accordance with the procurement legislation and the resultant contract could be held ineffective. The proposed change in the payment mechanism is not considered to be a material change to the existing contract because there will be no variation to the services to be provided, the contract will still involve a significant proportion of private investment. Amey will not make any additional profit as a result of the change .

4.3.3 The Streets Ahead contract documents are openly published on our website with limited redactions due to commercial sensitivity inline with the provisions of the Environmental Information Regulations and the guidance issued by the Information Commissioners Office.

4.3.4 The Deed of Variation, the updated Performance Requirements (Schedule 2) and Payment Mechanism (Schedule 4) arising from the proposal within this report will, if approved, be published and subject to commercial sensitivity redactions.

4.3.5 Please also see appendix C.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 The alternative to accepting this proposal is do nothing. This would mean the existing Streets Ahead performance requirements would

continue and the performance mechanism would not be amended to make the contract delivery more sustainable.

5.2

Moreover, the Council would not get the benefit of £1.7m reduction in the unitary charge. This saving to the Streets Ahead contract will enable the Council to invest in other front-line services as balancing the budget remains challenging.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The recommendations to approve the proposals within the report, realise the benefits of a sustainable Streets Ahead contract without any material change to the service delivered but a significant annual financial saving to the Council.

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Appendix A

Schedule 1 - Definitions

The definition of “Excusing Cause” in Schedule 1 (Definitions) of the Contract shall be amended to include new paragraphs (r), (s) and (t) as follows:

- “(r) any circumstance where the Service Provider or any Sub-contractor needs to procure and/or install any NSA, provided that if such NSA is critical to the safety of the Project Network or the delivery of the Services in accordance with the Contract the Service Provider or a Sub-Contractor, as applicable, shall procure and/or install a temporary replacement asset until such NSA is available and has been installed;
- (s) where the circumstances in paragraph 2.1 (*Performance Requirements*) of Part 1 (*Service Standard*) of Schedule 2 (*Output Specification*) apply; and
- (t) a yellow, amber or red weather warning (including, but not limited to, in respect of rain, snow and thunderstorms) issued by the Met Office through the National Severe Weather Warning Service in circumstances where (and to the extent that) the Service Provider has made available and implemented the flood management plan contemplated in Performance Requirement 2.62 (Drainage) of Part 2 (*Service Standard*) of Schedule 2 (*Output Specification*);”

The following definition will also be inserted into Schedule 1:

“**Non-Standard Apparatus** and “**NSA**” means any asset or Apparatus and all materials and equipment used in or relating to the operation thereof:

- (a) that requires individual or bespoke fabrication or assembly; or
- (b) that has a lead time of greater than fifty per cent. (50%) of the relevant Rectification Period (for a relevant Performance Requirement) set out in Schedule 2 (*Output Specification*); or
- (c) in respect of which there are fewer than twenty (20) such items incorporated into or used on the Project Network;

Schedule 2 – output specification

Service Standard 1

A new paragraph 2.1 will be inserted as follows;

Where, as a result of any failure of, or disruption to, the MIS, or any action being taken by the Service Provider or Sub-contractor, as applicable, to rectify and/or manage or mitigate such failure or disruption, the Service Provider or Sub-contractor, as applicable, is impeded in the provision of or is unable to or is adversely affected in its ability to perform the Services in accordance with the requirements of Performance Requirements 1.34(b), 1.34(c), 1.34(e), 1.35(a), 1.35(b), 1.41(b) and 1.44 to the Contract, then, provided that the Service Provider or Sub-contractor, as applicable, has initiated contingency plans that

enable the provision of Services in respect of any other Performance Requirements in accordance with the Contract, then the Service Provider shall be entitled to claim an Excusing Cause in accordance with Clause 48 (Excusing Causes).

Tracked changes showing proposed changes to service standard 1.

** Note – where “SP” appears in the Adjustment Type this denotes a change to the service points however this information is redacted, due to commercial sensitivity within the parameters of Environmental Information Regulations.

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Peri	Adjustment Type **	Grace Period	Monitoring Methodology
1.23	Temporary Traffic Management and Control	The Service Provider shall operate each Manual Traffic Control Measure in such a way that traffic flow is maximised having regard to the prevailing conditions on the Project Network.	<u>1 Hour</u> 5 minutes	<u>1 Hour</u> 5 minutes		N/A	Inspect
1.33	Management Information System	The Service Provider shall ensure that the Management Information System and each Sub-system is made up of applications that hold all of the information that the Service Provider requires to deliver the Services.	1 day	1 day	SP	3 Months	Inspect
1.33	Management Information System	The Service Provider shall ensure that all data generated by the Service Provider during the Term and held in the Management Information System and all Sub-systems (except in relation to the Project Network Inventory) is <u>99.995%</u> accurate measured over a Month except where such inaccuracy is due to the corruption of the data by the Authority or a Third Party in the transmission of the data.	N/A	N/A	SP	3 Months	Sample Inspect
1.33 (c)	Management Information System	The Service Provider shall ensure that all data received from Third Parties and from the Authority and to be held in the Management Information System and all Sub-systems is <u>99.995%</u> input correctly measured over a Month expect where such inaccuracy is due to the corruption of the data by the Authority or a Third Party in the transmission of data.	N/A	N/A	SP	3 Months	Sample Inspect
1.34 (b)	Management Information System	The Service Provider shall ensure that all sub-systems of the Management Information System shall be capable of exchanging information with the Authority’s Integration Hub or where agreed with the Authority by other interfacing methods.	4 hours	4 hours	SP	N/A	Inspect

Page 48

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Peri	Adjustment Type **	Grace Period	Monitoring Methodology
1.35 (a)	Management Information System	The Service Provider shall ensure that the Management Information System is Available 99 <u>99.5</u> % of the time measured over a Month, with the exception of those periods where the Service Provider has obtained Authority Approval for a maintenance period.	N/A	N/A	SP	N/A	Inspect
1.39	Management Information System	The Service Provider shall ensure that the results of each Service Provider Inspection carried out in accordance with Clause 28 (Service Provider Surveys & Inspections) of this Contract, are recorded in the appropriate part(s) of the Management Information System within four (4) hours of the completion of each such Service Provider Inspection.	N/A	2 <u>2</u> Business Days 4 hours		N/A	Inspect
1.41(a)	Management Information System	The Service Provider shall ensure that all relevant information, at such level of detail as determined by the Service Provider acting reasonably, regarding the performance of the Services is recorded, within one-five <u>(45)</u> Business Days , in the appropriate part(s) of the Management Information System to enable the Authority to have visibility of the Service Provider's activities at any time.	N/A	1 Business Day		N/A	Inspect
1.42 (b)	Management Information System	The Service Provider shall ensure that the IT Service Desk is available on each Working Day for the reporting and resolution of IT Incidents, Problems and Changes whether experienced by the Authority, the Service Provider or the Authority's IT Partner.	2 hours	1 hour	SP	N/A	Inspect
1.43	Management Information System - Project Network Inventory	The Service Provider shall have in operation at all times a Project Network Inventory as part of the Management Information System.	1 Business Day 4 hour	1 Business Day 4 hour	SP	N/A	Inspect
1.46	Management Information System - Project Network Inventory	The Service Provider shall ensure at all times that it is possible to extract from the Project Network Inventory a Powered Apparatus Inventory which meets the requirements of Appendix A of the UK Lighting Board Well-lit Highways Code of Practice for Highway Lighting Management and includes all electrical	3 Business Days	1 Business Day	SP	N/A	Inspect

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Peri	Adjustment Type **	Grace Period	Monitoring Methodology
		load details for monthly energy returns in accordance with the Balancing and Settlement Code Procedure 520.					
1.48	Management Information System - Project Network Inventory	The Service Provider shall prepare and submit to the DNO a Monthly Energy Return which sets out all electrical load details in accordance with the Balancing and Settlement Code Procedure 520 in a format specified by the Authority by 10th of each Month in respect of the previous Month's electrical load details in each Contract Year, and shall provide a copy to the Authority at the same time.	N/A	1 Business Day	SP	N/A	Inspect
1.50	Management Information System - Project Network Inventory	Where an Accrual or De-Accrual is undertaken in accordance with this Contract, the Service Provider shall ensure that all information relating to such Accrual or De-Accrual is input into the Project Network Inventory at the time of such Accrual or De-Accrual.	3-5 Business Days	1 Business Day		N/A	Inspect
1.110	Customer Experience	The Service Provider shall provide and operate a Help Desk to support the Customer First Service and such Help Desk shall be capable of accepting all telephone calls, letters and Electronic Communications which have been transferred from the Customer First Service at all times.	N/A	1 Business Day	SP	N/A	Inspect
1.111	Communication and Consultation	The Service Provider shall ensure that each Service Contact Officer, or a suitable substitute if not available, attends when requested by the Authority, up to four (4) Community Assembly Area Meetings, within the Community Assembly Area for which the relevant Service Contact Officer is responsible, per Contract Year, with the date and venue of such meetings to be determined by the Community Assembly management team and notified to the Service Provider.	N/A	N/A	SP	N/A	Inspect
1.112	Communication and Consultation	The Service Provider shall ensure that each Service Contact Officer, or a suitable substitute if not available, attends when requested by the Authority, up to four (4) Community Assembly Partner Panel Meetings and up to four (4) Community Assembly Briefing Meetings per Contract Year with the date and venue of these meetings shall be determined by the Community	N/A	N/A	SP	N/A	Inspect

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Peri	Adjustment Type **	Grace Period	Monitoring Methodology
		Assembly management team and notified to the Service Provider.					
1.113	Communication and Consultation	The Service Provider shall provide any information as may be required either at or in advance of the meetings referred to in Performance Requirements 1.107, 1.111 and 1.112 within any necessary timescales specified as appropriate.	N/A	N/A	SP	N/A	Inspect
1.114	Communication and Consultation	The Service Provider shall ensure that each Service Contact Officer reports on the Annual Investment Programme work scheduled for that Community Assembly Area to one or more of the meetings referred to in Performance Requirements 1.111 and 1.112.	N/A	N/A	SP	N/A	Inspect
1.115	Communication and Consultation	The Service Provider shall ensure that each Service Contact Officer reports on the Services performed during the preceding Contract Year in that Community Assembly Area to one or more of the meetings referred to in Performance Requirements 1.111 and 1.112.	N/A	N/A	SP	N/A	Inspect

Service Standard 2

Tracked changes showing proposed changes to service standard 2.

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
2.62	Drainage	The Service Provider shall ensure that each Road Section Length and Footway Section Length on the Project Network is Free From Standing Water and Free From Flowing Water at all times (excluding those times where the Road Section Length or Footway Section Length is not Free From Standing Water or not Free From Flowing Water as a result of an Event Storm) within	2 hours	2 hours		5 Milest one Years	Inspect

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
		<p><u>rectification timescale unless Authority Approval to an alternative timescale has been obtained.</u></p> <p><u>In connection with Performance Requirement 2.62 (Drainage) (as described above), the Service Provider shall prepare and maintain a flood management plan which contains the following:</u></p> <p><u>(a) a revised schedule of flood sites (which is to be updated (as required) on an annual basis), which will specify the monitoring and services that will be required following a relevant yellow warning notice for rain issued by the Met Office through the National Severe Weather Warning Service; and</u></p> <p><u>(b) a schedule of plant, equipment, materials and resources for deployment on flood management during the rain event associated with a yellow, amber or red warning notice for rain issued by the Met Office through the National Severe Weather Warning Service.</u></p> <p><u>If the Service Provider fails to prepare, maintain or implement the flood management plan, this will not constitute a Performance Failure of Performance Requirement 2.62 (Drainage), but the Services Provider shall not be entitled to apply for relief pursuant to a limb (t) Excusing Cause to the extent caused by such failure to implement the flood management plan.</u></p>					

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
2.63	Drainage	The Service Provider shall ensure that each Road Section Length and Footway Section Length on the Project Network, in case of an Event Storm, is Free From Standing Water and Free From Flowing Water within two (2) hours of the cessation of such Event Storm.	N/A	3 hours		5 Milest one Years	Inspect
2.68	Drainage	The Service Provider shall ensure that each item of the Drainage System is free from Debris and is free flowing and in the case of each Highway Culvert (excluding Culverts) ensure that the related water course to a point 10m upstream of the Highway Culvert (excluding Culverts), is also kept clear of Debris and is free flowing.	1 month	5 Busines s Days		N/A	Service Inspect
2.71	Drainage	The Service Provider shall ensure that no water runs off the Highway onto other land or property which would cause nuisance, obstruction, flooding or damage to the other land or property <u>within rectification timescale unless Authority Approval to an alternative timescale has been obtained.</u> <u>During "Out of Hours" requests for Authority Approval to an alternative timescale may be submitted by E-mail.</u>	2 hours	3 hours		3 years	Inspect

Service Standard 3

Tracked changes showing proposed changes to service standard 3

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
3.24 (Not used)	Bridges, Retaining Walls and other Structures	The Service Provider shall ensure that each Drainage Structure, Culvert (Type 2), Retaining Wall (Type 2) and Culvert (Type 3) is Free From Defects.	6 months	3 months		1 year	Structure Inspections

Service Standard 6

Tracked changes showing proposed changes to service standard 6

Note – where “SP” appears in the Adjustment Type this denotes a change to the service points however this information is redacted.

Page 406

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
6.2	Grounds Maintenance Management Strategy	The Service Provider shall prepare the Annual Grounds Maintenance Action Plan, in accordance with Annexure 1 to this Service Standard 6, and submit to the Authority by 1 st December in each Contract Year pursuant to the Review Procedure.	N/A	5 Business Days	SP	N/A	Inspect
6.2	Grounds Maintenance Management Strategy	The Service Provider shall prepare and, following the first Contract Year, update the Five Year Grounds Maintenance Strategy, in accordance with Annexure 2 to this Service Standard 6, and submit the same to the Authority by 1 st December in each Contract Year pursuant to the Review Procedure.	N/A	5 Business Days	SP	N/A	Inspect
6.20	Hedges	The Service Provider shall ensure that each Highway Hedge is Free From Litter And Debris <u>(see Schedule 1)</u> .	28	5 Business Days		3 Months	Service Inspect

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
			Business Days				
6.34	Grounds Maintenance Management Strategy	The Service Provider shall prepare and, following the first Contract Year, update the Five Year Tree Management Strategy, in accordance with Annexure 3 to this Service Standard 6, and submit the same to the Authority by 1 st December in each Contract Year pursuant to the Review Procedure.	N/A	5 Business Days	SP	N/A	Inspect
6.35	Grounds Maintenance Management Strategy	The Service Provider shall prepare the Annual Tree Management Programme and submit the same to the Authority by 1 st December in each Contract Year pursuant to the Review Procedure.	N/A	5 Business Days	SP	N/A	Inspect
6.37	Weed Killing	The Service Provider shall ensure that each paved surface of each Road Section Length, each Footway Section Length and each Hardened Verge is Free From Vegetation. For the purposes of this Performance Requirement 6.57 (only): (i) "Free from Vegetation" means that there is no plant life present (except that which is there by design) which is Detrimental to the structural integrity of the Project Network Part and/or which Detract From the Visual Appearance; and (ii) "Detract From the Visual Appearance" means that: (a) the visual appearance of the Road Section Length, Footway Section Length or Hardened Verge is (on the balance of probabilities) affected by weeds that cover an area of more than 20%; and (b) in the case of a Footway Section Length, weeds reduce the clear	1 Month	5 Business Days		3 months	Service Inspect

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
		width of footway by more than 20%; and in the case of a Footway Section Length with a width of 1.5 meters or more, weeds reduce the clear width of the footway to less than 1.2 meters; and (d) the weeds contemplated in paragraphs (a), (b) and (c) above are in excess of 200mm in height.					

Service Standard 7

Tracked changes showing proposed changes to service standard 7.

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
Page 408	Grit Bins	<p>The Service Provider shall ensure that each Grit Bin is serviceable and filled to capacity 1st October in any year of the Term. by 23:59 hours on the 30th September in any year of the Term.</p> <p>Filled to capacity means Grit Bin is filled to within 100 mm of the front edge and level to the perimeter.</p> <p>Serviceable means the contents are protected from the weather by means of a lid and body that is watertight and safe to highway users.</p>	N/A	1 Business Day		N/A	Inspect

Service Standard 10

Tracked changes showing proposed changes to service standard 10.

	Service Delivery Output Element	Performance Requirement	Rectification Period	Repeat Period	Adjustment Type**	Grace Period	Monitoring Methodology
10.17 (b)	Deposits on the Highway	Where the item and/or spillage does not require specialist treatment and/or specialist removal, and is not causing an obstruction to the Carriageway , the Service Provider shall remove each item and/or spillage (not constituting a Highway Emergency) from any affected area of the Project Network within twenty four e (24) hours of such time that the Service Provider becomes aware or should have become aware was notified via the MIS of the presence of the item and/or spillage.	N/A	1 hour		N/A	Inspect

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Author/Lead Officer of Report:

Rebecca Maddox, Head of Business Development (Culture)

Tel: 07764 290497

Report of: *Mick Crofts, Interim Director of Place*

Report to: *Cabinet*

Date of Decision: *17 February 2021*

Subject: *New Museums Trust for Sheffield*

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? Culture, Parks and Leisure		
Which Scrutiny and Policy Development Committee does this relate to?		
Economic and Environmental Wellbeing		
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? 878		
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:-		

Purpose of Report:

The purpose of this report is to seek approval for Sheffield Industrial Museums Trust and Museums Sheffield to merge into one unified Sheffield Museums Trust from April 2021 as further detailed in this report. While both Trusts are independent organisations (with Sheffield City Council representation on their Boards), Sheffield City Council has significant interests in the new Trust. Sheffield City Council also hold a number of agreements with the two trusts.

Therefore, formal endorsement by Cabinet is sought for the creation of the new Sheffield Museums Trust.

Recommendations:**It is recommended that Cabinet:**

- Endorse and welcome the creation of Sheffield Museums Trust.
- Fulfil its duties as Trustees of the Weston Park Charitable Trust which includes agreeing to grant a licence to assign.
- Approves the licence to assign for all other properties as detailed in this report.
- Notes and agrees in principle the proposed novations of other contracts between the parties, the Tenancy at Will for Graves Gallery and the licence to occupy for Shepherd Wheel.
- Delegates authority to the Director of Culture and Environment, in consultation with the Director of Legal Services to enter into the novations, Tenancy at Will for Graves Gallery and the licence to occupy for Shepherd Wheel.
- Notes and agrees in principle the proposed arrangements for the transfer of the funding and services agreement.
- Delegates authority to the Director of Culture and Environment, in consultation with the Director of Legal Services approval to enter into the new contract for services.
- Agrees for the loan to be discharged which is secured against the Simplex Car and for an agreement to be entered in to in relation to the car as further detailed in this report.
- Notes the work being undertaken on Lifecycle Costs as further detailed in this report.
- Agrees to the assignment, transfer and grant of lease and other occupancy rights as further detailed in this report.
- To the extent not already delegated to them by the Leader's Scheme of Delegation, delegates authority to the Director of Culture and Environment, in consultation with the Director of Legal Services and the Director of Finance and Commercial Services, to take any other decisions necessary in order to meet the aims and objectives of the report.

Background Papers:

Sheffield Museums Trust Business Plan (non-confidential)

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>Chris Nicholson/Janinne Scarborough</i>
	Legal: <i>David Hollis / Gemma Day / David Williams</i>
	Equalities: <i>Annemarie Johnston</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>Mick Crofts</i>
3	Cabinet Member consulted: <i>Cllr Mary Lea</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>Rebecca Maddox</i>
	Job Title: <i>Head of Business Development (Culture)</i>
	Date: <i>08/02/21</i>

1. PROPOSAL

- 1.1 During the 1990's City Council (the "Council") set up **Museums Sheffield** (Millennium Gallery, Weston Park Museum and Graves Gallery) and **Sheffield Industrial Museums Trust** ("SIMT") (Kelham Island Museum, Abbeydale Industrial Hamlet and Shepherd Wheel) as independent Charitable Trusts to take over the running of the city's industrial and non-industrial museums and galleries.
- 1.2 Both Trusts manage the City Collections – the artefacts that represent the human and natural history of Sheffield that the Council owns on behalf of the people of Sheffield and has a statutory responsibility to preserve. For this reason, the Council provides financial support to both trusts.
- 1.3 Both organisations were originally set up as an efficiency measure. This model has had advantages in allowing both to operate flexibly, to source alternative grant funding and to generate earned income from retail, hospitality and events, sponsorship and individual giving. SIMT has historically charged admission fees, but it is the new Trust's intention to extend free admission across all sites as soon as is practicable.
- 1.4 Pre-Covid, around 55% of Museum Sheffield and SIMT funding has come from non-Council sources and both trusts have been successful in securing project funding from a wide range of sources. Museums Sheffield is an Arts Council England (ACE) National Portfolio Organisation and as such is in receipt of regular funding that has benefitted both trusts 2018-2023.
- 1.5 Over recent years, both Trusts have managed decreasing levels of funding from the Council, slightly mitigated by a 4-year funding package which has allowed forward planning. In line with Arts Council funding timescales, it is proposed to maintain currently-agreed levels of funding for the first two years of the new Trust: (SIMT £387,200 and Museums Sheffield £1,354,000) - £1,741,200 per annum in total, subject to approval at the Council's annual budget setting meeting. In autumn 2021, the new Trust will bid for further Arts Council funding for the period 2023-2026. SCC support for this submission will be vitally important.
- 1.6 Both Trusts have responded resourcefully to the Covid crisis, utilising furlough, business support grants and Culture Recovery Funding to remain viable, avoid compulsory redundancies and mitigate lost earned income. Both reopened in August and closed again during the November lockdown. They will reopen when Government guidance permits.
- 1.7 Since 2017, both Trusts have been in discussion about joining forces and ending the artificial distinction between Sheffield's industrial and non-industrial collections. A joint Arts Council grant over the past 2 years has enabled the two organisations to work together more closely. A joint working group drawn from both Boards and senior managements has been developing plans since 2019 and both Boards approved the creation of the new joint Trust in May 2020.
- 1.8 The intention is for SIMT and Museums Sheffield to merge into one unified

Sheffield Museums Trust from April 2021. Both Trust Boards are committed to the formation of the new Trust, which will bring together Sheffield's industrial and non-industrial collections to create a stronger, more resilient organisation, building on the strengths of each, to the benefit of Sheffield people and visitors.

- 1.9 The Due Diligence process has not identified any major issues, and the new Trust is considered viable and beneficial.
- 1.10 While both Trusts are independent organisations (with Council representation on their Boards), the Council has significant interests in the new Trust:
- the Council owns the freehold of the sites affected: Millennium Gallery, Kelham Island Museum, Weston Park Museum, Abbeydale Industrial Hamlet, Graves Gallery and Shepherd Wheel (plus a storage facility).
 - The new Trust will take on responsibility for the City Collections, which are the objects, artefacts and art works owned by the Council on behalf of the people of Sheffield.
 - To enable the collections to be cared for, interpreted and made accessible to Sheffield people, the Council provides a service charge by way of an annual grant of around 45% of the running costs of the museums.
 - Cabinet also act as trustees of the Weston Park Charitable Trust.
- 1.11 Therefore, formal endorsement by Cabinet is sought for the creation of the new Sheffield Museums Trust and to agree to amendments to the current agreement between the parties.
- 1.12 Council officers, Council Board Appointees and the Cabinet Member for Culture, Parks and Leisure have been closely involved in these discussions and in the due diligence process for a new united Museums Trust. The new united trust will be known as **Sheffield Museums Trust (SMT)**.
- 1.13 A three-year Business Plan for the new organisation has been produced, and a non-confidential edition is available as an appendix.

1.14 **Charitable Objects of Sheffield Museums Trust (SMT)**

As a charitable Trust SMT has clearly defined charitable objectives that govern their purpose, underpin their mission and vision and are translated into considered, actionable ambitions with defined outcomes:

1. The preservation, protection, restoration, improvement, enhancement and maintenance of items and features of artistic, scientific, historical and industrial interest for the public benefit.
2. The advancement of and support for education and learning for the benefit of the public, particularly the people and communities of Sheffield and its surrounding region, and especially in the fields of social and industrial history, science and engineering, design, technology, visual art, craft and natural science through:
 - a) the care, management, display and development of collections that span human and natural history which will promote the objects of the SMT including:
 - I. the collections of the Sheffield City Council;

- II. the arts collection of the Mappin Trust;
 - III. the collection of the Guild of St George;
 - IV. the collection of the Ken Hawley Collections Trust; and
 - V. collections of any other person or body to the extent consistent with the objects of the SMT;
- b) the development and production of museum and gallery experiences on site, online and in community settings (including events, displays and exhibitions) to inspire curiosity, creativity, enjoyment and learning in people of all ages to understand the history of and future for Sheffield and its surrounding region in terms of its people, culture, diversity, creativity, artistic, scientific and industrial development;
 - c) the organisation of meetings, exhibitions, lectures, publications and other forms of education relevant to the historical and industrial development of Sheffield and its surrounding region;
 - d) the organisation of meetings, exhibitions, lectures, publications and other forms of education relevant to the public understanding of science engineering technology and design as applicable to the present day and to the future; and
 - e) the aid, establishment, funding, or sponsorship of bursaries, scholarships or grants to any person or persons, institution, association or corporate body for the purpose of furthering the objects of the SMT.
 - f) Such other charitable objects beneficial to local communities as the SMT shall from time to time determine.

1.15 **Governance of Sheffield Museums Trust**

SMT will be governed by an engaged, active and unpaid Board of Trustees including;

- i. A nominee from the Victoria & Albert Museum. A V&A Trustee has been part of the Museums Sheffield Board since its inception and has proved invaluable from a programming and collections development perspective as well as offering a national strategic connection. It is recommended that this role continue to SMT.
- ii. Two Councillors nominated by Sheffield City Council
- iii. 11 Trustees recruited through a transparent process.

The Board will appoint one person to Chair the organisation and another to act as Deputy Chair. Trustees serve three, three-year terms and are recruited with reference to a skills matrix.

Trustees are appointed by a Nominations Committee led by the Chair. The Committee refer to a skills audit of current Trustees alongside key dates for rotation; advocating for the charity and conducting a transparent search to recruit potential trustees on an annual basis. Potential Trustees are invited to

observe committees and to drop-in to events and team meetings to learn more about our work prior to appointment.

The Board will meet quarterly. Trustees will meet regularly at a series of committee meetings that cover Finance, Risk, Audit & Governance, Collections Development; Fundraising; Challenge & Change, Remuneration and Employment and Nominations.

Board meetings are attended by the CEO, the Director of Finance & Resources, the Director of Programmes, and other members of the team as appropriate. Directors prepare and circulate papers in advance of all meetings; minutes are recorded and signed off at the next Board meeting.

Day to day running of the organisation is delegated to the Chief Executive. The CEO reports directly to the Board of Trustees, Arts Council England and the Council and is supported by the Director of Finance & Resources and the Director of Programmes, alongside Heads of Service who bring expertise in specific functions.

- 1.16 The Council has specific interests in this merger as freeholder of the 6 museums sites, owner of the City Collections cared for by both current trusts, major funder, and as Trustees of the Weston Park Charitable Trust.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Sheffield's museums have a unique role in presenting the story of the city to both residents and visitors – they are custodians of many of the objects, artefacts and stories which explain Sheffield's history and distinctiveness.
- 2.2 The new Sheffield Museums Trust will care for the City Collections, which are owned by the Council on behalf of the people of Sheffield. By reuniting the collections the Trust has an opportunity to share the stories of the city and its people in an integrated and inclusive way, using the resources and collections of both previous trusts to create vibrant museums that reflect the lives of all Sheffield's people and are at the heart of the city, and our communities.
- A united Trust will create a more sustainable and efficient organisation, with shared skills, complementary expertise, and more opportunities for staff.
 - Sheffield will have a large museums service which will bring a higher profile for museums, heritage and culture in the city and beyond.
 - Visitors to Sheffield Museums sites will find a strong, consistent and complementary offer across all sites. This will be simpler for visitors to navigate, and will allow easier signposting between sites to create an even better experience.
 - Access will be improved, it is the new Trust's intention to extend free admission at the point of entry across all sites as soon as is practicable. Best practice in accessibility will be shared across both organisations.
 - By bringing together all the museums sites, there will be opportunities

to display more of the collections and in more imaginative ways.

- Sheffield's museums are a vital educational tool, with school visits reaching 25,000 children annually pre-Covid.
- Both Museums Trusts play an important part in the cultural offer for Sheffield people of all ages, as well as for visitors of all ages from outside the city. In the visitor economy, they welcome almost 1,100,000 visitors, contributing to city centre vibrancy. The creation of a combined trust will enable greater development of this role through the increased opportunities of a new Trust.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 Museums Sheffield and Sheffield Industrial Museums Trust are independent organisations. They have undertaken consultation on the new Sheffield Museums Trust with their own Boards; with funders including Sheffield City Council (Cabinet Member for Culture, Parks and Leisure and Arts, Director of Place) and Arts Council England; and with their staff. There has been strong support for this merger from all parties.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 Overall, the merger of the two Trusts will have a positive equalities impact on Sheffield people and visitors. No negative equalities impacts have been identified.

4.1.2 Both current Trusts have strong equality of opportunity, diversity and inclusion policies and practices covering employment, visitor experience, programming, and collections policies. These will be brought together under the new Trust, using best practice guidance from employment lawyers and sector bodies including Arts Council England, ICOM, the Museums Association and the Collections Trust.

4.1.3 Sheffield Industrial Museums Trust has developed a specialism in disability access, while Museums Sheffield has a strong record in supporting diversity in programming. The impact of Black Lives Matter will be seen in the ways that the new Trust develops its policies, identity and practice.

4.1.4 Currently, Abbeydale Industrial Hamlet and Kelham Island Museum charge an entrance fee while Shepherd Wheel and all MS sites are free to enter unless for specific events and exhibitions. It is the new Trust's intention to extend free admission across all sites as soon as is practicable. The removal of admission charges will make it possible for people who live locally to visit the museums more often and presents an opportunity to reengage existing visitors and to develop relationships with new audiences across the spectrum. Removing admission charges is likely to see a significant increase in visitor numbers and while it will not remove the socio-economic and cultural barriers to participation it is an important step.

4.2 Financial and Commercial Implications

4.2.1 There are no specific financial implications associated with the creation of the new Sheffield Museums Trust.

4.2.2 It is proposed to maintain the currently-agreed Council levels of funding for the first two years of the new Trust: (SIMT £387,200 and Museums Sheffield £1,354,000) at £1,741,200 per annum in total, subject to approval at the Council's annual budget setting meeting which takes place in March each year.

4.2.3 It is further proposed that the Council will continue to provide agreed funding linked to Arts Council England funding cycles.

4.2.4 It should be noted that negotiations on Council matched funding for the next Arts Council National Portfolio Organisation funding cycle (awarded from April 2023) will take place in 2021. The new Sheffield Museums Trust may be in a position to bid for a larger sum of Arts Council funding as a combined organisation.

4.2.5 Simplex Car

The Council has previously provided a loan of £92,637 to the Sheffield Industrial Museums Trust, secured against the Simplex Car at Kelham Island Museum. The Simplex Car was valued at £179,000 in 2018. The proposal is for the loan to be discharged and the ownership of the car to be transferred to the Council.

After the loan has been discharged, the Council and the Sheffield Museums Trust will enter into an agreement for the Simplex Car to form part of the collections agreement and it will be loaned back to the Trust to be displayed at Kelham Island Museum.

4.2.6 Lifecycle Costs Millennium Gallery

Under the terms of the Millennium Fund grant for the Millennium Gallery, Sheffield City Council retains a responsibility for asset management and lifecycle repairs. SCC will work with Sheffield Museums Trust to fulfil its obligations under the terms of the funding.

4.3 Legal Implications

Commercial

4.3.1 The Localism Act 2011 provides local authorities with a "general power of competence" which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need.

4.3.2 If the recommendations within this report are approved then a services agreement will be put in place between the Council and the new trust using one of the previous services agreements that is currently in place. The previous agreements will be replaced by and combined into this one services agreement. This will ensure consistency across all sites and provides the opportunity to update, clarify and strengthen specific areas between the Parties.

- 4.3.3 The services agreement will terminate in accordance with the termination clauses, when the trust is no longer entitled to occupy the properties or the leases have been ended.
- 4.3.4 The obligations of the Sheffield Museums Trust are detailed within the Services Agreement and a business plan must be provided to the Council in accordance with the Services Agreement.
- 4.3.5 Payments will be made quarterly to the Sheffield Museums Trust for the services.
- 4.3.6 The schedules of the Services Agreement will provide more detail for example the services, contract price, maintenance repairs, millennium gallery and the warranties of the parties.
- 4.3.7 The collections agreements will be novated to the Sheffield Museum Trust with a requirement that they are reviewed, and a new combined collection agreement is produced in the next 3 years.
- 4.3.8 Sheffield Museums Trust will take on responsibility for the care, maintenance, display and interpretation of the City Collections, on behalf of Sheffield City Council. A Collections Policy for the new SMT will be developed, in line with the agreed Collections Policies of each existing Trust, which the Council will approve.
- 4.3.9 Consent will be requested from the trustees of the Hawley Collection to novate the agreement relating to the Hawley Collection over to the new trust.
- 4.3.10 Consent will be requested from the Guild of St. George to novate the agreement relating to the Ruskin Collection over to the new trust. This is a tripartite agreement which the Council is a party to.
- 4.3.11 The Public Contracts Regulations 2015 (as amended) and the Councils Contracts Standing Orders must be complied with. The current view of the Council is that the proposals are compliant. Once the final service agreement is received, detail will be provided to the Director of Culture under the delegation in this report.

Property

- 4.3.12 To ensure continuity of service, the current leases and occupancy arrangements will be assigned to the new Sheffield Museums Trust.
- 4.3.13 The Council will grant Licences to Assign to Sheffield Galleries and Museums Trust for Weston Park Museum, Millennium Gallery and the storage facility.
- 4.3.14 The Council will grant Licences to Assign to Sheffield Industrial Museums Trust for Kelham Island Museum and Abbeydale Industrial Hamlet.
- 4.3.15 There may be a need to amend user clauses in some of the leases and, if necessary, appropriate variation provisions will be added to the Licences to Assign.
- 4.3.16 A Tenancy at Will for the Graves Gallery, a Licence to Occupy for Shepherd

Wheel and any necessary early access agreements will also be granted to Sheffield Museums Trust. These will ensure a smooth transition and formalise the obligations and requirements of the parties.

Weston Park

4.3.17 The Weston Park Museum is a property held in trust by the Council for the Weston Park Trust: a registered charity (number: 1112685), established by a Declaration of Trust dated 5 December 2005.

4.3.18 A lease of the Weston Park Museum dated 30 May 2006, was granted under powers contained in the Declaration of Trust:

“...to grant a lease or leases of land and/or buildings to Sheffield Galleries and Museums Trust [Registered Charity No. 1068850] for use by them as a Museum and/or Art Gallery together with any ancillary activities connected with the operation of a Museum and/or Art Gallery for the benefit of the public.”

4.3.19 The current lease was a renewal by reference dated 29 August 2014, which granted a new term of 25 years but incorporated all the requirements, covenants and conditions contained in the 2005 lease.

4.3.20 As the sole corporate trustee, all decisions on matters related to property held by the Council on trust are made by the Cabinet. The law sets out clear requirements to ensure that any lease of the Trust’s property is properly managed in the charity’s interests.

4.3.21 In this case, the grant of a Licence to Assign does not amount to a disposition by the Trust for the purposes of sections 117 to 120 of the Charities Act 2011. It is the original tenant, not the Weston Park Trust, that is disposing of its interest in the property to the new tenant.

4.4 Other Implications

4.4.1 Staffing Implications for the new Museums Trust

TUPE of staff is a matter for the new Trust however the Council’s understanding is that all staff are being transferred into a new joint staffing structure. Staff from both organisations will be transferred under TUPE regulations to the new Trust, with appropriate consultation and representation procedures in place.

4.4.2 Pension Implications

As both Museums Sheffield and SIMT will effectively TUPE their staff to the new trust, at this point both current pension admission body agreements will cease and a new one for the new trust will be signed. The Council has agreed to act as guarantor to South Yorkshire Pensions Authority (“SYPA”) as it poses no additional risk to the current arrangements of the Council acting as guarantor to SYPA and the existing arrangements that are in place. South Yorkshire Pensions Authority has agreed to this and will allow the transfer to happen on an ‘ongoing’ basis so there will be no need for a crystallisation of the liabilities on exit of their current arrangements.

4.4.3 Collections Arrangements and Policies

The current Collections Arrangements and Policies for each existing Trust, which have been previously approved by the Council, will be transferred across to the new organisation. A new joint Collections Arrangement and Policy will be produced within the first 3 years of Sheffield Museums Trust.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The alternative to the new Sheffield Museums Trust would be for the two existing museums trusts to continue separately. There are many advantages and opportunities presented by a single united Museums Trust, and warm enthusiasm from both organisations for this development. There seems little merit in continuing as two separate trusts.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Sheffield Museums Trust will become one of the largest groups of museum sites in the country, with a unique opportunity to showcase and celebrate the history, development and diversity of the city, while allowing us to take our place on a national stage. It will become an even greater asset to Sheffield people and to our visitors. A merged museums trust opens up opportunities for additional external funding, and creates a more resilient, flexible and skilled organisation for the future. More of the Sheffield Collection will become accessible for Sheffield people to enjoy. Both Trust Boards see this as a strongly positive step for the future.

**Sheffield Museums Trust
Business Plan 2021 – 2024¹**

Version	Author	Change
07.10.2020 v1.	KS	
29.10.2020 v1.1	JC	JC finance changes
10.11.2020 v1.2	KS/KH	Edits
20.11.2020	KS	Incorporated JWG edits/comments
26.11.20	JC	JC minor budget presentation amendment
1.4.2021	KS	Appendices redacted

Revision due	Author	Change
January - March 2021	JC/KH/KS	Development of ACE investment principles/revise financial projections/commercial business plan/activity plan. Submission 31.3.2021

Contents

- Part 1: Executive summary**
- Part 2: Introduction and background**
- Part 3: Vision and Mission, Charitable Objects**
- Part 4: Context**
- Part 5: Ambition and objectives**
- Part 6: Governance and leadership**
- Part 7: Resource and sustainability**

Appendix 1: Financial Projections *Commercially sensitive – redacted*****

Appendix 2: Forecast Assumptions *Commercially sensitive – redacted*****

Appendix 3: SMT Commercial Business Plan *Commercially sensitive – redacted*****

Appendix 4: Activity Plan *Commercially sensitive – redacted*****

Appendix 5: About our sites

Appendix 6: ACE planning milestones

¹ Draft, November 2020

Part 1: Executive Summary

Sheffield Museums Trust will launch in spring 2021 after four years of collaboration between Museums Sheffield and Sheffield Industrial Museums Trust. In resolving to become one new organization, Trustees believe that the museums will be stronger, more resilient, and better placed to develop and share Sheffield's extraordinary collections into the future. This business plan lays the ground for the work of SMT over its first three years of operation and will be revised on an annual basis as we adapt and develop.

Our ambition is that Sheffield's collections fire the imaginations of the audiences we serve, and that Sheffield's museums are celebrated for being inspiring and culturally inclusive. Our ambition underpins this plan in four key areas:

- **Ambition for Place**
Vibrant museums at the heart of our city and at the heart our communities
- **Ambition for People**
Be a great place to work with a culture of collaboration, creativity, and high performance
- **Ambition for Creativity**
Be recognised for dynamic museum experiences that inspire people to think, engage, be creative and connect with the city's past, present, and future
- **Ambition for Sustainability**
To be operationally, financially, and environmentally resilient and sustainable

This business plan has been prepared against the backdrop of economic uncertainty; the first two years in the life of Sheffield Museums Trust are likely to be challenging. Initially, we will focus on stabilizing the foundations, developing our people and culture, and continuing to deliver an outstanding creative programme.

Our exhibitions, displays and events are designed to inspire our visitors and users to learn from the past, find their creativity and feel hopeful about the future – the work we do speaks volumes and will demonstrate our purpose, impact and power and a clear case for investment.

By the end of year one we will have,

1. A comprehensive Masterplan for our sites and services that will guide our development over the next decade and see Sheffield's Museums play a vital role in the city's recovery (December 2021)
2. Submitted our bid to ACE to be a Band 3 NPO (December 2021)
3. Completed a whole team induction programme (March 2022)
4. Developed a race-inclusion action plan (March 2022)
5. Established service principles of learning and inclusion (March 2022)
6. Launched a new website with a diverse online offer (Autumn 2021)
7. Installed new signage across our sites (Spring 2021)
8. Celebrated a successful summer launch programme (September 2021)
9. Completed audience and market research and developed an audience development plan (December 2021)

Part 2: Introduction and background

Sheffield's museums and galleries were operated by the Council until 1994, when Sheffield Industrial Museums Trust was formed to manage first Kelham Island Museum, then Abbeydale Industrial Hamlet and Shepherd Wheel. Sheffield City Art Galleries and Sheffield City Museums united to become Sheffield Galleries & Museums Trust (Museums Sheffield) in 1998. In 2020, the two Trusts resolved to unite as a new organisation. Today, Sheffield Museums Trust is responsible for running six of the city's leading museums, galleries, and historic sites: Abbeydale Industrial Hamlet, Graves Gallery, Kelham Island Museum, Millennium Gallery, Shepherd Wheel, and Weston Park Museum.

The Trust also cares for the city's collections, the majority of which were donated by local people in perpetuity and for the purposes of education and civic enhancement. The collections number over 1 million items that span archaeology, industrial and social history through to natural science and visual art and represent the stories, achievements, and endeavours of Sheffield's people through over 8,000 years of human history. MS also works closely with our two principal collections partners; The Guild of St George, custodians of the Ruskin Collection, and the Ken Hawley Collections Trust, who are custodians of the Hawley Tool Collection.

Achievements

Since their formation in the 1990s, MS and SIMT have transformed the visitor experience by redeveloping and revitalising the sites, developing the collections, and creating new displays, exhibitions, and events to keep the offer fresh and engaging.

In a period characterised by financial challenges, we have fundraised to support capital developments and creative programmes and successfully enhanced earned income through retail, cafes, corporate hospitality, and commercial events. KIM and MG have become the go-to venues for major annual events from DocFest and Festival of the Mind, to No Bounds and CAMRA's Steel City Beer & Cider Festival – the unique selling points of each site have enabled us to connect with a broad client base.

Pre-Covid, all sites enjoy good visitor numbers and are supported by loyal and engaged audiences. For the 1.8 million people in Sheffield City Region, our museums are places to experience great art and heritage, understand the complex wonders of the natural world and take time to think.

Our programmes help people find creativity and joy and learn about our collective past through learning together, sharing memories and experiences and having a great day out. Looking back, the best of our work has happened in collaboration - with schools, with volunteers, with new audiences and with community partners. We have created museums that are exciting, inclusive, and relevant. Looking ahead, we will build on this to create vibrant museums that reflect the lives of all Sheffield's people and are at the heart of the city, and the heart of our communities.

Part 3: Vision and Mission, Charitable Objects

Vision and Mission

Our vision and mission will be developed and refined with staff from across SMT during 2021. To guide us through this stage of our development we will use this destination vision to focus thinking and support planning:

An ambitious, resilient, and unified museums service that represents, celebrates, and inspires Sheffield.

To realise our destination vision, resilience, relevance, and representation must underpin every aspect of our work. We must be:

Resilient – with people who have the confidence, opportunity, and capacity to learn, adapt and recover from the challenges we will face.

Relevant – delivering collections and creative programmes that are relevant and useful to the communities we serve. By improving the quality and relevance of our work we'll engage people from all walks of life and every area of Sheffield and inspire them to connect with arts and heritage and express their creativity throughout their lives.

Representative – the museums will be more engaging places if our people, programmes and audiences represent the communities we serve and reflect our connected history.

Charitable Objectives

As a charitable Trust we have clearly defined charitable objectives that govern our purpose, underpin our mission and vision, and are translated into considered, actionable ambitions with defined outcomes:

- 1) The preservation, protection, restoration, improvement, enhancement and maintenance of items and features of artistic, scientific, historical, and industrial interest for the public benefit.
- 2) The advancement of and support for education and learning for the benefit of the public, particularly the people and communities of Sheffield and its surrounding region, and especially in the fields of social and industrial history, science and engineering, design, technology, visual art, craft and natural science through:
 - a) the care, management, display, and development of collections that span human and natural history which will promote the objects of the Trust including:
 - i) the collections of the Sheffield City Council.
 - ii) the arts collection of the Mappin Trust.
 - iii) the collection of the Guild of St George.
 - iv) the collection of the Ken Hawley Collections Trust; and
 - v) collections of any other person or body to the extent consistent with the objects of the Trust.
 - b) the development and production of museum and gallery experiences on site, online and in community settings (including events, displays and exhibitions) to inspire curiosity, creativity, enjoyment and learning in people of all ages to understand the history of and future for Sheffield and its surrounding region in terms of its people, culture, diversity, creativity, artistic, scientific and industrial development;
 - c) the organisation of meetings exhibitions lectures publications and other forms of

education relevant to the historical and industrial development of Sheffield and its surrounding region.

- d) the organisation of meetings exhibitions lectures publications and other forms of education relevant to the public understanding of science engineering technology and design as applicable to the present day and to the future; and
 - e) the aid, establishment, funding, or sponsorship of bursaries, scholarships or grants to any person or persons, institution, association, or corporate body for the purpose of furthering the objects of the Trust.
- 3) Such other charitable objects beneficial to local communities as the Trust shall from time to time determine.

Our charitable objects represent our purpose, impact, and power:

- **Our purpose** is to care for and develop Sheffield's extraordinary heritage collections and to use them as a tool for inspiration, for making sense of the world around us. We will make the city's heritage accessible to the widest audience - people from all walks of life.
- **Our impact is measured in our** contribution to quality of life, learning and skills, to place-making and vibrancy and to the city region economy.
- **Our power** is in celebrating local identity and distinctiveness, bringing the best to the Sheffield, and enabling people to feel proud of their city and joy where they live.

Part 4: Context

The City of Sheffield

Sheffield City Council is our principal partner; the sites and collections assets we care for belong to the city and its people and the local authority's investment in and support of Sheffield's heritage is vital.

As a result of the pandemic, the economic, social, political, and environmental context that the city operates is changing. The crisis has seen businesses, cultural organisations and the voluntary and community sector come together to support some of the city's most vulnerable people and this level of collaboration is set to continue.

SMT will commit to working closely with the executive and leadership as Sheffield moves from a period of recovery to renewal. We will also continue to have a leading role in strategic groups including Sheffield Culture Consortium, Sheffield Culture Collective, Create Sheffield, and Sheffield Business Response Group. We will also work with members of Joined Up Heritage Sheffield, The Sorby Society, and the Castlegate Partnership among others.

SMT have a long history of partnering with The University of Sheffield and Sheffield Hallam University with activity spanning collections research and exhibitions, teaching and learning, and the delivery of major events and city-wide strategic planning. This will continue and is likely to extend further over the next decade with particular development opportunities at KIM, MG and the GG.

The Sheffield Business Response Group, a group of civic and city leaders, began meeting during the pandemic to support Sheffield's economic recovery. Their Business Recovery plan² highlights areas for relief, renewal and recovery including a call for investment in culture to encourage visitors back to the city centre.

SMT has a major opportunity to play a pivotal role in short-term delivery and longer-term recovery planning. We will,

- Work with businesses to advocate for the role of museums
- Develop and extend partnerships between arts, business, and the Universities.
- Build stronger connections between arts, culture, health and well-being in partnership with Sheffield Culture Consortium
- Become active members of Sheffield's voluntary and community network
- Support the learning experiences of Sheffield's young people in partnership with schools, Learn Sheffield and Create Sheffield

South Yorkshire

As the core city, Sheffield is working with SCR partners to improve education and high-level skills, support community cohesion and develop strategies for inward investment and economic growth.

The Sheffield City Region Strategic Economic Plan (2020) aims to, 'grow an economy that works for everyone - to contribute more to UK prosperity and enhance quality of life for all'. The plan recognises that arts, culture, and leisure play a fundamental role in the dynamism of SCR's city and towns; in developing the skills and knowledge of residents, and improving health, wellbeing and community cohesion.

² <http://democracy.sheffield.gov.uk/documents/s41012/Appendix%20-%20Sheffield%20Business%20Recovery%20Plan.pdf>

The plan also recognises that SCR must build on the rich cultural assets it already has to realise its full potential and it commits to establishing culture as a strategic socio-economic driver. SMT have a good relationship with the LEP team, with the Mayor and with businesses and museums throughout the region. We have an opportunity now to lead the development of a clear cultural narrative for Sheffield and South Yorkshire that is rooted in the tradition of creating and making. We will,

- Work with the new Project Director for Art, Culture and Heritage for South Yorkshire who will provide the capacity and capability at a senior level to support the Mayor's ambition to create a step change in the region's arts, culture and heritage offer.
- Position our creative programme as the backbone to South Yorkshire's cultural narrative – imagined, created, made in Sheffield
- Build advocacy for SMT via the Mayor and the LEP leadership team
- Maintain good working relationships with museums and cultural organisations in South Yorkshire

Arts Council England

In 2019, ACE launched *Let's Create*, their new national strategy. Their vision, 'By 2030, we want England to be a country in which the creativity of each of us is valued and given the chance to flourish, and where every one of us has access to a remarkable range of high-quality cultural experiences.' They are clear that a dynamic museums sector will be at the heart of their strategy, this presents a clear opportunity for SMT.

The strategy has four key investment principles:

- Ambition & Quality
- Dynamism
- Environmental Responsibility
- Inclusivity & Relevance

Arts Council England are a key strategic partner, SMT will work with them to support and sustain Sheffield's cultural ecology and ensure that ACE investment in the city delivers to their national strategy and compares well with their investment in other northern cities.

As a result of the pandemic, ACE are delayed in publishing the delivery plans that accompany the strategy. SMT has benefitted from both ACE NPO and project funding over many years and this plan will be adapted to respond directly to ACE delivery plans in spring 2021 as we begin to develop a bid to the next NPO round in December 2021.

Equality, Inclusion and Anti-Racism

The Black Lives Matter campaign has challenged every organisation to assess the causes and impacts of racism and race inequality. SMT's ambition is to become one of the most culturally inclusive museums in the UK. To achieve that ambition, SMT is committed to building our knowledge and understanding and embedding mechanisms for change in all areas of work from governance, recruitment and audience development to acquisitions, exhibitions and events. At the end of year one, we will have an anti-racism action plan that seeks to develop all areas of our practice. We will also have a comprehensive overview of the contested heritage collections in our care and a set of creative proposals to explore and reinterpret them over the coming years.

As this internal work progresses, we will engage academic and community partners to review and challenge the breadth and depth of our activity and guide our development and support SCC's Race Equality Commission recommendations to embed change.

Audiences

Sheffield is home to 575,400 people and is at the heart of a Sheffield City Region (SCR) population of 1.8m. Our purpose is to make the city's heritage accessible to the widest audience in Sheffield, the City Region and beyond.

In 2019-20 Sheffield's museums welcomed over 1.1m visitors, over 25,000 school children and another 25,000 people took part in learning activities from Dementia Cafés and Toddler Takeovers to Halloween Trails and national programmes such as the V&A's DesignLab Nation.

Visitor numbers are good but there is room for growth. Pre-Covid, we used Audience Finder at all sites, and were beginning to establish a reasonable data set. We need to kickstart the use of Audience Finder in 2021 and build a clearer understanding of existing and potential audiences.

Existing Audience Finder data shows that our audiences represent key segments from the Audience Agency's Audience Spectrum segmentation system including Trips and Treats, Commuterland Culturebuffs and Experience Seekers.

Experience Seekers (emerging adults) offer potential for further growth at Millennium Gallery
Dormitory Dependables (independent adult audiences) are a focus at Weston Park Museum.

The hard to reach Facebook Families, Kaleidoscope Creativity and Heydays remain the segments that we must work hardest to engage across all sites.

Our strategy for developing audiences between 2021 - 24 will have four strands:

1) Understanding our audiences post-Covid

Research to build a clear understanding of existing and potential audiences across all sites.

2) Retaining current audiences

Activity to keep our existing and loyal audiences interested and engaged.

3) Increasing penetration

What we will do to attract more of the audiences we know have the potential for engagement

4) Developing new audiences

How we will connect with communities across the city who do not engage with museums

Key goals across these strands include:

- Better, up to date audience research.
- An exemplary welcome across all sites
- Ensuring audience development is a primary influence on programming
- Programme reflects the diversity of our audiences
- Growing visitor confidence to return to all sites post-Covid with realistic visitor targets should social distancing continue
- Expanding our reach and increasing engagement through digital platforms
- Continued improvement of our sites, with audiences at the heart of process
- Retaining and developing identified target segments

Our approach will be developed further in the SMT Audience development Plan 2021-2024*

Environmental Responsibility

SMT is committed to reducing our impact on the environment by taking an informed decision about procurement, waste reduction and energy usage. We recycle and reuse wherever we can, and we encourage our team and our visitors to make environmentally aware choices throughout their visit and in their working practice. Our policy statement (see Part 7) makes a clear commitment to environmental sustainability. This is underpinned by a comprehensive environmental action plan that is monitored and reported against using the Julie's Bicycle portal. The plan is supported and developed by an Environmental Working Group of staff drawn from all areas of the organisation.

Part 5: Ambition & Objectives

Ambition

Our vision is expressed through our ethical ambition for place, people, creativity, and sustainability. Objectives are aligned with those of our strategic partners Sheffield City Council, Arts Council England, and National Lottery Heritage Fund and are supported by a comprehensive activity plan detailed in appendix 4.

Ambition for Place
Vibrant museums at the heart of our city and at the heart our communities
1. Increase our socio-economic contribution to the prosperity of Sheffield and South Yorkshire
2. Work with the city and key stakeholders to develop and deliver a cultural strategy for Sheffield and city region
3. Work with SCC and partners to realise the transformation of the Graves Gallery and Central Library
4. Understand and develop audiences through in-depth research, analysis, and evaluation
5. Work with community to create museums that are relevant, representative, and resilient

Ambition for People
Be a great place to work with a culture of collaboration, creativity, and high performance
1. Develop a team culture where everyone is working together across functions and sites
2. Review and revise policies and procedures to ensure our team is supported and their work is recognised and rewarded
3. Invest in tailored workforce development to equip our team with the skills and experience they need to do their job well, develop their talent and play to their strengths
4. Embed an ethos of learning and inclusion
5. Relaunch Volunteering at SMT – achieve the Sheffield Volunteering Standard by 2023

Ambition for Creativity
Be recognised for dynamic museum experiences that inspire people to think, engage, be creative and connect with the city's past, present, and future
1. Deliver a dynamic programme of exhibitions, displays and events that develops Sheffield's collections, celebrates the city's broad cultural heritage, and inspires visitors young and old
2. Work with local, regional, national, and international partners to deliver, innovative and outstanding programmes
3. Work with community partners to co-curate collections, exhibitions, displays and events that are representative, relevant, and accessible
4. Manage and develop the collections, make them accessible to the widest audience
5. Create inspiring and innovative learning opportunities for children, young people, and families
6. Develop and deliver strong community focused creative programmes that engage more people, support health and well-being and enrich people's lives

Ambition for Sustainability
To be operationally, financially, and environmentally resilient and sustainable
1. Masterplan a rolling programme of investment in our sites and facilities to ensure they are flexible, accessible, inspirational spaces across all sites
2. Review and adapt our commercial enterprises to ensure they are effective and profitable and meet the needs of audiences and clients
3. Increase net self-generated income as a proportion of total funding
4. Embed a culture of visitor-giving across all sites
5. Lever external investment to enhance our programme
6. Strive to reduce our environmental impact across all sites

Ambition for Place

As vibrant museums at the heart of our city and our communities we make a major contribution to peoples' understanding of Sheffield as a safe, caring, creative and confident city.

Sheffield's museums support quality of life and make the city a vibrant place to live, work, study and do business. Above all, they are welcoming spaces where people meet, think, create, learn, and connect with the city's past and present.

It is vital that all sites deliver an excellent experience for visitors with exhibitions, displays and events in spaces that are well-maintained and fit for purpose. In spring and summer 2021, colleagues from all areas of SMT will work together to masterplan our sites, identifying quick wins, small-scale capital improvements and big ideas.

Capital redevelopment of the Graves Gallery and Central Library

The building needs major investment to make it fit for purpose. This is a major capital redevelopment project that requires £40m+ investment and significant commitment from Sheffield City Council.

We anticipate that the redevelopment will be set back as a result of the pandemic, however we will continue to work with the Director of Culture and the Director of City Centre Development to develop a compelling vision for the gallery, and for the site as a whole.

SMT have secured £455,000 from the Ampersand Foundation to re-display and refresh the gallery annually from 2021-2025 ensuring that the collection is understood and enjoyed as the unique and dynamic resource it is.

Admission Charges

Currently, Graves Gallery, Millennium Gallery, Shepherd Wheel, and Weston Park Museum offer free admission. Abbeydale Industrial Hamlet and Kelham Island Museum charge entry fees. All sites charge fees for workshops, school sessions and events.

It is proposed that free admission is extended across all sites where practicable in 2021-22. We anticipate that this will significantly increase visitor numbers at AIH and KIM and that visitors will primarily be drawn from Sheffield, South Yorkshire and North Derbyshire.

Across the UK, both charging and free-entry museums welcome a similar visitor demographic and while numbers of visitors, (and repeat visitors) are likely to increase if admission charges are removed, the diversity of our audience is unlikely to change.

It is therefore vital that SMT's work to connect and engage with people who do not visit the museums continues. The immediate opportunity is to re-engage and develop relationships with the communities on the doorstep of SMT sites, i.e. in Kelham Island, Upperthorpe and Netherthorpe, Ecclesall and Abbeydale. The removal of admission charges will make it possible for people who live locally to pop into the museums more often and in time this will bring a greater sense of connection and ownership. Our doorstep communities combine some of the highest socio-economic groups as well as some of the lowest – we have an opportunity to reengage existing visitors and to develop relationships with new audiences across the spectrum and while removing admission charges is not a panacea, it is an important step.

With growing visitor numbers, we can expect increases in secondary spend and donations. However, in the current climate visitor numbers and earned income are expected to be low in SMT's first year of trading as the impact of the pandemic and tier restrictions on visitor and consumer confidence continues to affect footfall and event bookings.

SMT has an opportunity to develop its approach to visitor engagement with the launch of a new charity message and Friends membership scheme, team training on how to engage visitors in the work of the charity and make the ask, and a refresh of the retail offer.

It also presents a wider opportunity to launch SMT as an organisation that seeks to actively remove barriers and support the people of Sheffield to explore their cultural heritage with a suite of extraordinary museums that are free, welcoming and accessible to everyone.

Free entry across all sites will make communication about planning a visit simpler and enable us to make a clear case for support. With all sites free at the point of entry we will actively encourage people to donate using consistent messaging for visitors on site, online and in print and reinforced by our welcoming team.

The cultural sector has identified the need to support and encourage visitor confidence to return to museums in a post-Covid world; removing admission charges will help to create a clear message when we can reopen – we're open, we're safe and we're free.

Collaboration

Collaborative practice is at the centre of SMT and it enables us to maximise our resources, deliver an excellent creative programme and reach new audiences. As a Sheffield Culture Consortium member, we collaborate to develop programmes that build a high profile, integrated cultural offer for residents and visitors to the city.

Museums throughout the region face similar challenges and opportunities. We will work with regional partners and the English Civic Museums Network to share best practice and to identify exciting, effective, and efficient collaborative opportunities. Our good working relationships with Sheffield, Barnsley, Rotherham, and Doncaster museums will continue and we will work with them to support the SCR Mayor's aspirations to develop a compelling cultural narrative for South Yorkshire.

During 2021 - 2024 partnerships with the V&A, NPG, the David Roberts Art Foundation, The Guild of St George, Ken Hawley Collections Trust and The Horniman Museum as well as universities, individual artists and private collections will continue to inform programme development, showcasing the very best of our nationally distributed collections and internationally significant collections and works of art are displayed in Sheffield.

We will:

- Lead, with SCC, on the redevelopment of the Graves Gallery & Central Library building
- Contribute to and support a shared vision for Sheffield.
- Support city centre redevelopment schemes including Heart of the City II and the Castlegate Partnership
- Articulate the importance of creativity and making in Sheffield's past, present and future.
- Celebrate Sheffield's uniqueness, locally and globally
- Profile Sheffield on a national and international stage through outstanding exhibitions
- Collaborate across sectors nationally to advocate for investment in museums
- Work across the city with people of all backgrounds and experiences to become the most culturally inclusive museum in the UK

Ambition for People

Be a great place to work with a culture of collaboration, creativity, learning, reflecting and high performance.

SMT benefits from having two extraordinary assets; our colleagues and the city's collections - both of which are at the heart of who we are and the work we deliver with and for the people of Sheffield. We will review and develop our employee value proposition to position the Trust as an employer of choice within the sector and city.

We employ approximately 102 staff alongside a team of casual workers who support hospitality, learning and visitor welcome. The team bring professional and specialist skills in Visitor Experience, Collections, Communications, Conservation, Exhibitions, Learning and Events, HR, Finance, Fundraising and Retail.

Our focus for the first year of SMT will be on creating an engaged, motivated, and unified workforce. We will support our people to feel like they belong to one organisation by creating opportunities for our team to work together and contribute to the development of a new organisational culture.

The pandemic has prevented colleagues from getting together in 2020 and we will create opportunities for staff to work together during 2021. We will take time to identify and explore what we have in common, understand the collective skills and expertise we share as one organisation and identify activities/projects that will create momentum and enable everyone to see the benefits of coming together.

When compared with the population of Sheffield City Region, the demographic of our current staff team reveals significant under-representation of 16-24-year olds, disabled people, and people from distinct ethnic or racialised groups.

SMT must develop a workforce (including staff, volunteers, and Trustees) that better represents the population it serves. An inclusive approach to recruitment will be implemented in 2021-22 backed up by adverts, information packs, an application portal and selection and interview process that are designed and structured to attract a diverse pool of talent and reduce bias at every stage of the process.

This will be underpinned by a planned and considered approach to investing in performance appraisals, training and leadership and organisational development. As financial resource for training is limited, we plan to lever match funding or government support wherever possible to support additional opportunities for staff and trustees. Training includes:

- Essential training; First Aid/Fire/Health and Safety
- Leadership development
- Anti-racist training
- Inclusive recruitment
- Management skills and performance management
- Community participation – developing competencies in co-creation and co-production
- Working with volunteers
- Fundraising; storytelling, visitor welcome, making the ask

Community engagement and collaboration (through creative projects, funded heritage programmes and events) has always been a fundamental element of our museums' work. We will build on our history of inclusive, participatory practice and ensure that the principles of equity, diversity and inclusion underpin everything we do. We will invest in our people and develop internal pathways, communication and confidence throughout the organisation to ensure that community participants have a great experience and are able to make a meaningful input into the work of the museums over the long-term. We will seek external funding to support this development.

Volunteers

We are supported by 317 volunteers who contributed an impressive 11,066 hours in 2019-20. Volunteers support activity across the organisation and will continue to play an important role across all sites.

During the pandemic, volunteers supported our work remotely and from summer 2021 it is anticipated that Volunteers will return to site and will grow to become the biggest advocates for our work.

Sustaining a committed and flexible body of regular volunteers will allow SMT to increase capacity and improve our offer to visitors. Volunteering is an opportunity to connect with people better, not a cost saving measure or an employee replacement programme. However, high quality audience engagement has a direct impact on visitor satisfaction, and we anticipate that investing in volunteers will bring financial benefit through increased visitor giving and retail spend.

SMT will professionalise our operations by adopting the Sheffield Volunteering Standard, introducing consistent recruitment processes (DBS, references etc.), developing progression opportunities for volunteers, improving retention and valuing, celebrating, and communicating the work we do together.

Ambition for Creativity

Be recognised for dynamic museum experiences that inspire people to think, engage, be creative and connect with the city's past, present, and future

Collections

SMT manages SCC's collections of art, human, industrial, and natural history, it is also custodian of the Guild of St George's Ruskin Collection and home to the Ken Hawley Collections Trust.

All sites have full Accreditation. MS was awarded full Accreditation in July 2018 and SIMT had expected an invitation to apply this summer. We anticipate that SMT will be invited to apply as a new entity in 2021.

Sheffield's collections comprise over 1m items of local, regional, national, and international significance and helping people to connect with them is the principle source of inspiration for all our work. SMT develop and share the collections through acquisitions, research, and strategic management.

Over the next five years the team will continue to develop relationships with specialist networks, communities, and volunteers to collaboratively explore, challenge and inform the way the collections are used and understood. We will create and implement an action plan that encompasses new research on decolonizing museum collections, an active approach to collections development and display, a review of storage capacity and collections management procedures.

Creative programme

The programme develops collaboratively through connections, conversations and ideas drawn from a diverse base including organisations, artists, academics, curators, business, and community partners. We will extend this process to engage directly with our visitors and volunteers in the development of our programme. Understanding audience needs and listening to enable the development of dynamic and open ways to participate in this process will be key.

We will continue to position Sheffield and its people in a national and international context and develop opportunities for more people to connect with their museums. By opening up, involving more people, listening, and learning, new ideas and projects will emerge that will shape the content and direction of the programme.

Exhibitions are a key aspect of our programme and a key driver for audiences. We will develop the programme across all sites, displaying exhibition content at multiple sites and experimenting with shared themes and ideas.

Learning

SMT has learning at its core. We will be a learning organisation that has a culture of trying new things, reviewing, and adapting as part of its practice. This organisational ethos will support a programme of learning activity that is constantly developing and changing to be of the utmost relevance to participants. There will be two strands to our learning activity – a formal offer, for schools, and an informal offer including activities for families, adults, communities, and volunteers. We will work with Learn Sheffield, Create Sheffield, and other partners to develop and deliver our plans.

Formal learning will focus on primary school age participants, developing and extending current activities to create a new programme for schools that reflects their new needs and limitations alongside the exciting opportunities presented by the forming of SMT. Activities with secondary school age, college and university participants will focus on specific projects such as V&A Design Lab Nation and NPG Creative Connections. We know that creating activity that supports children and young people through creativity is key to developing their confidence, attainment, and aspirations.

Informal learning will continue to grow and develop. Public programmes are an important way to test new ideas and engage in wider debates and therefore essential to SMT's ambition to experiment and learn. Working with communities is fundamental to our learning and will improve collections development and exhibitions. Working with volunteers, as described in *Ambition for People*, supports all aspects of our work, and presents a huge opportunity for SMT.

Digital

The pandemic has underlined the importance of digital and its fundamental role in creative programming. Digital is key to improving collections access, providing a full exhibition experience and to delivering engaging and considered learning activity. As we recover post Covid it will take time for people to decide to visit again, a strong digital programme provides a key means of keeping in contact with audiences.

Ambition for Sustainability

To be operationally, financially, and environmentally resilient and sustainable

Sheffield City Council pay SMT an annual service charge that supports basic 'open-the-doors' costs. Pre Covid-19 and pre SMT the charge amounted to 45% of SMT and MS turnover. This baseline support enables SMT to lever additional funding from Arts Council England (pre Covid-19 around 25% of turnover) and a range of trusts and foundations and to generate earned income from commercial enterprises, individual giving, and fundraising campaigns.

Summary financial operating position

The current socio-economic environment is incredibly challenging. All businesses are operating with uncertainty over the future. Our financial planning must be realistic about the scale of challenges ahead.

SMT is fortunate to begin 2021-22 with relatively stable financial foundations. Careful financial management in the previous Trusts alongside the Coronavirus Job Retention Scheme and Culture Recovery Fund support means that the asset position, reserves, and most importantly, the cash position that SMT acquires is sufficient. This will provide enough stability and flexibility to navigate a year that will be heavily impacted by the pandemic.

Directors anticipate that visitors, schools, and participants will be slow to return in 2021. This will affect SMT's ability to generate income. As a result, SMT's business model continues to be underpinned by public subsidy. Sheffield City Council (SCC) have committed to an annual service charge of £1,762,200 to SMT until 2022 and this provides a vital foundation. Without this SMT will fail to meet basic operational costs and to leverage ACE and other funding.

SMT currently receives £800,000 per annum as a Band 2 NPO and will bid to the next NPO round in December 2021 for investment 2023-2026. SCC support for our ambition, demonstrated through a solid financial commitment, will be vital if we are to secure this continued national investment.

SMT traditionally charged admission for entry to its sites while for MS free admission was a condition of the service charge. Financial projections have assumed that all Sheffield Museums Trust sites will be free to enter, however this will be subject to evaluation after year 1.

During 2021-22 generating significant commercial income is expected to be difficult. 2021-22 is likely to be a year of review and adaptation.

Hospitality is likely to still be operating under social gathering restrictions. However, SMT has amazing spaces, flexible venues, and excellent city links. We have options to explore and develop that will allow us to generate income from our spaces, whether that be a readiness to resume hospitality or finding alternate uses and markets for our spaces.

Like hospitality, retail is expected to have a difficult start to 2021. We will of course promote our current offer. However, we will also take the year to review our offer across all sites and ensure that the operating model and in particular the cost base is appropriate for the changed retail environment.

In 2021-22 the Trust is expected to generate a net deficit of £223k after tax relief. The trading subsidiary is budgeted to achieve a surplus of £31k. This small surplus will be required to re-balance the subsidiaries reserve position and is unlikely to be available for distribution to the Trust.

A deficit budget adversely affects the reserves and strength of the organisation. However, SMT has the resilience to absorb this with prudent planning and careful management of reserves

In 2022-23 we anticipate a gradual recovery. There is of course significant uncertainty in any financial planning at the moment. However, we have significant strengths that will allow us to adapt.

Strong financial governance allows us to recognise and react to issues with agility; our people have shown commitment and an ability to react to changing circumstances; and our funders have demonstrated their commitment to our ambitions through their continued support.

Environmental Impact

Every aspect of our work has consequences for the environment; we encourage visitors to travel to our sites; we use resources in exhibitions; we maintain climate control in our buildings. Our main environmental impacts are:

- Energy use, through maintaining environmental conditions within our buildings and running gas-powered engines
- Audience and staff travel to and between our sites
- Exhibition resource use: paint and materials
- Catering waste - managed by our franchisees

By reducing, re-using and making informed environmental decisions about how we run our buildings we expect to be able to make medium to longer term financial savings.

We have made a commitment to:

- ensuring compliance with environmental legislation
- reducing waste by encouraging staff to consider environmental impacts in buying decisions
- reducing waste by encouraging the re-use of display and other materials
- reducing energy consumption in buildings management
- reducing energy consumed in everyday working practices
- encouraging walking, cycling and the use of public transport for our visitors and staff
- working with contractors who share our environmental ideals
- considering environmental impact as an issue in our project planning
- developing a sustainable collections management plan

See: SMT Environmental Policy Statement and Environmental Action Plan 2021-2024

Part 6: Governance and leadership

SMT is governed by an engaged and active Board of Trustees.

Day to day running of the organisation is delegated to the Chief Executive. The CEO reports directly to the Board of Trustees, ACE and SCC and is supported by the Director of Finance & Resources and the Director of Programmes and Heads of Service who bring expertise in specific functions.

Responsibility for day-to-day decision making is devolved to individual activity leads throughout the organisation supported by Directors and Heads of Service. Directors and Heads of Service meet fortnightly to report on delivery and financial performance, review progress and undertake strategic planning

Activity reports are shared with Trustees, SCC and ACE through quarterly board meetings and regular committee and stakeholder meetings.

How the Board is structured

We have 14 unpaid Trustees, 2 appointed by the Council, one by the V&A and 11 other members.

The Board appoint one person to Chair the organisation and another to act as Deputy Chair. Trustees serve three, three-year terms and are recruited with reference to a skills matrix. The Board meets quarterly, and Trustees meet regularly at committee meetings that cover

Finance; Risk, Audit & Governance; Collections Development; Participation; Fundraising; Remuneration and Employment and Nominations.

Trustees are appointed by a Nominations Committee led by the Chair. The Committee refer to a skills audit of current Trustees alongside key dates for rotation; advocating for the charity and conducting a transparent search to recruit potential trustees on an annual basis. Potential Trustees are invited to observe committees and to drop-in to events and team meetings to learn more about our work prior to appointment.

Skillset of the Board

The Board bring vital skills and experience in a range of areas including finance, human resources, operations, management, strategic and operational planning, research, and governance.

Our Chair, Neil MacDonald is a chartered accountant and is currently Chair of St Luke's Hospice in Sheffield, a governor at Sheffield Hallam University and a Trustee at Sheffield Theatres.

Part 7: Resource and sustainability

Financial Aims

The Trust's financial objectives are:

- To ensure long term financial resilience
- To make efficient and effective use of available resources
- To increase self-generated income as a proportion of total income

Long Term financial Resilience

For Sheffield Museums financial resilience is the ability of the organisation to continue to deliver our charitable objectives in the face of financial disruption.

Disruption could come from many sources – a pandemic that closes our sites for months; from reduced or lost funding; from a significant unplanned capital cost; or from a change in audience preferences.

Building resilience enhances long-term, ongoing and sustainable planning. It allows us to plan with ambition knowing that we have resource available to deliver that ambition. Resilience will be achieved by retaining a cash balance and free reserves that are sufficient to cover a financial estimate of operating costs, known risks and expected liabilities (£600k).

To achieve financial resilience, we will budget and live within our means; diversify and maximise our income streams; build unrestricted reserves with a view to using them judiciously when needed; use our reserves as leverage for additional funding.

Efficient and effective use of available resources

Sheffield Museums will use financial resources effectively and efficiently to maximise beneficiary impact. We will strive to achieve value for money for our funders, donors, partners, and audiences.

Financial resources will be allocated through an annual rolling budgetary process beginning in September with budgets being agreed by the Board in January each year. A three-year income and expenditure budgetary forecast will be complimented by a 10-year asset plan (to be developed in 2021-22).

Income budgets reflect agreed funding streams and a prudent estimate of variable, self-generated income. Where possible the Trust will seek certainty on future funding for a minimum three-year time frame. However, we appreciate that particularly at present all funders will be cautious about future commitments.

Expenditure budgets will reflect detailed activity plans and prudent estimates of overheads. Income and expenditure budgets are built with, agreed, and shared with individual budget holders. The budget holder is responsible for ensuring application of financial procedures and controls, best use of resource and the appropriate application of expenditure to deliver their specific activities and objectives.

The Board of Trustees closely scrutinise financial performance through the management accounts and papers presented to the Board, Finance Committee and Risk, Assurance and Governance Committee.

The Trust's consolidated accounts are audited on an annual basis. Audit findings are scrutinised by the Risk, Assurance and Governance Committee.

Increase self-generated income as a proportion of total income

Under normal conditions, the consolidated Trust can expect to generate around 34% of total income itself. Self-generated income comes from commercial activity, donations, education, sponsorship, Friends membership schemes and some property letting.

Covid-19 has impacted heavily on every museum's ability to generate income and it is noticeable that those museums that are most reliant on self-generated income are those now in the most desperate of situations.

With that said, maximising our ability to generate income - coupled with stable funding agreements - is our best way to attain resilience.

As a charity we will define and assign value to those services that we undertake that have financial value to other organisations or to the public and are beyond our direct charitable purpose.

We will maximise self-generated income through a process of opportunity scanning, staff engagement and evaluation.

Opportunity scanning

Sheffield Museums will undertake review and master planning for all our sites in 2021-22. This will include an assessment of income generating opportunities at each site. We will think widely and innovatively.

We will be careful to ensure an appropriate balance between commercial and charitable activities. We appreciate that we must retain a charitable role and that our spaces and programme need to be accessible to everyone. We will ensure that there is an appropriate balance between charitable objectives and income generation.

Team engagement

To maximise income generation we need the support, confidence, and engagement of the whole team. We will continue to develop team skills in engaging visitors and clients in the work of the charity, reinforcing everyone's important role in maximising income to support our work. We will also review the potential to increase charges for specialist curatorial, technical and conservation services.

Evaluation

We will regularly evaluate income generating activities and will be confident in ceasing activities that are not achieving their objectives or financial targets.

Financial projections

Financial projections for the consolidated group for 2021-2024 are attached in appendix 1 (redacted as commercially sensitive).

Projections are based on a costed organisational staffing structure, an outline activity plan and reflect both the on-going impact of Covid-19 and our intention to use 2021-22 as a year of consolidation, reflection and planning with a move to implementation of identified change in 2022-23, and the impact of those changes more obvious in 2023-24.

Background to Financial Forecasts

Impact of Covid-19

During 2019-20 Covid-19 has undoubtedly had significant financial impact on the two legacy Museum Trusts.

The continued support of our major funders SCC and ACE, plus significant funding from the Cultural Recovery Fund and the support of Coronavirus Job Retention Scheme funding has enabled the two legacy Trusts to retain financial viability and to transfer an acceptable financial position into Sheffield Museums Trust.

Periods of closure followed by local lockdowns and visitor reticence to return have significantly reduced self-generated income. The greatest financial impact has been in commercial trading – retail and hospitality.

Covid-19 is expected to continue to have negative impact in 2021-22. However, there are hopes that some normalisation will begin to be seen. By 2022-23 we expect further normalisation of activity although we can expect some areas such as hospitality to still be in a recovery phase.

Forecast Assumptions

Throughout this document we have referred to the uncertainty of the times that we are currently living in. Financial forecasts have made assumptions about the medium-term impact of Covid-19 and the time frame of recovery. Forecasts will be revisited regularly to reflect current thinking.

As times are uncertain, the forecasts have been prepared on a prudent basis. However, the forecasts are not without ambition. Over the three years of detailed budgets we propose:

- A period of re-evaluation and assessment to masterplan our future provision and provide a sure and evidence-based path to greater representation, relevance, and resilience
- An expansion of audience-focused activity through a well-resourced exhibition and informal learning programme
- A supported team with expanded resource as programmes develop
- A return to a balanced operating position and a profitable commercial operation.

Capital Development and Investment

Sheffield Museums has 7 sites that would all benefit from further and on-going capital investment. 2021-22 will be used to create masterplans for our sites. Longer term capital investment plans will be developed to support those masterplans.

Additional, external project-based capital funding will be required to deliver any capital investment plans.

Charitable Trust and Trading Company Relationship

Sheffield Museums is a group of companies consisting of a charitable Trust and a subsidiary trading company. The Trading subsidiary makes an annual gift aided profit distribution from its available reserves to the Trust.

Advice received has suggested that the two companies should be operating at arms-length. This has several advantages – clarity of tax position, clarity of the commercial operating position of the commercial company, an ability to make commercial decisions for the trading company with less impact on the Trust.

To achieve this separation the following principles have been applied:

- The commercial company operates its own bank account
- The commercial company employs its own staff
- The commercial company pays a service charge for use of space and utilities to the Trust

Taxation advice has been sought to ensure activities and income streams are appropriately included in either the Trust or the Commercial company. This pays attention to the nature of the activity and recognises that the Trust must operate within Charitable Trading Limits.

Taxation

Corporation tax

Sheffield Museums Trust is exempt from corporation tax for its primary purpose activities and peripheral trade up to the charitable turnover limit of £80k. Activities and income streams undertaken have been reviewed, and advice sought, to ensure that conditions for corporation tax exemption are met. The trading subsidiary is subject to corporation tax, however, the annual distribution to the Trust ensures that any tax liability is minimised.

VAT

Sheffield Museums Trust has a group VAT registration that incorporate the trading subsidiary. Advice has been taken regarding the appropriate VAT treatment of income streams and associated expenditure. Areas that require consideration, such as admission charges, education, fundraising events and membership packages, in-kind transactions are kept under regular review.

Taxation Reliefs

Sheffield Museums will assess its activities for the application of any taxation reliefs. At present, the Trust benefits from the Museums & Galleries Exhibition Tax Relief scheme. An annual claim is submitted on completion of the audit and corporation tax return. We will also regularly review any necessity or benefit in applying for s33a museum status.

At present the structure and scale of the SCC service charge means that the majority of operational expenditure (door opening, building maintenance and visitor welcome) are associated with that Vatable Service charge income and are therefore VAT recoverable. However, should this change we would need to investigate more fully a s33a registration for some or all our sites.

Risk and Assurance

Risk and assurance are managed through a Board Assurance Framework overseen by a Risk, Assurance and Governance Committee. The BAF is reviewed by the Board of Trustees at all Board meetings.

The BAF categorises risks according to likelihood and impact. The following risks have been identified as having the highest risk rating:

- Funding is reduced resulting in unsustainable deficit budgets and a going concern risk
- Commercial trading does not recover resulting in a going concern issue for the trading subsidiary
- Visitors do not return to our physical sites following covid-19. This would result in lower impact, relevance and would have significant financial implications
- SMT culture fails to develop resulting in lower morale and operational resistance to change
- Dilapidation and repair liabilities are unaffordable
- Inability to maintain appropriate environmental conditions for the collection, loans, or exhibitions, either due to plant failings or cost

Each risk is reviewed for mitigating factors and actions to address the risk are identified, actioned, and monitored.

The financial plan is supported by *Sheffield Museums Trust Commercial Business Plan 2021-2024*

Appendix 5

About Sheffield Museums Trust sites

Sites

Abbeydale Industrial Hamlet

Abbeydale Works was once a producer of agricultural tools and was the largest water-powered industrial site on the River Sheaf. The existing buildings date from 1785-1842 and comprise a crucible workshop, waterwheels, water-powered tilt hammers, a water powered grinding hull, scythe riveting workshop and blacking workshop along with workers' cottages and a manager's house. The site also houses the last complete crucible steel furnace to survive in the UK. It is recognized as a group of Grade I and II listed buildings and a Scheduled Ancient Monument.

Abbeydale Works was in use until 1933 when Tyzack Sons and Turner ceased production. It reopened briefly during the Second World War for steel production. In 1935 the site was purchased by the Alderman J.G. Graves Trust and donated to the City of Sheffield. The Council for the Conservation of Sheffield Antiquities restored the site to working order and it was developed as a museum by the City of Sheffield Museums Department.

The site opened to the public as Abbeydale Industrial Hamlet in 1970 under the auspices of the Council and became part of SIMT in 1998. Since 2000, it has operated seasonally and is open all year round for school and other educational groups.

Graves Gallery

The gallery is named after its founding benefactor, Alderman John George Graves. In 1929, he offered the city £30,000, stipulating that £20,000 should be spent on the building of an art gallery, whilst the remaining £10,000 would help towards costs of the library. J. G. Graves wrote to the new Lord Mayor in 1929, suggesting that in this central location '...a well-chosen collection may interest and influence a wider public, and be readily accessible to the Art students and scholars of the City, as well as to the business men and women and workers generally.' This iconic new building was designed to be 'a centre for the intellectual life of the city, and provision is made for all types of cultural societies'.

The gallery is home to Sheffield's visual art collection – predominately British and European Art ranging from the sixteenth century to the present-day including paintings, sculpture and works on paper. Whilst the building remains essentially unaltered since it opened in 1934, our opportunity is to reimagine and redevelop it to meet the needs of the 21st century population. The gallery currently includes a shop, five galleries of displays from the permanent collection and two galleries dedicated to temporary exhibitions.

Kelham Island Museum

Located in one of the city's oldest industrial areas, the museum stands on a man-made island over 900 years old. The museum opened in 1982 to house the objects, pictures and archives that represent Sheffield's industrial story. It houses a combination of working exhibits, including the magnificent River Don Engine (the most powerful working steam engine in Europe), Sheffield-made products, and re-created industrial workshops. A series of interactive galleries tell the story of Sheffield's growth as a city of makers, from light metal trades to mass production and explores what it was like to live and work in Sheffield during the Industrial Revolution.

Millennium Gallery

Situated in the heart of the city centre, the Millennium Gallery is home to Sheffield's Designated Metalwork Collection, the Ruskin Collection and a changing programme of art, craft, and design exhibitions. The understanding and celebration of contemporary and

historic craftsmanship underpins the displays and sites the Ruskin Collection (owned by the Guild of St George) and the Designated Metalwork Collection (The Sykes Gallery) within this tradition. A smaller exhibition gallery provides a space for emerging talent and transforms into a shop at Christmas time selling handmade craft. The larger exhibition space mainly displays a programme of higher profile visual art exhibitions comprising in house curated exhibitions and those created in collaboration with national partners. In addition to this the building houses a large-scale corporate hire and events space, a café, shop, and activity room as well as high specification storage, loading bay and workshop spaces that were incorporated into the infrastructure of the building from the outset.

Shepherd Wheel

Set in the picturesque Porter Valley, Shepherd Wheel is the earliest working example of a water-powered grinder's workshop. Evidence dates the site to the 1500s and today, this Grade II listed building and Scheduled Ancient Monument displays working waterwheels and machinery alongside cutlery grinding tools and the stories of the men who worked in the industry.

Weston Park Museum

The museum opened in 1875 and the building is both a historically significant site and a place of learning about heritage and identity. Set in Weston Park, and adjacent to the University of Sheffield and teaching hospitals, the museum is a unique source of knowledge and inspiration and tells a rich a multi-layered story about the city, its heritage, environment and place within the wider world. It reopened in 2006 following a £19.4m HLF, SCC and European Regional Development Fund redevelopment and was a phenomenal success, creating an inspiring place for families and children to explore their heritage and satisfy their curiosity. Displays include archaeology, social history, natural science, and visual art and are accompanied by a programme of temporary exhibitions in the Harold Cantor Gallery, a shop, café, and suit of activity rooms particularly used by school groups.

Timeline of achievements

- 2001: opening of the SCC, ERDF and Millennium Commission funded Millennium Gallery, home to Sheffield's Designated Metalwork Collection
- 2001 opening of the Raymond Douglas Environmental Education Centre at Kelham Island Museum.
- 2003: completion of a new Collection Management Centre (Phase 1) and upgrade and renew of displays in the main galleries at Kelham Island Museum - £500k project with support from HLF.
- 2003-2005: completion of the Museums & Galleries Access Fund Project, a £100,000 education project in partnership with Abbeydale Corridor Education Action Zone schools and communities designed to rebuild school visits to AIH and increase new audiences.
- 2005: completion of £1.1million Collection Management Centre project (Phase 2) which provided a new palletised store in the Sedgeleys' Building for medium and large-scale collection objects, created a new Stone Garden and restored the adjacent Crucible Building (Russell Works) at the back of the main museum at Kelham Island. Supported by HLF, The River Don Millowners' Association (RDMA) and the Tanner Trust.
- 2005: Charlesworth Transport Gallery opened to the public in the autumn of 2005
- 2005: Creation of a new Exhibition Hall at Kelham Island Museum with a focus on temporary exhibitions and events and the creation of a new Education Block funded by Creative Minds and HLF.
- 2006: reopening of Weston Park Museum following the £19.4m HLF, SCC and ERDF funded transformation of the City Museum & Mappin Art Gallery
- 2007: £100k DCMS Wolfson funded Graves Gallery refurbishment.

- DATE: repair of Abbeydale dam and restoration of AIH machinery, led by SIMT with SCC and with funding from English Heritage and PRISM.
- 2008: completion of the *Towards the New Kelham* project to restore access to the collection and refresh the main gallery displays after the devastating floods of June 2007. Supported by HLF.
- 2010: opening of The Hawley Gallery and Collections Centre, a new home for the Ken Hawley Collections Trust comprising new storage and research facilities and a new exhibition and display space in refurbished and new build workshops at the back of Kelham Island Museum. Funded by HLF, SIMT and The University of Sheffield.
- 2011: £220k DCMS Wolfson funded Ruskin Gallery at Millennium Gallery refurbishment.
- 2012: Shepherd Wheel reopens after the £1m restoration of the waterwheel and site, funded by HLF.
- 2015: £300k DCMS Wolfson funded Metalwork Gallery at Millennium Gallery refurbishment.
- 2015: City-wide Going Public: International Art Collectors in Sheffield project including exhibitions, a symposium on philanthropy and a published report
- 2016: Abbeydale Industrial Hamlet was transformed following a 3 year £1m HLF restoration project
- 2016: £1m HLF funded Bright Future project at WPM that entirely refurbished two galleries to create Beneath Your Feet and Picturing Sheffield, with major new displays in What on Earth and Sheffield: Life & Times, and revitalised the Picnic Area will be revitalised with new seating and decoration.
- 2020: £260k DCMS Wolfson funded gallery refurbishment to create the Sheffield Stories & Ancient Egypt galleries.

Appendix 6

ACE NPO reporting and business planning timetable

- **January 2021:** ACE will publish more information about the Investment Principles to support the business planning process
- **February 2021:** The Arts Council's Delivery Plan published and the Investment Principles resource launches
- **February 2021:** Guidance for the 2022/23 extension published
- **By 31 March 2021:** Submission of a final 2021/22 business plan that is acceptable to ACE with detailed budget and cashflow to be submitted
- **June 2021:** An outline business plan and budget for 2022/23 to be submitted for a new funding agreement
- **September 2021:** Funding agreements for 2022/23 issued
- **Autumn 2021:** invitation to submit to ACE NPO 2023 – 2026 expected for submission Spring 2022 (unconfirmed)
- **By 31 March 2022:** Submission of a final 2022/23 business plan that is acceptable to ACE with detailed budget and cashflow

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Author/Lead Officer of Report:
 Tammy Whittaker Head of Regeneration and Property
 Service
Tel: 27 34700

Report of: Mick Crofts
 Interim Executive Director of Place

Report to: **Cabinet (acting as the Trustees of Hillsborough Park)**

Date of Decision: **17th February 2021**

Subject: **Lease of land at Hillsborough Park, Sheffield to Disability Sheffield**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	
- Expenditure and/or savings over £500,000		<input type="checkbox"/>			
- Affects 2 or more Wards		<input type="checkbox"/>			
Which Cabinet Member Portfolio does this relate to? Finance and Resources					
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing Scrutiny and Policy Development 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? TBC					
Does the report contain confidential or exempt information?		Yes	<input checked="" type="checkbox"/>	No	<input 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>“Appendix 1 & Appendix 2 to this report are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>					

Purpose of Report:

This report seeks the approval of Cabinet acting as the Charity Trustee of Hillsborough Park (Registered Charity Number 510841) (“the Charity”) to grant a lease of land to Disability Sheffield in connection with its Sheffield Cycling 4 All project.

Recommendations:

The following decisions are recommended to Cabinet acting as Charity Trustee:

- R1.** Approve the leases of the subject properties to Disability Sheffield based on the terms set out in Appendix 1 of this report
- R2.** agree that the Trustees are satisfied that the proposed terms are the best that can be reasonably obtained in the circumstances based upon consideration of the commercial details in Appendix 1
- R3.** Approve the grant of a charge over the legal title of the Trust in relation to grant funding as set out in the report.
- R3.** Authorise the Chief Property Officer in consultation with the Director of Legal and Governance to negotiate the terms of the lease with the proposed lessee and the Director of Legal and Governance to prepare and complete all the necessary legal documentation in accordance with the agreed terms and in respect of a charge over title.

Background Papers:

Appendix 1: Confidential – Commercial Details

Appendix 2: Hillsborough Park Title Plan

Appendix 3: Plans showing Lease Demise

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: David Williams
		EIA: Annemarie Johnston
<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:	Laraine Manley
3	Cabinet Member consulted:	Cllr Terry Fox, Cabinet Member for Finance and Resources Cllr Mary Lea, Cabinet Member for Culture, Parks and Leisure
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: Tammy Whitaker	Head of Regeneration and Property Services
	Date: 08/02/2021	

1. BACKGROUND

- 1.1 Hillsborough Park is held as a charitable trust, (further details of which are set out later in this report) with Cabinet acting as sole corporate Charity Trustee. The Park is managed by the Parks & Countryside Service. Annual revenue expenditure for the running of the park is generally greater than revenue income and the City Council funds a significant annual deficit.
- 1.2 Hillsborough Park historic buildings complex is made up of a number of important, historical and architectural buildings including, Hillsborough Hall, a residential lodge, derelict former lodge, Potting Shed, walled garden, Pavilion and a Grade II listed former Coach House that is to be renovated and converted with grant assistance. The park boundaries are shown on the attached title plan.
- 1.3 Sheffield Cycling 4 All is a project run by Disability Sheffield who have been running inclusive all-ability cycling in Hillsborough park for over 10 years.

The operation is run from 2 steel container units located adjacent to the former Coach House and in order that the Coach House renovation works can commence the containers must be relocated by the end of February 2021. An alternative location has been identified at the north

eastern edge of the park as shown coloured pink on the attached plan.

- 1.4 Sheffield Cycling 4 All is a project run by Disability Sheffield: Centre for Independent Living, a small local charity (registered charity Number 1112712).

Disability Sheffield is run and controlled by Disabled people. Since 2003, it has enabled Disabled people in Sheffield to overcome the barriers that prevent them from being fully included in society. It works alongside Disabled people, organisations that represent them, the statutory and voluntary sectors, and the wider community to promote inclusion, choice and control, encourage independent living, giving a collective voice to one of Sheffield's lesser heard communities and challenge negative perceptions of disability.

Disability Sheffield delivers a range of services and projects including advocacy and information, support for people in receipt of a direct payment, a self-advocacy group for people with a learning disability or autism and delivers training, including disability equality. It facilitates the Disability partnership, providing a collective voice for Disabled people and works to make Sheffield a more inclusive city.

Sheffield Cycling 4 All has been in existence for over ten years. The project aims to get everyone cycling. It has over 32 different trikes and bikes and ways of adapting them. The Charity is the only inclusive cycling group in South Yorkshire for adults with disabilities and/or long-term health conditions.

In March 2016 Disability Sheffield reinitiated the project and in 2018 secured a five-year grant from The National Lottery Community Fund to enable it to offer daily cycling sessions. Since then, the user base has expanded dramatically with sessions running at full capacity for most of the year.

During the pandemic, Sheffield Cycling 4 All has, whenever safe and legal, continued to offer cycling, with pre-booked 1-hour cycling slots in Hillsborough park, as well as continuing to engage and support with its community with online Zoom classes – Yoga 4 All and Move & Chat.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The charitable objects of the Charity are *“the provision and maintenance of a park and recreation ground for use by the public with the object of improving their conditions of life”*.

- 2.2 The proposed lease will contribute to the provision and maintenance of the park as follows:

- (a) Provision of activities via cycling sessions that give people with disabilities the opportunity to ride a wide array of adapted trikes in

the safe surroundings of the city's Hillsborough Park.

- (b) Generate rental income which will be retained by the Charity and used for the purposes of the objects of the Charity, as set out at paragraph 2.1 above.

2.3 The proposal aligns with the objectives of the Council's 5-year Better Parks Initiative and the agreed partnership principles.

Better Parks is Sheffield's five-year initiative, which was approved by Cabinet in 2018, that seeks to sustain and improve our parks and green spaces by increasing commercial interest and income. Its vision is to deliver better services for Sheffield's parks and green spaces by growing economically viable ventures. For example, more and better catering opportunities, increased social value initiatives through complementary sponsorship and new franchises. The overall approach of the Disability Sheffield's proposal meets this criteria allowing investment and regeneration:

- Affordable public access
- Addressing inequalities and promoting activity and participation in our most deprived communities
- The Council maintaining policy and asset control
- Improving quality across all our facilities in all areas of the city
- Seeking and supporting partnerships that are aligned with the Council's priorities and values
- Ensuring potential partners are viable and sustainable.

Hillsborough Park is also included within a further project called "Active Parks". Active Parks are high quality, well designed and managed green spaces which have refreshments and toilets, provide a range of sport, leisure and recreational facilities that attract a wide range of users, and have the active involvement of a variety of community and sport groups. Disability Sheffield's proposals will add key facilities that will make a significant contribution to Hillsborough Park's role as an active city park. Consequently, it will encourage social interaction, visitors to stay longer in the outdoors, bring new users to the park and increase opportunities for the community connections needed to get people more active hence promoting Health & Wellbeing.

Further to Hillsborough Park having activities that attract people of all ages and abilities there are a number of additional developments in progress, which will help contribute, including:

- Playground improvements – the first phase of which is to be delivered in autumn 2020.
- Age UK Coach House café development. This project represents approximately £1m of investment including a major Heritage Fund award, which will renovate the dilapidated Grade II listed Coach

House and deliver much need café and toilets for Hillsborough Park. This project is to be implemented during 2021.

- Hillsborough All-Wheeled Bike Park and its associated activation programme and infrastructure improvements.
- Hillsborough Park Activity Hub. The Parks and Countryside Service is working with a number of partners, including Together Active, Sport England and the Lawn Tennis Association to draw up proposals for significant improvement in the tennis and activity provision in the park – this will also link to supporting tennis improvements and services at key sites across Sheffield.
- Hillsborough Park infrastructure improvements. P&C Service are planning a range of path network and drainage improvements to improve the park's function as an events space and to accommodate its use for multi-model exercise. This work will be undertaken in partnership with key stakeholders, including Cycling 4 All and Tramlines Festival Ltd.

The combination of all of these improvements will support the ambition for Hillsborough Park to seek Green Flag award status. This award is the hallmark for quality parks and open spaces, both nationally and internationally.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

- 4.1.1 Overall, this proposal will have a positive impact on Hillsborough Park's Disabled users and members of Cycling 4 All.

The provision of the storage units, which will enable uninterrupted Disabled cycling activities. It is vital that Cycling 4 All continue to operate, and the provision is important to making green spaces more widely accessible, and consequently should encourage social interaction, visitors to stay longer in the outdoors, bring new users to the park and increase opportunities for the community connections needed to get people more active hence promoting Health & Wellbeing.

There are no negative impacts identified.

4.2 Financial Implications

- 4.2.1 The proposed lease will generate a small new rental income to defray the costs of maintaining the park on behalf of the Trust in accordance with its charitable objects.
- 4.2.2 Each party is responsible for its own professional and legal costs in connection with this transaction.

4.3 Legal Implications

- 4.3.1 Hillsborough Park ("the Park") is freehold land, registered to The Sheffield City Council at HM Land Registry under title number

SYK614112.

- 4.3.2 The Park was acquired by Conveyance dated 30 September 1890 made between (1) James Willis Dixon, Samuel Shepperson Dixon and George Dixon, and (2) The Mayor Aldermen and Citizens of the City of Sheffield, under the powers of the Public Health Act 1875, for the purpose of public recreation.
- 4.3.3 The Park is held as a charitable trust registered with the Charity Commission (Charity Registration Number 510841). The objects of the charity are “the provision and maintenance of a public park and recreation ground in Sheffield for the use of members of the public resorting thereto with the object of improving their conditions of life”.
- 4.3.4 The Council is the sole corporate trustee (“Trustee”) and all decisions concerning matters related to property or assets held by the Council on trust are made by the Cabinet.
- 4.3.5 The site for the Cycling for All storage containers (“the Property”), forms part of the Park and the law sets out clear requirements to ensure that the lease of the Property is properly managed in the charity’s interests.
- 4.3.6 In this case, Cabinet approval is required for the proposed lease but approval from the Charity Commission is not required for the following reasons:
- the proposed disposal is a lease from one charity to another charity and both charities have similar/same charitable objects.
 - the lease of the Property will not alter Hillsborough Park’s purposes and the terms of the lease will ensure ongoing compatibility with the objects of the charity; and
 - the Property forms only a very small proportion of Hillsborough Park its disposal will not affect the ability of the Trust to carry out its charitable objects. The Trust is therefore able to rely on the *de minimis* exception applied by the Charity Commission.
- 4.3.7 As the land is held on trust for a specific purpose (i.e., designated land), public notice of the proposed disposal has been published in the Sheffield Telegraph, inviting representations to be made within one month from the date of the notice. Trustees must take into consideration any representations about the proposed disposal made to them within that time.
- 4.3.8 Other relevant powers governing the disposal of open space land include:
- section 123 of the Local Government Act 1972, which provides that the council may dispose of land held by it in any manner it wishes subject to certain conditions, and

- section 10 of the Open Spaces Act 1906, which provides that the Council holds and administers the open space in trust to allow the enjoyment of it by the public as an open space and for no other purpose.

4.3.9 All additional conditions for disposal have been met and the terms of the lease will ensure the ongoing enjoyment of the Properties by the public.

4.3.10 The lease will be excluded from the provisions of part 2 of the Landlord and Tenant Act 1954. As a result, once the leases come to an end the tenant will have no rights to request a renewal or compensation should they come out of possession.

4.4 Other Implications

4.4.1 The grant of the proposed new leases to Disability Sheffield will align with the Council's strategic aims under The Better Parks Initiative.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 The inclusive cycling project in Sheffield was set in 2009 and when the funding for the project ran out it relaunched as Sheffield Cycling 4 All in 2014 thanks to funding from the Big Lottery and support from the CTC.

Disability Sheffield came on board to help with the running of the project and secured a grant from money raised through The Health Lottery. The funding has enabled Sheffield Cycling 4 All to run year-round sessions and reduce the cost for everyone who comes along. The project now employs a part-time development worker depends upon a team of volunteers.

There is no better option to deliver these services.

6. **REASONS FOR RECOMMENDATIONS**

6.1 The proposal to grant a lease to Disability Sheffield will achieve:

- Continued provision of all-ability cycling sessions in the safe surroundings of the city's Hillsborough Park.
- Inclusive for the benefit of new and existing users of the park.
- Increased community use of the park.
- Increased presence in the park which may reduce anti-social behaviour.
- Increased income stream for the Trust which can be reinvested in the Park.
- Enhancement of the quality and attractiveness of the park as a valuable asset for visitors.

- Occupation for the purposes of the charitable objects of the Trust.
- Compliance with the provisos contained within the power granted to the Trustee by the Scheme and with the statutory provisions contained within the Act and further with the requirements of the Charity Commission.

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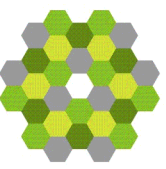
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of the Local Government Act 1972.

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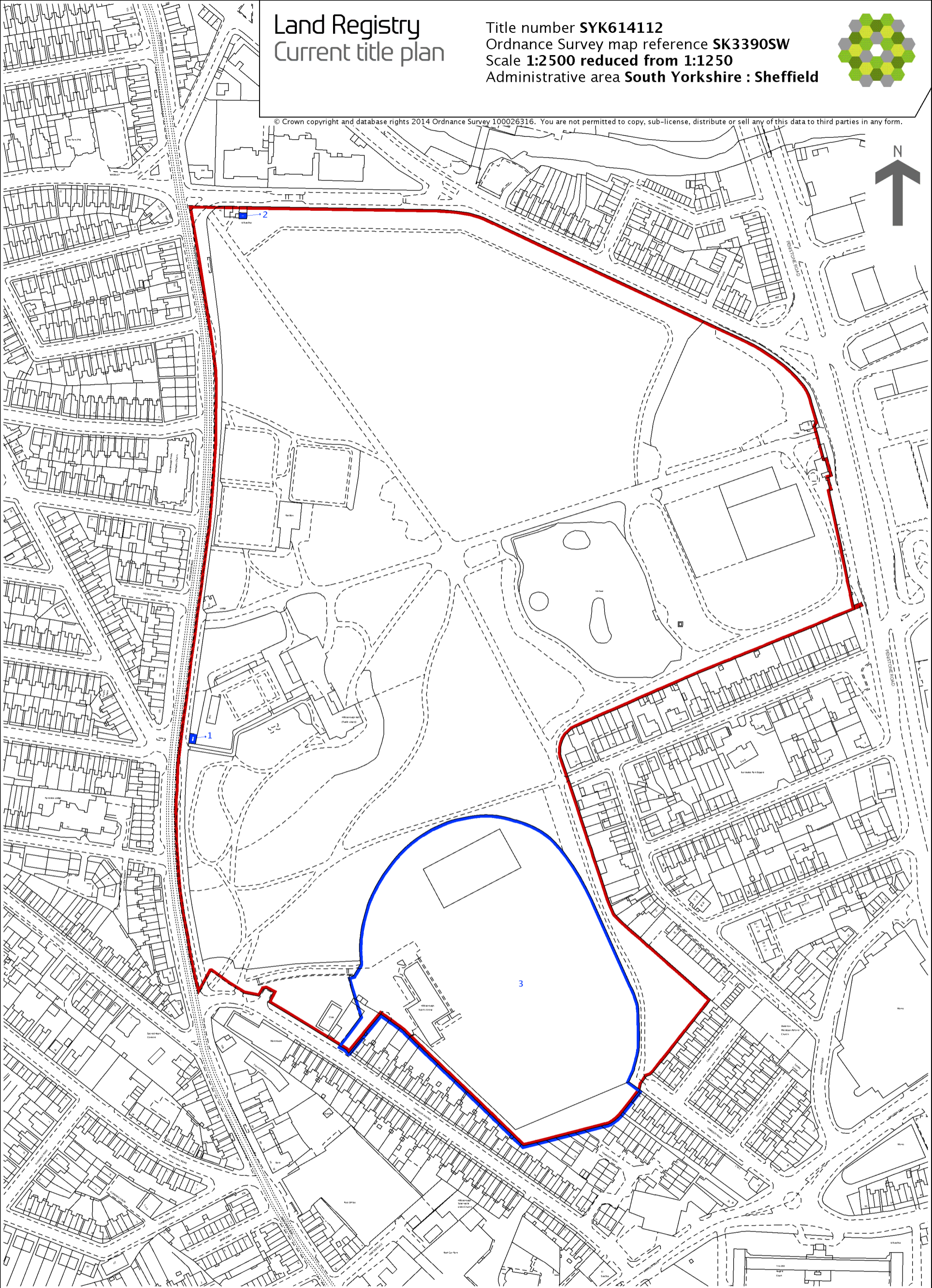
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Land Registry Current title plan

Title number **SYK614112**
Ordnance Survey map reference **SK3390SW**
Scale **1:2500 reduced from 1:1250**
Administrative area **South Yorkshire : Sheffield**

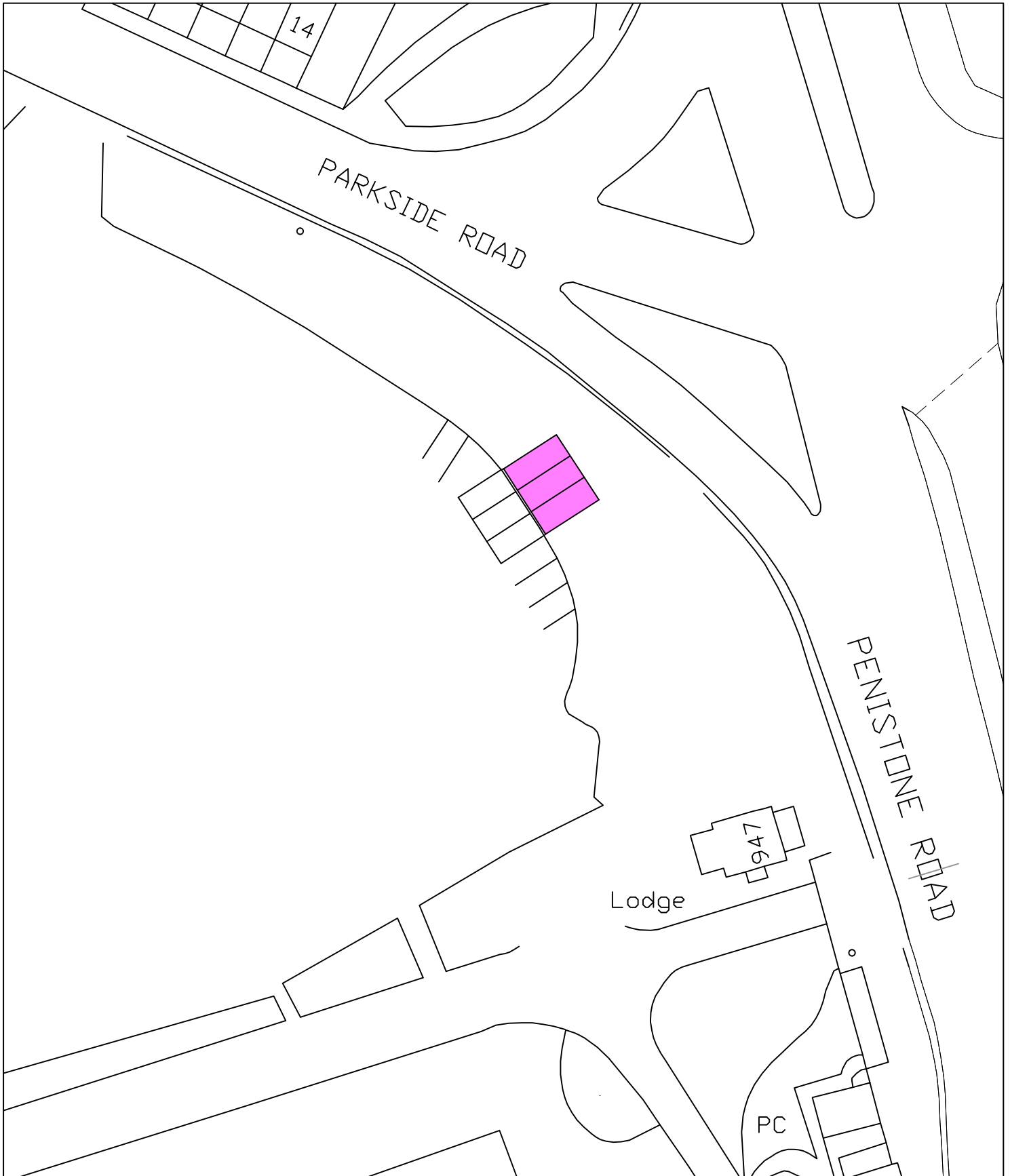


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This is a print of the view of the title plan obtained from Land Registry showing the state of the title plan on 04 August 2015 at 13:46:16. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

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Building	Drawing Title Hillsborough park Sheffield	Scale 1:500
		Date 04/02/2021
Name AD	RTB Ref	

Sheffield
City Council

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Author/Lead Officer of Report:
 Tammy Whittaker Head of Regeneration and Property
 Service
Tel: 27 34700

Report of: Mick Crofts
 Interim Executive Director of Place

Report to: **Cabinet (acting as the Trustees of Forge Dam Park)**

Date of Decision: **17th February 2021**

Subject: **Lease of Forge Dam Café, Forge Dam Park, Fulwood, Sheffield**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Finance and resources		
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing Scrutiny and Policy Development Committee		
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?		
Does the report contain confidential or exempt information?		
	Yes <input checked="" type="checkbox"/>	No <input 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>“Appendix 1 & Appendix 2 to this report are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>		

Purpose of Report:

This report seeks the approval of Cabinet acting as the Charity Trustee in connection with land and property at Forge Dam Park that is held as a charitable trust (“the Charity”) to the following:

1. to declare Forge Dam Cafe (“the Property”) surplus to the requirements of the Charity;
2. to grant a new lease of the Property to the current tenant Nicholas Dunn for a period of 25 years on the terms set out in this report after consideration of the contents of the Qualified Surveyor’s Report and satisfying itself that the proposed terms are the best that can be reasonably obtained in the circumstances.

Recommendations:

The following decisions are recommended to Cabinet acting as Charity Trustee:

- R1.** Approve the lease of the subject property to Nicholas Dunn based on the terms set out in Appendix 1 of this report
- R2.** agree that the Trustees are satisfied that the proposed terms are the best that can be reasonably obtained in the circumstances based upon consideration of the commercial details in Appendix 1 and the Qualified Surveyor’s Report in Appendix 2
- R3.** Approve the grant of a charge over the legal title of the Trust in relation to grant funding as set out in the report.
- R3.** Authorise the Chief Property Officer in consultation with the Director of Legal and Governance to negotiate the terms of the lease with the proposed lessee and the Director of Legal and Governance to prepare and complete all the necessary legal documentation in accordance with the agreed terms and in respect of a charge over title.

Background Papers:

Appendix 1: Confidential – Commercial Details

Appendix 2: Confidential - Qualified Surveyor’s Report

Appendix 3: Plan showing Lease Demise edged red

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: David Sellars
	<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:	Laraine Manley
3	Cabinet Member consulted:	Cllr Terry Fox, Cabinet Member for Finance and Resources Cllr Mary Lea, Cabinet Member for Culture, Parks and Leisure
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: Tammy Whitaker	Head of Regeneration and Property Service
	Date: 8 th February 2021	

1. BACKGROUND

- 1.1 Forge Dam Park and the buildings therein is held as a charitable trust, (further details of which are set out later in this report) with Cabinet acting as sole corporate Charity Trustee. The Park is managed by the Parks & Countryside Service. Annual revenue expenditure for the running of the park is generally greater than revenue income and the City Council funds a significant annual deficit.
- 1.2 The property comprises a café, kitchens, stores and ancillary space and was previously let on a 21 year lease that was assigned in 2012 to Nicholas Dunn who has operated the café ever since. Terms for a new 25 year lease to Mr Dunn have been agreed as set out in Appendix 1 attached.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The charitable objects of the Charity are *“the provision and maintenance of a park and recreation ground for use by the public with the object of improving their conditions of life”*.

The proposed disposal contributes to the provision and maintenance of

the park as follows:

- 2.2
- (a) Ensure continued provision of a café and associated facilities within the park.
 - (b) Cover the cost of ongoing internal maintenance and property insurance removing this liability from the Charity.
 - (c) Generate increased rental income which will be retained by the Charity and used for the purposes of the objects of the Charity, as set out at paragraph 2.1 above.
- 2.3 The continued provision of a café in the Park, aligns with the objectives of the Council's five year Better Parks Initiative and the agreed partnership principles.

Better Parks is Sheffield's five year initiative, which was approved by Cabinet in 2018, that seeks to sustain and improve our parks and green spaces by increasing commercial interest and income. Its vision is to deliver better services for Sheffield's parks and green spaces by growing economically viable ventures. For example, more and better catering opportunities, increased social value initiatives through complementary sponsorship and new franchises. The overall approach of Nicholas Dunn's proposal meets this criteria allowing investment and regeneration:

- Affordable public access
- Addressing inequalities and promoting activity and participation in our most deprived communities
- The Council maintaining policy and asset control
- Improving quality across all our facilities in all areas of the city
- Seeking and supporting partnerships that are aligned with the Council's priorities and values
- Ensuring potential partners are viable and sustainable.

Forge Dam, as part of the Porter Valley's recreational greenspaces which run from Endcliffe Park to Porter Clough, is also included within a further project called "Active Parks". Active Parks are high quality, well designed and managed green spaces, which have refreshments and toilets, provide a range of sport, leisure and recreational facilities that attract a wide range of users of all ages and abilities, and have the active involvement of a variety of community and sport groups. Nicholas Dunn's proposals will add key facilities that will make a significant contribution to Forge Dam's role as an active park. The provision of café and toilets are important to making green spaces more widely accessible, and consequently will encourage social interaction, visitors to stay longer in the outdoors, bring new users to the park and increase opportunities for the community connections needed to get people more active hence promoting Health & Wellbeing.

Further to Forge Dam having activities that attract people of all ages and abilities there are a number of developments in progress, which will help contribute, including:

- Playground improvements. With the support of the Friends of the

Porter Valley, there are ambitions to renew and improve the play value of this valued playground

- Sheffield City Council's P&C Service and Transport and Facilities Management service are working with the Friends of Porter Valley to deliver a dam conservation and restoration project which aims which if successful will make a significant impact on the quality of the forge dam environment for visitors and wildlife, and provide a sustainable solution to reducing future silting – which has been a significant issue for the dam in recent years.
- The combination of all of these improvements will support the ambition for Forge Dam to seek Green Flag award status. This award is the hallmark for quality parks and open spaces, both nationally and internationally.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Forge Dam is held in charitable trust and the leasing of land is counted as a disposal of open space for the purpose of the Local Government Act 1972 and therefore public notices have be displayed comments sought.

As there will be no change to the provision of facilities within the park by continuing with the existing operator there is no requirement to consult.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 The objects of the Charity are to provide the park and its facilities to all members of the public without restriction to or distinction between any person's characteristics including, but not limited to the protected characteristics identified and defined in the Equalities Act 2010. The property will be maintained in beneficial use for the whole of the community and there are no equality implications to be considered in the decision requested by this report on the proposed disposal.

4.2 Financial Implications

The proposed lease will contribute to reducing the net cost of operating the park whilst also providing facilities to make it attractive to users. The leasing of facilities in parks is in line with the Council's Budget strategy.

4.3 Legal Implications

- 4.3.1 Whiteley Wood Forge and Dam ("the Property") is freehold land,

registered to The Sheffield City Council at HM Land Registry under title number SYK632719.

4.3.2 The Park was acquired by Conveyance dated 14 April 1939 made between (1) Ernest Denton and another, (2) John George Graves and three others, and (3) The Lord Mayor Aldermen and Citizens of the City of Sheffield, under the powers of the Public Health Act 1875 and the Open Spaces Act 1906, for the purpose of public recreation.

4.3.3 The Park is held as a charitable trust, which is not registered with the Charity Commission. The objects of the charity are “the recreation of the public as public walks and pleasure grounds”.

4.3.4 The Council is the sole corporate trustee (“Trustee”) and all decisions concerning matters related to property or assets held by the Council on trust are made by the Cabinet.

4.3.5 The Forge Dam Café (“the Café”), forms part of the Property and the law sets out clear requirements to ensure that the lease of the Properties is properly managed in the charity’s interests and that the Trustees obtain the best price reasonable in the circumstances.

4.3.6 By virtue of an Order by the Charity Commissioners for England and Wales, dated 22 January 2004, a Scheme empowers the Trustees to grant a lease of 480 square metres of land with the buildings known as Forge Dam Café and Cottage.

4.3.7 Use of this power is dependent on the Trustees:

- complying with the requirements of s117-121 of the Charities Act 2011
- complying with the standard of care set out in the Trustee Act 2000

4.3.8 The restrictions of s117-121 of the Charities Act 2011 are complied with as follows:

- by the consideration of the written report on the proposed lease from a qualified surveyor instructed by the Trustees and acting exclusively for the charity. A qualified surveyor’s report (‘QSR’), compliant with the requirements of section 119 has been obtained and is attached to this report at Appendix #;
- the QSR advises that it would not be in the best interests of the charity to advertise the proposed disposition. This complies with the requirement to advertise for such period and in such manner as is advised in the surveyor’s report; and
- by the Trustees deciding that they are satisfied, having considered the surveyor’s report, that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained for the charity.

4.3.9

As the land is held on trust for a specific purpose (i.e., designated land), the Trustees must follow the additional procedural steps of s.121. The Trustees must:

- give public notice of the proposed disposal, inviting representations to be made to them within a time specified in the notice, being not less than one month from the date of the notice; and
- take into consideration any representations about the proposed disposal made to them within that time.

4.3.1

This notice is additional to the requirements of s.119 referred to above. A copy of the public notice and representations are attached at Annexe #.

4.3.1

1

Other relevant powers governing the disposal of open space land include:

- Section 123 of the Local Government Act 1972, which provides that the council may dispose of land held by it in any manner it wishes subject to certain conditions including that it should not be disposed of for less than the best price that can reasonably be obtained in the market and that the council must advertise its intention in a local newspaper.
- Section 10 of the Open Spaces Act 1906 (the 1906 Act), which provides that the council that has acquired control over any open space to which the 1906 Act applies shall, subject to certain conditions, hold and administer the open space in trust to allow the enjoyment of it by the public as an open space and for no other purpose.

4.3.1

2

The lease will be excluded from the provisions of part 2 of the Landlord and Tenant Act 1954. As a result, once the lease comes to an end the tenant will have no rights to request a renewal or compensation should they come out of possession.

4.4 Other Implications

4.4.1 The grant of the proposed new leases to Nicholas Dunn will align with the Council's strategic aims under The Better Parks Initiative.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 It is considered that renewing the café lease is the best option available to the Charity.

6. REASONS FOR RECOMMENDATIONS

6.1 The proposal to grant a new lease to Nicholas Dunn will achieve:

- Continued provision of a café and associated facilities within the park
- Removal of liability for the cost of internal maintenance and property insurance from the Charity.
- Increased rental income which will be retained by the Charity and used for the purposes of the objects of the Charity, as set out at paragraph 2.1 above.
- Contribution to costs of operating public WCs on site
- Contribute to enhancement of the quality and attractiveness of the park as a valuable asset for visitors
- occupation for the purposes of the charitable objects of the Trust
- compliance with the provisos contained within the power granted to the Trustee by the Scheme and with the statutory provisions contained within the Act and further with the requirements of the Charity Commission.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

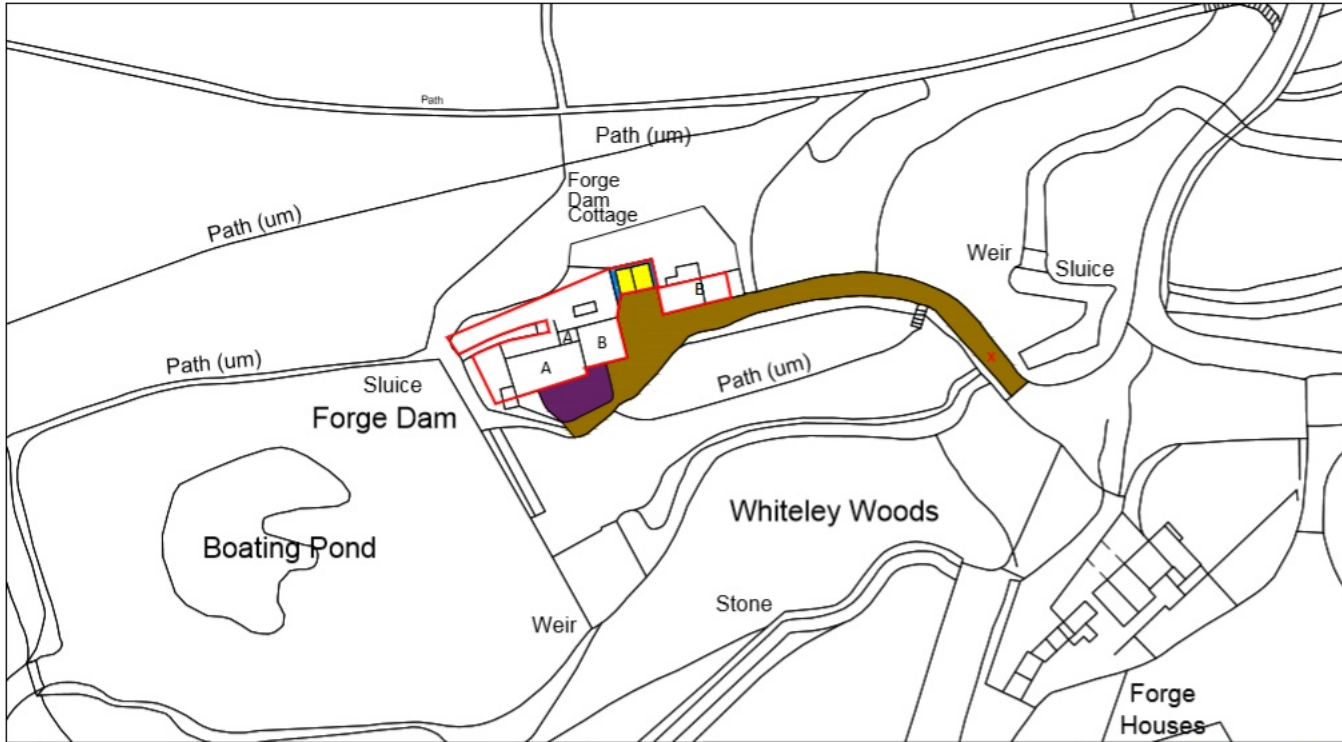
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Building	Drawing Title FORGE DAM CAFE FULWOOD SHEFFIELD	Scale 1:1000	
		Date 26/11/2018	
Name AH	Ref		
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Author/Lead Officer of Report:
 Tammy Whittaker Head of Regeneration and Property
 Service
Tel: 27 34700

Report of: Laraine Manley
 Executive Director of Place

Report to: **Cabinet (acting as the Trustees of High Hazels Park)**

Date of Decision: **17th February 2021**

Subject: **Lease of land at High Hazels Park, Sheffield to Yorkshire Dog Training**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
- Expenditure and/or savings over £500,000	<input type="checkbox"/>		
- Affects 2 or more Wards	<input type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? Finance and Resources			
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing Scrutiny and Policy Development Committee			
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?			
Does the report contain confidential or exempt information?		Yes <input checked="" type="checkbox"/>	No <input 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>“Appendix 1 & Appendix 2 to this report are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”</i>			

Purpose of Report:

This report seeks the approval of Cabinet acting as the Charity Trustee of High Hazels Park (Registered Charity Number 1183830) (“the Charity”) to grant a lease of property to Yorkshire Dog Training.

Recommendations:

The following decisions are recommended to Cabinet acting as Charity Trustee:

- R1.** Approve the lease of the subject properties to Yorkshire Dog Training based on the terms set out in Appendix 1 of this report
- R2.** agree that the Trustees are satisfied that the proposed terms are the best that can be reasonably obtained in the circumstances based upon consideration of the commercial details in Appendix 1 and the Qualified Surveyor’s Report in Appendix 2
- R3.** Approve the grant of a charge over the legal title of the Trust in relation to grant funding as set out in the report.
- R3.** Authorise the Chief Property Officer in consultation with the Director of Legal and Governance to negotiate the terms of the lease with the proposed lessee and the Director of Legal and Governance to prepare and complete all the necessary legal documentation in accordance with the agreed terms and in respect of a charge over title.

Background Papers:

Appendix 1: Confidential – Commercial Details

Appendix 2: Confidential - Qualified Surveyor’s Report

Appendix 3: Plan showing Lease Demise

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: David Williams
		EIA: Annemarie Johnston
<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:	Laraine Manley
3	Cabinet Member consulted:	Cllr Terry Fox, Cabinet Member for Finance and Resources Cllr Mary Lea, Cabinet Member for Culture, Parks and Leisure
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: Tammy Whitaker	Head of Regeneration and Property Services
	Date: 08/02/2021	

1. BACKGROUND

- 1.1 High Hazels Park is held as a charitable trust, (further details of which are set out later in this report) with Cabinet acting as sole corporate Charity Trustee. The Park is managed by the Parks & Countryside Service. Annual revenue expenditure for the running of the park is generally greater than revenue income and the City Council funds a significant annual deficit.
- 1.2 High Hazels Park includes a café, playground and sports facilities including a disused bowling green that has been identified as a possible site for organised dog training.

Yorkshire Dog Training (YDT) has been trading for 10 years, runs independent centres in Leeds, Doncaster and Wakefield and wishes to open two further sites in Harrogate and Sheffield. The former bowling green has been identified as the preferred location for the activity and it is intended to offer a lease to enable the company to invest in the site.

It is proposed to grant a lease to YDT based upon the terms set out under Appendix 1.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The charitable objects of the Charity are the provision and maintenance of a park and recreation ground for use by the public.

2.2 Dog walking is a popular everyday recreational activity known to contribute considerably to human health through motivating substantial additional physical activity

The Council's Byelaws with respect to Pleasure Grounds state that:

"A person shall not cause or suffer any dog belonging to him or in his charge:

- (i) To enter or remain in the pleasure ground, unless such dog be and continue to be under proper control and be effectually restrained from causing annoyance to any person and from worrying or disturbing any animal or waterfowl and from entering any ornamental water;
- (ii) To enter or remain in any of the pleasure grounds mentioned in the Second Schedule hereto, unless such dog be and continue to be controlled by a leash, slip, cord, string or the like

The proposed lease will contribute to objects of the Charity of the park as follows:

- (a) The professional dog training centre within High Hazels park can provide many benefits to the people of the local area and the community itself. YDT has found that providing these services to people has ongoing positive impact.

Customers are able to safely venture into public spaces with their dogs, knowing that they are under control and no risk to other members of the public. Walking whilst surrounded by nature is a well-known aid in the reduction of stress. In the hectic lives that many of us lead now, this is something that can help us on a daily basis.

- (b) Community safety is another benefit that is directly linked to dog training. A further benefit is the social aspect of dog training. The company have regular meet ups with post training clients, in a group situation, both at the Centre and in public areas. This helps clients to meet likeminded people in a setting they are familiar with and they immediately have something in common, their dogs. YDT has found that this has been hugely helpful to some elderly and lonely people and given them a huge boost in self-esteem.

- (c) Subject to Planning and relevant approvals, the training area will house a professional portable building enhancing the professional image of the Centre and adding to the general aesthetic appearance to fit in with the desired look of the park.
- (d) YDT is able to offer a responsible service to local people and be an asset to the surrounding community as we have in other places. The Centre would offer a professional dog training service to all dog owners within Sheffield and the surrounding areas. The main objective is always to educate the owner both in their ability to control their dog and also to be aware of their responsibilities with regard to the environment and the safety and wellbeing of others who share the public spaces where they walk and exercise their dogs. This leads to more responsible owners and hence cleaner and safer parks and greenspaces for all to enjoy.
- (e) Reuse of a disused bowling green.
- (f) Increasing site presence and making the site feel used. The proposal will bring a disused part of the park into positive use, removing the feeling of neglect in this part of the park.
- (g) It will generate rental income which will be retained by the Charity and used for the purposes of the objects of the Charity, as set out at paragraph 2.1 above.
- (h) The proposal aligns with the objectives of the Council's 5-year Better Parks Initiative and the agreed partnership principles.
- (i) Better Parks is Sheffield's five year initiative, which was approved by Cabinet in 2018, that seeks to sustain and improve our parks and green spaces by increasing commercial interest and income. Its vision is to deliver better services for Sheffield's parks and green spaces by growing economically viable ventures. For example, more and better catering opportunities, increased social value initiatives through complementary sponsorship and new franchises. The overall approach of the Yorkshire Dog Training's proposal meets this criteria allowing investment and regeneration:
- Affordable public access
 - Addressing inequalities and promoting activity and participation in our most deprived communities
 - The Council maintaining policy and asset control
 - Improving quality across all our facilities in all areas of the city
 - Seeking and supporting partnerships that are aligned with the Council's priorities and values

- Ensuring potential partners are viable and sustainable.
- (j) High Hazels Park is also included within a further project called “Active Parks”. Active Parks are high quality, well designed and managed green spaces which have refreshments and toilets, provide a range of sport, leisure and recreational facilities that attract users of all ages and abilities, and have the active involvement of a variety of community and sport groups. Yorkshire Dog Training’s proposals will add key facilities that will make a significant contribution to High Hazels Park’s role as an active city park.
- (k) Further to High Hazels Park having activities that attract people of all ages and abilities there, are a number of developments in progress, which will help contribute, including:

Public Health funding has been identified for High Hazels park to support investment in youth-focused recreational facilities. This is likely to be either a wheels park or ball court – conditional on the outcome of local consultation. To support site safety and accessibility there is a programme of environmental improvements to open up sight lines across the park, and it is also hoped to improve the accessibility of the High Hazels park café so that it can be more integrated into the park – subject to funding.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The proposed transaction supports The Better Parks Initiative. Local members, Friends of Group, Legal Services, Property Services and Parks & Countryside Officers have had representation throughout the process.

Existing partners and stakeholders of the park, such as, the Bowling Club and Friends of Group have been consulted and no adverse comments received.

Yorkshire Dog Training attended The Better Parks’ Promotional and advertising event in 2019 at the Crucible Theatre to showcase their proposals.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 This proposal will have a positive impact that will benefit YDT’s target

group and users of High Hazels Park.

A lease arrangement with this partner would offer a responsible service to local people and be an asset to the surrounding community as they have demonstrated in other cities. The Centre would offer a professional service to all dog owners within Sheffield and the surrounding areas. YDT's main objective is always to educate the owner both in their ability to control their dog and to be aware of their responsibilities with regard to the environment and the safety and wellbeing of others, who share the public spaces, where they walk and exercise their dogs. This leads to more responsible owners and hence cleaner and safer parks and greenspaces for all to enjoy.

4.2 Financial Implications

- 4.2.1 The proposed lease will generate new rental income for the Trust over time. All rental income will continue to be retained by the Charity and used for the purpose of the Charity in accordance with its charitable objects.
- 4.2.2 The proposals will also transfer an unused bowling green to an area of activity and social meeting
- 4.2.3 The tenant will bear the Council's reasonable costs in connection with this transaction.

4.3 Legal Implications

The Park is held as a charitable trust registered with the Charity Commission (Charity Registration Number 1183830). The charity is governed by a trust deed dated 07 June 2019, which states the objects of the charity to be "the provision and maintenance of a park and recreation ground for use by the public".

The Council is the sole corporate trustee ("Trustee") and all decisions concerning matters related to property or assets held by the Council on trust are made by the Cabinet.

The disused bowling green ("the Property"), forms part of the Park and the law sets out clear requirements to ensure that the lease of the Property is properly managed in the charity's interests and that the Trustees obtain the best price reasonable in the circumstances.

By virtue of the Trusts of Land and Appointment of Trustees Act 1996, the Trustees have the power to dispose of the Property without approaching the Charity Commission for approval.

Use of this power is dependent on the Trustees:

- exercising the power in a way which is compatible with the objects of the charity
- complying with the requirements of s117-121 of the Charities Act 2011
- complying with the standard of care set out in the Trustee Act 2000

In this case the lease of designated land will contribute to the purposes of the charity and the terms of the lease will ensure ongoing compatibility with the objects of the charity.

The restrictions of s117-121 of the Charities Act 2011 are complied with as follows:

- by the consideration of the written report on the proposed lease from a qualified surveyor instructed by the Trustees and acting exclusively for the charity. A qualified surveyor's report ('QSR'), for the lease, compliant with the requirements of section 119 has been obtained and is attached to this report;
- the QSR advises that it would not be in the best interests of the charity to advertise the proposed disposition. This complies with the requirement to advertise for such period and in such manner as is advised in the surveyor's report; and
- by the Trustees deciding that they are satisfied, having considered the surveyor's report, that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained for the charity.

As the land is held on trust for a specific purpose (i.e., designated land), the Trustees must follow the additional procedural steps of s.121. The Trustees must:

- give public notice of the proposed disposal, inviting representations to be made to them within a time specified in the notice, being not less than one month from the date of the notice; and
- take into consideration any representations about the proposed disposal made to them within that time.

This notice is additional to the requirements of s.119 referred to above and has been published in the Sheffield Telegraph.

Other relevant powers governing the disposal of open space land include:

- section 123 of the Local Government Act 1972, which provides that the council may dispose of land held by it in any manner it wishes

subject to certain conditions, and

- section 10 of the Open Spaces Act 1906, which provides that the Council holds and administers the open space in trust to allow the enjoyment of it by the public as an open space and for no other purpose.

The Property forms a very small part of the total area of the Park so, a lease disposal in these circumstances would fall within the “de minimis” provisions of the Trusts of Land and Trustees Act.

The lease will be excluded from the provisions of part 2 of the Landlord and Tenant Act 1954. As a result, once the lease comes to an end the tenant will have no rights to request a renewal or compensation should they come out of possession.

The conditions for disposal will be met and the terms of the leases will ensure the ongoing enjoyment of the Property by the public.

4.4 Other Implications

- 4.4.1 The grant of the proposed new leases to Yorkshire Dog Training will align with the Council’s strategic aims under The Better Parks Initiative.

5. **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 There is no better option to deliver these services.

6. **REASONS FOR RECOMMENDATIONS**

- 6.1 The proposal to grant a lease to Yorkshire Dog Training will achieve:
- continued provision of dog training sessions in the safe

surroundings of the city's High Hazels Park

- Bring a currently disused area of the park back into use
- inclusive for the benefit of new and existing users of the park
- Increased community use of the park
- Increased presence in the park which may reduce anti social behaviour
- increased income stream for the Trust which can be reinvested in the Park
- enhancement of the quality and attractiveness of the park as a valuable asset for visitors
- occupation for the purposes of the charitable objects of the Trust
- compliance with the provisos contained within the power granted to the Trustee by the Scheme and with the statutory provisions contained within the Act and further with the requirements of the Charity Commission.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Page 5/19

Notes:

Building	Drawing Title High Hazels Park Sheffield
Location	Drawing No/File No
Project Ref.	Drawn AD

Scale 1:2500
Date 08/02/2021
Rev.
A3



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Report of: Mick Crofts

Report to: Cabinet

Date of Decision: 17 February 2021

Subject: THE CITY OF SHEFFIELD (104 Mill Road)
COMPULSORY PURCHASE ORDER 2021

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Neighbourhoods and Community Safety		
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities		
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? 609		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input 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 appendix 4 is not for publication because it contains exempt information under Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of Report:

The purpose of this report is to seek authority to make a Compulsory Purchase Order in respect of 104 Mill Road, Sheffield, S35 9XQ (the Property) to allow it to be renovated and occupied. There is demand for this type of property within the area. The Property is empty and has a particularly detrimental effect on the neighbourhood in this area. Compulsory Purchase is the most appropriate course of action.

Recommendations:

R1) That authority be given to the Council to make a Compulsory Purchase Order ("CPO") under the powers conferred by Section 17 Housing Act 1985 to acquire all land interests in respect of the land coloured pink as shown on the Order Map, attached at Appendix 3, with title 'The City of Sheffield (104 Mill Road) Compulsory Purchase Order 2021' (the "Order Land").

R2) That the Director of Legal & Governance be authorised to make the CPO for the Order Land, to take all necessary procedural steps prior to and after the making of the CPO, to enable the CPO to be submitted to the Secretary of State for confirmation including:

- a) Finalising the attached draft Statement of Reasons, at Appendix 1;
- b) Serving notices of the making of the CPO on all persons entitled to such notice and placing all necessary notices in the press and on/around the Order Land;
- c) To submit the CPO to the Secretary of State for confirmation as soon as possible following making of the CPO; and
- d) To self-confirm the CPO if authorised to do by the Secretary of State.

R3) That the Director of Legal & Governance be authorised to sign and serve any notices or documents necessary to give effect to these recommendations and to take all the other actions necessary to give effect to these recommendations.

R4) As soon as the CPO is confirmed by the Secretary of State or self -confirmed where authorised by the Secretary of State, the Director of Legal & Governance be authorised to advertise the confirmation of the CPO and serve all necessary notices of the confirmation and once the CPO becomes operative, the Director of Legal & Governance in consultation with the Executive Director of Resources be authorised to execute General Vesting Declarations under the Compulsory Purchase (Vesting Declarations) Act 1981, at the earliest opportunity and to thereafter serve all necessary documents and notices of the vesting of the Order Land in the Council.

R5) That the Executive Director Place, in consultation with the Director of Legal & Governance and the Executive Director of Resources be authorised to manage the compulsory purchase process in accordance with all statutory requirements and to otherwise promote or supporting the promotion of confirmation of the CPO including the preparation of and giving of evidence at any public inquiry.

R6) That the Chief Property Officer be authorised to agree terms for the acquisition of Order Land and to instruct the Director of Legal and Governance to complete the necessary documents.

R7) That upon the completion of the acquisition of Order Land, the Chief Property Officer be authorised to negotiate the disposal of the land and to instruct the Director of Legal and Governance to complete all the necessary legal documents for the completion of the disposal.

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

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Karen Jones
		Legal: Brendan Twomey
		Equalities: Louise Nunn
<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:	Mick Crofts
3	Cabinet Member consulted:	Paul Wood
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>Neil Dunk</i>	Job Title: <i>Legal & Policy Officer</i>
	Date: <i>9 February 2021</i>	

1. Proposal

- 1.1.** The proposal is to compulsorily purchase 104 Mill Road in order for it to be refurbished and brought back into use. The reason for this proposal is that, due to the lack of any progress from the owner in carrying out refurbishment of the Property, along with any meaningful proposals for bringing it back into occupation, the Council believe that the Property will remain in a state of serious disrepair and unoccupied without Council intervention. Obtaining a compulsory purchase order (CPO) will enable the Property to be disposed of on the open market for a new owner to renovate and arrange to be occupied. The Council has powers to make a CPO for the acquisition of land for the purpose of providing housing. This power includes the acquisition of empty properties as an option of last resort where there appears to be no other prospect of those empty properties being brought back into use. The Statement of Reasons sets out the reasons why the Council wishes to purchase the Property.
- 1.2.** The Council's preferred option for disposal is by auction. There is a buoyant property market within the area which is detailed in the Statement of Reasons.
- 1.3.** The option of acquiring the Property to be retained and let as Council housing was considered as part of the Council's stock increase programme. However, following a viability assessment, it was decided that the Property was not suitable for this purpose. The Property needs significant work and remodelling. Taking into account the property valuation and renovation cost and the rental income that the Council could command, the Property does not present a viable option for acquisition for Council housing.
- 1.4.** The Property is a two-bed roomed, mid terrace of slate roofed and stone construction and, according to Council Tax records, has been empty since at least April 1999. A plan of the land proposed to be acquired has been prepared entitled "Map referred in The City of Sheffield (104 Mill Road) Compulsory Purchase Order 2021" which is displayed at Appendix 3 to this report and submitted to Cabinet for approval. This map shows the land to be acquired coloured pink.
- 1.5.** The Property is in a very poor state of repair, both externally and internally with category 1 hazards present of damp and mould, excess cold, domestic hygiene, pests and refuse, food safety, personal hygiene, sanitation and drainage, falls associated with stairs, steps and ramps and electric hazards.
- 1.6.** The Council received a complaint from a neighbour in February 2016 regarding birds entering the building through a hole in the roof, an overgrown garden, defective drainage, serious disrepair, infestations of vermin and the fact that the proximity of the Property was having a negative impact on the sale of their property. Further complaints regarding the condition of the Property were received in May 2019 and November 2019.
- 1.7.** The Council sent four letters in 2017 and 2018 attempting to engage with the owner in order to seek a voluntary solution to the serious disrepair of this Property. There has been no response to any of these letters.
- 1.8.** In July 2017, a notice was served on the owner under Section 59, Building Act 1984 to deal with defective drainage. To date, no work has been carried out on this notice.

- 1.9.** In October 2017, Improvement Notices were served on the owner relating to category 1 hazards. Hazards observed include damp and mould, excess cold, domestic hygiene, pests and refuse, food safety, personal hygiene, falls associated with stairs and electrical hazards. The Property was inspected under a Warrant of Entry in November 2018 and September 2019 and no works to comply with these notices had been carried out. On 26 January 2021, an external inspection was carried out at the Property. It was observed that the Property appeared to be in a poor state of repair and from what could be observed the hazards set out in the Improvement Notices served in October 2017 do not appear to have been remedied.
- 1.10.** In February 2018, the Council wrote to the owner advising that the Council's intention was to seek a CPO in respect of the Property but, as an alternative, the Council would offer to purchase the Property by agreement at its open market value. No response was received to this offer. Further letters were sent to the owner in August 2019, August 2020 and January 2021. No response was received to these letters.
- 1.11.** The Council's proposals, including further details on the Property, its history and previous Council involvement, are included in the Statement of Reasons set out in Appendix 1 to this report.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1.** This proposal supports the following Council's objective set out in its Corporate Plan 2015 – 18.

Thriving neighbourhoods and communities

- 2.2.** Long term empty properties commonly attract anti-social behaviour thus increasing the fear of crime for neighbours. Typically, gardens are used to dump refuse, windows are smashed, doors are forced open and the property used as a drug den. Once these activities commence, the condition of the property quickly deteriorates, further increasing the negative effect of the property on the neighbourhood.
- 2.3.** The Property has experienced some of these problems. The Council has received complaints in respect of the Property, including holes in the roof and the serious disrepair of the Property negatively affecting a neighbour's attempts to sell their property. Enabling the Property to be put back into occupation will remove these negative impacts on the local community.
- 2.4.** The Council is committed to increasing the availability of residential accommodation within Sheffield and The Sheffield Plan Issues and Options, published by the Council in September 2020 <https://www.sheffield.gov.uk/home/planning-development/emerging-sheffield-plan-draft> says "An average of about 2,185 homes per year (including homes needed to replace those that are demolished or converted to other uses) are needed to meet the demands of a growing population". Bringing empty properties back into occupation supports this goal of increased housing provision in the city."

2.5. Over half a million people live in Sheffield. Of those, around 75% of households are in the private sector; either as an owner occupier or a private renter (*Source: 2011 Census for Sheffield*). <https://www.sheffield.gov.uk/your-city-council/sheffield-profile/population-and-health/2011-census.html>. There is a growing population in Sheffield (*Source: 2011 Census for Sheffield*) <https://www.sheffield.gov.uk/your-city-council/sheffield-profile/population-and-health/2011-census/key-statistics.html>) which puts an increased strain on demand for good quality, affordable housing.

2.6. Many people in Sheffield choose to live in the city long term, with nearly three quarters of people moving home within the city's boundary. (*Source: Sheffield City Council Corporate Plan 2015-18*) However, in recent years, the house building rate has fallen substantially compared to pre-recession rates (*Source: State of Sheffield reports - <https://www.sheffieldfirst.com/key-documents/state-of-sheffield.html>*)

2.7. Although it is not illegal for owners to leave their property empty, the Council chooses to work pro-actively in bringing problematic empty properties back into use. By tackling such empty properties in this manner, it demonstrates the Council's commitment to acting pro-actively in preventing such a waste of housing provision and the many negative effects empty properties can have on a neighbourhood.

Strong economy

2.8. Bringing long term empty properties back into occupation increases the local population and thereby contributes towards creating conditions for local businesses to grow. The success of local businesses acts as a catalyst in attracting further investment and with it, economic growth.

Better health and Wellbeing

2.9. The poor state of repair of the Property has a negative effect on neighbouring properties, impacting on the health and wellbeing of the occupiers.

3. HAS THERE BEEN ANY CONSULTATION?

3.1. There is no statutory requirement to consult on these proposals. However, neighbours of the Property have made complaints regarding the condition of the Property and the Council has engaged with them to discuss their concerns.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1. Equality of Opportunity Implications

In carrying out any of its functions, the Council needs to be mindful of the Public Sector Equality Duty ('PSED') contained in Section 149 of the Equality Act 2010. Amongst other things this duty requires the Council to have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race; religion or belief, sex and sexual orientation. The Council in the development of these proposals has had regard to its PSED and considers that the proposals do

not give rise to any equality issues under this duty. See Equality Impact Assessment in Appendix 2

4.2. Financial and Commercial Implications

4.3. The Council will be required to pay compensation to the current owner based upon the open market value of the Property in the condition that the Property is in at the time the Council take possession. The Council will also be required to pay the surveyors and legal fees and the costs of public notices, which are incurred as a result of the compulsory purchase. The owner may also be entitled to a basic loss payment of 7.5% of the open market value. The Council will incur costs and expects to recover these from the sale proceeds.

4.4. The costs are detailed in Appendix 4 and will be met out of Private Housing Standards' budget. It is anticipated that the cost of the purchase price will be met from the sale proceeds and the Private Housing Standards' budget will be refunded to that degree.

4.5. Officer time relating to this proposal will be met from already approved Private Housing Standards' budgets.

4.6. Legal Implications

4.7. Under s17 Housing Act 1985 the Council has powers to make a CPO for the acquisition of land for the purpose of providing housing. This power includes the acquisition of empty properties where there appears to be no other prospect of those empty properties being brought back into use. The Statement of Reasons attached as Appendix 1 to this report sets out the reasons why the Council wishes to purchase the Property. It also sets out the justification for compulsory purchase, and addresses the Human Rights implications.

The Council, to enable it to make the CPO is required to take certain actions, including serving a notice of the making of the CPO on all relevant parties and submitting the CPO to the Secretary of State, for approval. The report recommendations provide the necessary authority for the exercise of these functions.

Where the CPO is confirmed, the Council will need to acquire the land and once this is achieved, deal with the disposal of the land, to achieve the purpose for making the CPO. The report recommendations provide the necessary authority for the exercise these functions.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1. Demolition

The Property is in a state of disrepair empowering the Council to take various steps to remedy the problem, including renovation and demolition. As the Property is a mid-terrace house, the demolition option would not be practical. Demolition will not result in the provision of housing as it is believed that the owner would not rebuild should this option be taken.

5.2. Renovation

The Council's Private Housing Standards team first visited the Property in July 2015 and found it be vacant. From this date, the Council has not observed, or received any information, that the property has been occupied. The owner has taken no steps to prevent its deterioration despite the Council writing on several occasions to the owner to express their concern over the condition of the Property

and asking for the owner to explain their intentions for renovation and bringing the property back into occupation. Additionally, in October 2017, an Improvement Notice was served on the owner in order to remove Category 1 hazards observed at the Property. No action has been taken in response to this notice as was noted during inspections of the Property in November 2018, September 2019, August 2020 and January 2021. It is therefore unlikely, should the Council do works in default, that this would result in the improvements to the Property being sustained. In those circumstances this option would be a poor use of limited resources and unlikely to achieve its purpose.

5.3. Empty Dwelling Management Orders

These orders enable the Council to effectively step into the shoes of the owner and manage the property. However, prior to occupation, the Council would have to refurbish the property. Given the poor condition of the property, the cost of bringing it up to a habitable condition is likely to be significant. Furthermore, it is doubtful that the rental income would cover the costs within the timescale of the EDMO, which is seven years. Therefore, it is highly likely that the Council would be unable to recover the significant costs of refurbishment, making this option inappropriate.

5.4. Purchase by Agreement

The Council have actively pursued this option which would have enabled it to sell the Property at auction so that it could be renovated and reoccupied. On 21 February 2018, the Council wrote the owner to offer to purchase the property by agreement. No response was received by the Council to this letter. On 5 August 2019 and again on 17 August 2020 and 26 January 2021, the Council repeated this offer. No response was received to these letters.

5.5. Compulsory Purchase

All attempts at working with the owner have failed, as detailed in the Statement of Reasons. Due to the owner's failure to take proper action, the property, for which there is a demand, has remained in a poor state of repair for a significant period and there is little prospect of it being brought back into occupation. For these reasons, Compulsory Purchase is the preferred option.

6. REASONS FOR RECOMMENDATIONS

6.1. The Property has been vacant since at least July 2015 and is in a poor state of repair and is having a negative impact on the local community. There is a demand for this type of property within Sheffield and the Council has, without success, attempted to engage with the property owner in an effort to get the property back into occupation, including an offer to purchase the property by agreement. In addition, particularly in respect of recent enforcement action taken by the Council, the owner has failed to take reasonable steps to make the property safe. In those circumstances, as an option of last resort, the Council consider, to ensure to property is put back into occupation, that it is appropriate to seek a CPO in respect of the Property.

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**THE CITY OF SHEFFIELD (104 Mill Road)
COMPULSORY PURCHASE ORDER 2021**

STATEMENT OF REASONS

1.0 Property Description, Condition and Location

- 1.1 104 Mill Road, Sheffield, S35 9XQ (the Property) is a two-bed roomed mid terrace house of stone walled, slate roofed construction. The Property is situated close to the main road through the district of Ecclesfield and approximately six miles north of Sheffield city centre. It has been used for residential accommodation but officers from Private Housing Standards have been visiting the Property on a regular basis since July 2015 and have commented that the Property appeared empty on each occasion^{10.1}. The Property has been visited on a number of occasions for the purposes of carrying out inspections, to serve legal notices and to deliver correspondence. The Property has been registered as empty since 1 April 1999 (source: Council Tax database^{10.2}).
- 1.2 A complaint was first received by the Council in February 2016^{10.3} regarding the general condition of the Property stating that the garden was overgrown and that birds were entering the Property through a hole in the roof. Further complaints regarding the condition of the Property were received in May 2019 and November 2019.
- 1.3 In July 2017, a notice was served on 'The owner' by affixing it to the door of the Property, under Section 59, Building Act 1984, due to the defective drainage at the Property^{10.5}. An inspection of the Property was carried out on 17 August 2020 and again on 26 January 2021 and it was noted that no works to comply with this notice have been carried out.
- 1.4 In October 2017, a notice was served on the person having control under Section 11, Housing Act 2004, by affixing it to the door of the Property, due to the presence of category 1 hazards at the Property requiring the recipient to take action to remedy the hazards^{10.6}. The hazards observed were damp and mould, excess cold, domestic hygiene, food safety, personal hygiene, falls associated with stairs and electrical hazards. On 17 August 2020 and again on 26 January 2021, an external inspection was carried out at the Property. It was observed that the Property appeared to be in a poor state of repair and from what could be observed the hazards set out in the Improvement Notices served in October 2017 do not appear to have been remedied.

2.0 Purpose in Acquiring the Property and Future Use.

- 2.1 The purpose of acquisition is for the Property to be renovated and re-occupied.
- 2.2 This proposed Compulsory Purchase Order (CPO) is a last resort measure as the property has been vacant since at least April 1999 and the owner does not

appear to have taken any steps to prevent its deterioration. There is demand for this type of property within its locality. The Council, in addition to offering support and advice to the owner, has served an Improvement Notice on the owner to remedy category 1 hazards and a Building Act notice to remedy defective drainage, but the owner does not appear to have taken any steps to put the property back into occupation or to ensure it is properly maintained.

- 2.3 The Council seeks a CPO in respect of the Property to enable it to be sold on the open market and be put back into occupation. Demand for properties in this area is strong. The intention is to sell the Property at auction immediately following acquisition. The Council will place a covenant on the sale stating the Property must be refurbished within 12 months of purchase and occupied within 18 months of purchase.

3.0 Ownership

- 3.1 The Property is unregistered. The Council obtained a copy of a memorial of conveyance from West Riding of Yorkshire Registry of Deeds which indicates that in 1964, Arnold Morrell purchased the Property^{10.7}. The Council did a probate search which revealed that Arnold Morrell executed a will with two named executors^{10.8}, one of whom took out a grant of probate. The Council wrote to both executors at their last known address informing them of the Council's intention to seek a CPO in respect of the Property, asking for their intentions and offering to purchase the Property by agreement. The Council has not received a response to these communications.

- 3.2 Council Tax records for 104 Mill Road disclose that the Property is exempt from Council Tax as the Property has been left empty by deceased person, Mr A P Morrell.

4.0 Contact with the owner

- 4.1 The Property is unregistered, and the Council records indicate that the owner is deceased. Council Tax records gave a forwarding person who is understood to be a close relative. The relative indicated that their understanding was that no grant of probate had been granted and was reluctant to make an application themselves, even with assistance from the Council. The Council entered into lengthy discussions with the relative to enable the relevant authority to be acquired to allow them to deal with the Property, but ultimately these efforts were unsuccessful with the relative indicating they did not intend to acquire the necessary authority to deal with the Property.

- 4.2 In addition to correspondence with the relative, we wrote to 'the owner' on five occasions by affixing the letters to the door of the Property. In 2017 and 2018, the Council wrote four letters to 'the owner' to offer assistance to enable the Property to be put back into occupation^{10.9}. The final letter indicated that if an adequate response was not received, the Council intended to seek a CPO in respect of the Property and, as an alternative, an offer was made to purchase the Property by agreement. No written response has been received to any of these letters.

- 4.3 Visits were made to the Property in November 2018 and September 2019 and internal inspections carried out under warrants of entry. No work had commenced on the Improvement Notice served on the owner in October 2017. On 17 August 2020 and again on 26 January 2021, an external inspection was

carried out at the Property. It was observed that the Property appeared to be in a poor state of repair and from what could be observed the hazards set out in the Improvement Notices served in October 2017 do not appear to have been remedied.

- 4.4 In February 2018, the Council wrote to 'the owner' by affixing the letter to the door of the Property, informing them that the Council was in the process of preparing a report recommending compulsory purchase in respect of the Property to be submitted for approval by the Council's Cabinet. In addition, this letter made an offer for the Council to purchase the Property by agreement. No response has been received to this letter. In August 2019, August 2020, and again on 26 January 2021, the Council repeated this offer to purchase the Property by agreement^{10.10}, but no response has been received to these offers.

5.0 Housing Need

- 5.1 According to the 2011 Census, there were 539,064 people living in Sheffield in 236,811 dwellings. This Census also states that there were 229,928 households living in Sheffield^{10.11}. According to Sheffield City Council's Housing Solutions Team, as of December 2020, there were 218 households who were living in homeless temporary accommodation^{10.12}.
- 5.2 The 2015 Private Stock Condition Survey estimated that 29,333 dwellings in Sheffield (12% of the stock) were found to have Category 1 Hazards (serious risk of harm to the health or safety of an actual or potential occupier)^{10.13}
- 5.3 In March 2020, Council stock numbered 38,989 dwellings. A breakdown of this stock shows 46% are houses, 40% are flats, 7% are bungalows and 7% maisonettes. A breakdown of Council stock by size shows 36% are 2 bed, 35% are 1 bed, 27% are 3 bed, under 1% are 4+ bed and under 1% are bedsits. (Source: Sheffield City Council Local Authority Housing Statistics/Local Authority Data Return 2019/20)
- 5.4 According to Council Tax records from 30 November 2020, there are currently 2672 long term (over 6 months) empty properties in Sheffield.^{10.14}
- 5.5 Mill Road is located in the district of Ecclesfield which falls into the Housing Market Area classed as Chapeltown/Ecclesfield largely consisting of an older population and settled families with children^{10.15} (Source: Housing Market Profiles 2019)
<https://www.sheffield.gov.uk/content/sheffield/home/housing/sheffield-housing-market.html>)
- 5.6 The Housing Market Profiles (HMP) 2019 report states that there is need for two bedroom housing for newly forming households in this Chapeltown/Ecclesfield area as these size properties make up the greatest shortfall in the area^{10.16}.
- 5.7 The HMP states that of the number of people within this area who need to move in the next 5 years, 35% expect to remain in the area. This is the second highest rate of people who expect to remain in their 'own' area behind the South HMA area.

- 5.8 In order to further establish demand in the area, local estate agents with offices in the area were contacted. The Council received responses from four estate agents (Reeds Rains, Your Move, Blundells and Hunters) who deal with two-bedroom accommodation in the area. They indicated that where they let such properties, they are usually let within seven to fourteen days of the property being advertised. Where they sell the property, a sale is usually agreed within two to twelve weeks. They also confirm that there is demand for such properties in this area with demand coming in particular from working professionals, couples, first time buyers, families, single adults, investors (for buy to let) and young people. ^{10.17}

6.0 Environmental Impact

- 6.1 The visual impact of the Property is having a detrimental effect on the neighbourhood. Complaints received and inspections made by the Council have revealed that the Property is in a poor state of repair. In addition one complaint referred to birds entering the Property through a hole in the roof, an overgrown garden, infestation of mice, presence of a wasp nest and the fact that the proximity of the Property was having a negative impact on the sale of their property.
- 6.2 Empty properties commonly attract crime and anti-social behaviour including graffiti, nuisance, vandalism, fly tipping, break-ins and, in extreme cases, arson. The cumulative effect of such properties can lead to whole areas becoming run down, unstable and, ultimately, unsustainable.

7.0 Justification for Compulsory Purchase

- 7.1 Section 17 Housing Act 1985 provides that local authorities are empowered to acquire land for the purpose of providing housing and this extends to acquiring empty properties by compulsory purchase for the purpose of providing housing where there appears to be no other prospect of the Property being brought back into use. The Council is justified in the compulsory purchase of the Property for the reasons detailed in this Statement of Reasons. There is a demand for property within the locality, the Property is in a poor state of repair and the Council has been unable to contact the executors of the estate of the deceased owner and therefore no action has been taken to repair and put the Property back into occupation. Further, compulsory purchase is the best option for bringing the Property back into residential use.

8.0 Human Rights

- 8.1 The Council, when deciding to acquire the Property by compulsory purchase, had regard to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights and Article 8. In respect of Article 8 the Property is in a poor state of repair and unoccupied and therefore is currently not being treated as anyone's home. Further, the executors of the deceased owner's estate do not appear to have any intention to carry out the necessary repairs to enable the Property to be occupied as a home. The Council's acquisition of the Property therefore does not contravene any of the rights under Article 8, as it does not interfere with anyone's private and family life, their home and their

correspondence. In respect of Article 1, it is acknowledged that compulsory purchase will interfere with the owner's estate's peaceful enjoyment of their possessions, but that for the reasons detailed in this statement, it is in the public interest that the Council acquire the Property.

9.0 Planning Requirements

- 9.1 The adopted Unitary Development Plan (UDP) shows the premises to lie within an area zoned for residential use. The preferred use in the area is continued residential use^{10.18}

10.0 List of supporting evidence

- 10.1 Evidence of inspections to confirm empty status
- 10.2 Confirmation of date property became empty
- 10.3 Confirmation of initial complaint
- 10.4 Additional complaint May 2019
- 10.5 Copy of Building Act notice
- 10.6 Copy of Improvement Notice
- 10.7 Copy of West Riding of Yorkshire Registry of Deeds
- 10.8 Copy of will
- 10.9 Copies of letters to owner 2017 and 2018
- 10.10 Copies of letters to owner 2019, 2020 and 2021
- 10.11 UK census data 2011, Sheffield
- 10.12 Housing Solutions email re homeless figures
- 10.13 Private Stock Condition Survey 2015
- 10.14 Confirmation of number of long-term empties, Sheffield
- 10.15 Housing Market Profile 2019
- 10.16 Housing Market Profile 2019
- 10.17 Estate Agent questionnaires
- 10.18 Planning email

APPENDIX 2

**THE CITY OF SHEFFIELD (104 MILL ROAD)
COMPULSORY PURCHASE ORDER 2021**

EQUALITY IMPACT ASSESSMENT

APPENDIX 3

**THE CITY OF SHEFFIELD (104 MILL ROAD)
COMPULSORY PURCHASE ORDER 2021**

ORDER MAP

APPENDIX 4

FINANCIAL AND COMMERCIAL IMPLICATIONS

[Print this page](#)

Equality Impact Assessment

Introductory Information

Reference number

609

Proposal type

Budget Project

Project name

Compulsory Purchase Order for Property 104 Mill Road

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

Wood Paul (LAB CLLR)

Entered on Q Tier

Yes No

Year(s)

EIA date

06/08/2019

EIA lead

Nunn Louise

Person filling in this EIA form

Dunk Neil (NCC)

Lead officer

Manley Laraine (CEX)

Lead Corporate Plan priority

Thriving Neighbourhoods and Communities

Portfolio, Service and Team

Cross Portfolio

Yes No

Portfolio

Place

Place service(s)

Housing and Neighbourhoods Service

Place team(s)
Housing Service

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.

To seek a Compulsory Purchase Order in respect of 104 Mill Road, Sheffield, S35 9XQ to allow it to be renovated and occupied. There is a demand for this type of property within the area. The property is empty and has a particular detrimental effect on the neighbourhood in this area. Compulsory Purchase is the most appropriate course of action. If you want to enter more information please attach a document in the supporting documentation below.

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 (briefly describe how the proposal helps to meet the Public Sector Duty outlined above)

The process does fall in line with the Public Sector Equality Duty PSED and the Equality Act, there is no discrimination against any groups that are characteristic groups under both acts. There are no Equality issues that will arise from these changes.

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

Age

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.
Be clear if your service relates to specific age groups, particularly younger or older people. If you wish to enter more information please attach a document in the supporting documentation section below.

Disability

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.
Be clear if your service relates to specific impairments. If you wish to enter more information please attach a document in the supporting documentation section below.

Pregnancy/Maternity

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.
Be clear if this impacts on these areas. If you wish to enter more information please attach a document in the supporting documentation section below.

Race

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.
Be clear if your service relates to specific BME communities. If you wish to enter more information please attach a document in the supporting documentation section below.

Religion/Belief

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.

Note: This also covers all faith groups and those with no belief. If you wish to enter more information please attach a document in the supporting documentation section below.

Sex

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.

Note: this includes women and men. If you wish to enter more information please attach a document in the supporting documentation section below.

Sexual Orientation

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.

For example lesbian, gay or bisexual groups. If you wish to enter more information please attach a document in the supporting documentation section below.

Transgender

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.

Note: transgender both men and women. If you wish to enter more information please attach a document in the supporting documentation section below.

Carers

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.

Note: this refers to those who provide regular and substantial unpaid care to a disabled adult or child. If you wish to enter more information please attach a document in the supporting documentation section below.

Voluntary/Community & Faith Sectors

Staff

Yes No

Customers

Yes No

Cohesion

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be disposed of to enable it to be renovated and brought back into occupation.

Note particular impact on community tensions or getting on well together. If you wish to enter more information please attach a document in the supporting documentation section below.

Cumulative impact

Proposal has a cumulative impact

Yes No

Proposal has geographical impact across Sheffield

Yes No

Local Partnership Area(s) impacted

All Specific

Action Plan and Supporting Evidence

Action plan

Once the CPO is granted, the Council can dispose of the property to enable it to be renovated and brought back in for occupation.

Include monitoring arrangements, etc. You can copy and paste your action plan in this section

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

Supporting Documentation

Consultation

Consultation required

Yes No

If consultation is not required please state why

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

Summary of evidence

Changes made as a result of the EIA

If none, specify why

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

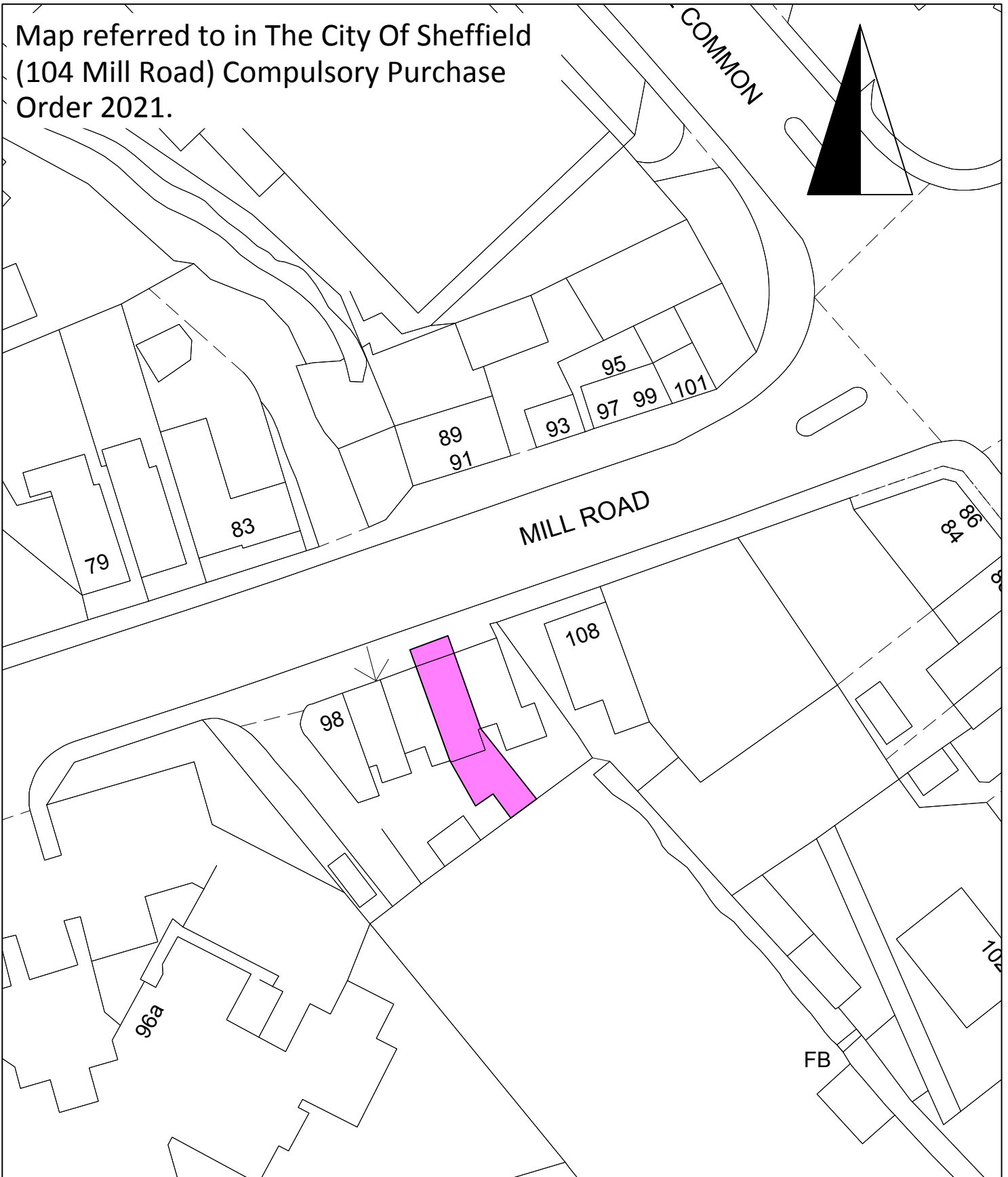
Review date

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

Incomplete

Once you've finished filling this form, you need to first mark it ready for approval, then submit it.

Map referred to in The City Of Sheffield
(104 Mill Road) Compulsory Purchase
Order 2021.



Scale
1:500

Date
04/01/2021

Sheffield
City Council



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Author/Lead Officer of Report: Neil Dunk

Tel: 273 4585

Report of: Mick Crofts
Report to: Cabinet
Date of Decision: 17 February 2021
Subject: THE CITY OF SHEFFIELD (1 Havelock Street)
 COMPULSORY PURCHASE ORDER 2021

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Neighbourhoods and Community Safety		
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities		
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? 619		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input 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 appendix 4 is not for publication because it contains exempt information under Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of Report:

The purpose of this report is to seek authority to make a Compulsory Purchase Order in respect of 1 Havelock Street, Sheffield, S10 2FP (the Property) to allow it to be renovated and occupied. There is demand for this type of property within the area. The Property is empty and has a particularly detrimental effect on the neighbourhood in this area. Compulsory Purchase is the most appropriate course of action.

Recommendations:

R1) That authority be given to the Council to make a Compulsory Purchase Order ("CPO") under the powers conferred by Section 17 Housing Act 1985 to acquire all land interests in respect of the land coloured pink as shown on the Order Map, attached at Appendix 3, with title 'The City of Sheffield (1 Havelock Street) Compulsory Purchase Order 2021' (the "Order Land").

R2) That the Director of Legal & Governance be authorised to make the CPO for the Order Land, to take all necessary procedural steps prior to and after the making of the CPO, to enable the CPO to be submitted to the Secretary of State for confirmation including:

- a) Finalising the attached draft Statement of Reasons, at Appendix 1;
- b) Serving notices of the making of the CPO on all persons entitled to such notice and placing all necessary notices in the press and on/around the Order Land;
- c) To submit the CPO to the Secretary of State for confirmation as soon as possible following making of the CPO; and
- d) To self-confirm the CPO if authorised to do by the Secretary of State.

R3) That the Director of Legal & Governance be authorised to sign and serve any notices or documents necessary to give effect to these recommendations and to take all the other actions necessary to give effect to these recommendations.

R4) As soon as the CPO is confirmed by the Secretary of State or self -confirmed where authorised by the Secretary of State, the Director of Legal & Governance be authorised to advertise the confirmation of the CPO and serve all necessary notices of the confirmation and once the CPO becomes operative, the Director of Legal & Governance in consultation with the Executive Director of Resources be authorised to execute General Vesting Declarations under the Compulsory Purchase (Vesting Declarations) Act 1981, at the earliest opportunity and to thereafter serve all necessary documents and notices of the vesting of the Order Land in the Council.

R5) That the Executive Director Place, in consultation with the Director of Legal & Governance and the Executive Director of Resources be authorised to manage the compulsory purchase process in accordance with all statutory requirements and to otherwise promote or supporting the promotion of confirmation of the CPO including the preparation of and giving of evidence at any public inquiry.

R6) That the Chief Property Officer be authorised to agree terms for the acquisition of Order Land and to instruct the Director of Legal and Governance to complete the necessary documents.

R7) That upon the completion of the acquisition of Order Land, the Chief Property Officer be authorised to negotiate the disposal of the land and to instruct the Director of Legal and Governance to complete all the necessary legal documents for the completion of the disposal.

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: Karen Jones
		Legal: Brendan Twomey
		Equalities: Louise Nunn
<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:	Mick Crofts
3	Cabinet Member consulted:	Paul Wood
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>Neil Dunk</i>	Job Title: <i>Legal & Policy Officer</i>
	Date: 9 February 2021	

1. PROPOSAL

1.1 The proposal is to compulsorily purchase the Property in order for it to be refurbished and brought back into use. The reason for this proposal is that, due to the lack of progress from the owner in carrying out refurbishment of the Property, along with any meaningful proposals for bringing it back into occupation, the Council believes that the Property will remain in a state of serious disrepair and unoccupied without Council intervention. Obtaining a compulsory purchase order (CPO) will enable the Property to be disposed of on the open market for a new owner to renovate and arrange it to be occupied. The Council has powers to make a CPO for the acquisition of land for the purpose of providing housing. This power includes the acquisition of empty properties as an option of last resort where there appears to be no other prospect of those empty properties being brought back into use. The Statement of Reasons set out in Appendix 1 to this report details the reasons why the Council wishes to purchase the Property.

1.2 The Council's preferred option for disposal is by auction. There is a buoyant property market within the area which is detailed in the Statement of Reasons.

The option of acquiring the Property to be retained and let as Council housing was considered as part of the Council's stock increase programme. However, following a viability assessment it was decided that the Property was not suitable for this purpose. The Property is in a very poor condition and requires extensive work to improve it to the Council's lettable standard. Considering the property valuation and renovation cost and the rental income that the Council could command, the Property does not present a viable option for acquisition for Council housing.

1.3 The Property is a three-bed roomed end terrace house of brick built, slate roofed construction. The Council's Council Tax register reveals that the Property has been registered as empty since 21 November 2005. A plan of the land proposed to be acquired has been prepared entitled "Map referred in The City of Sheffield (1 Havelock Street) Compulsory Purchase Order 2021" and is displayed at appendix 3 to this report and submitted to Cabinet for approval. This map shows the land to be acquired coloured pink.

1.4 The Property is in a very poor state of repair, both externally and internally, with category 1 hazards present including damp & mould, excess cold, entry by intruders, food safety, personal hygiene, falls on level surfaces and falls associated with stairs.

- 1.5 Since the Council's Private Housing Standards team initially visited the Property in 2016 there have been a total of seven complaints received about its condition.
- 1.6 The Council has written to the owner on a number of occasions, with four letters sent in 2018, attempting to engage with the owner in order to seek a voluntary solution to the serious disrepair of this Property. The owner has not responded to these enquiries and there has been no satisfactory progress made by the owner in refurbishing the Property.
- 1.7 In October 2017, a notice was served on the owner under Section 80, Environmental Protection Act 1990 to deal with vermin infestation. No work was undertaken by the owner and the Council carried out this work in default.
- 1.8 In August 2018, an Improvement Notice was served on the owner due to the presence of category 1 hazards at the Property, requiring the owner to take action to remedy the hazards. The hazards observed are described in paragraph 1.4. On 21 January 2021 an external inspection was carried out at the Property. It was observed that the Property appeared to be in a poor state of repair and from what could be observed the hazards set out in the Improvement Notice served in August 2018 do not appear to have been remedied.
- 1.9 In November 2018, the Council wrote to the owner offering to purchase the Property at its open market value. No response was received to this offer. On 6 August 2019, the Council wrote to the owner repeating this offer to purchase the Property at its open market value. No response was received to this offer. A further offer to purchase the Property at its open market value was made to the owner on 20 July 2020 and repeated on 25 January 2021. No response was received to these offers.
- 1.10 The Council's proposals, including further details on the property, its history and previous Council involvement, are included in the Statement of Reasons.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 This proposal supports the following Councils objective set out in its Corporate Plan 2015 -18

Thriving Neighbourhoods and Communities

- 2.2 Long term empty properties commonly attract anti-social behaviour thus increasing the fear of crime for neighbours. Typically, gardens are used to dump refuse, windows are smashed, doors are forced open and the property used for criminal activity, including drug taking. Once these activities commence, the condition of the property quickly deteriorates, further increasing the negative effect of the property on the

neighbourhood.

2.3 1 Havelock Street has experienced some of these problems. The Council has received a number of complaints in respect of the property, including reports that the property has been broken into and vandalised. Enabling the property to be put back into occupation will remove these negative impacts on the local community.

2.4 The Council is committed to increasing the availability of residential accommodation within Sheffield. The Sheffield Plan Issues and Options document published by the Council in September 2020 <https://www.sheffield.gov.uk/home/planning-development/emerging-sheffield-plan-draft> says 'An average of about 2,185 homes per year (including homes needed to replace those that are demolished or converted to other uses) are needed to meet the demands of a growing population'. Bringing empty properties back into occupation supports this goal of increased housing provision in the city.

2.5 Over half a million people live in Sheffield. Of those, around 75% of households are in the private sector; either as an owner occupier or a private renter (*Source: 2011 Census for Sheffield*). <https://www.sheffield.gov.uk/your-city-council/sheffield-profile/population-and-health/2011-census.html>. There is a growing population in Sheffield (*Source: 2011 Census for Sheffield*) <https://www.sheffield.gov.uk/your-city-council/sheffield-profile/population-and-health/2011-census/key-statistics.html>) which puts an increased strain on demand for good quality, affordable housing.

2.6 Many people in Sheffield choose to live in the city long term, with nearly three quarters of people moving home within the city's boundary. (*Source: Sheffield City Council Corporate Plan 2015-18*) However, in recent years, the house building rate has fallen substantially compared to pre-recession rates (*Source: State of Sheffield reports -* <https://www.sheffieldfirst.com/key-documents/state-of-sheffield.html>).

2.7 Although it is not illegal for owners to leave their property empty, the Council chooses to work pro-actively in bringing problematic empty properties back into use. By tackling such empty properties in this manner, it demonstrates the Council's commitment to acting pro-actively in preventing such a waste of housing provision and the many negative effects empty properties can have on a neighbourhood.

2.8 **Strong Economy**

Bringing long term empty properties back into occupation increases the

local population and thereby contributes towards creating conditions for local businesses to grow. The success of local businesses acts as a catalyst in attracting further investment and with it, economic growth.

2.9 **Better Health and Wellbeing**

The poor state of repair of the Property and the associated anti-social behaviour exhibited has a negative effect on neighbouring properties, impacting on the health and wellbeing of the occupiers.

3. **HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There is no statutory requirement to consult on these proposals. However, neighbours of 1 Havelock Street have made repeated complaints regarding the condition of this Property and the Council has engaged with them to discuss their concerns.

4. **RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

4.1 Equality of Opportunity Implications

In carrying out any of its functions, the Council needs to be mindful of the Public Sector Equality Duty ('PSED') contained in Section 149 of the Equality Act 2010. Amongst other things this duty requires the Council to have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council in the development of these proposals has had regard to its PSED and considers that the proposals do not give rise to any equality issues under this duty.

- 4.1.1 See Equality Impact Assessment in Appendix 2.

4.2 Financial and Commercial Implications

- 4.2.1 The Council will be required to pay compensation to the current owner based upon the open market value of the Property in the condition that the Property is in at the time the Council take possession. The Council will also be required to pay the surveyors and legal fees and the costs of public notices which are incurred as a result of the compulsory purchase. The owner may also be entitled to a basic loss payment of 7.5% of the open market value. The Council will incur costs and expects to recover these from the sale proceeds.

- 4.2.2 The costs are detailed in Appendix 4 and will be met out of Private Housing Standards' budget. It is anticipated that the cost of the purchase

price will be met from the sale proceeds and the Private Housing Standards budget will be refunded to that degree.

- 4.2.3 Officer time relating to this proposal will be met from already approved Private Housing Standard budgets.

4.3 Legal Implications

- 4.3.1 Under s17 Housing Act 1985 the Council has powers to make a CPO for the acquisition of land for the purpose of providing housing. This power includes the acquisition of empty properties where there appears to be no other prospect of those empty properties being brought back into use. The Statement of Reasons sets out the reasons why the Council wishes to purchase the Property. It also sets out the justification for compulsory purchase and addresses the Human Rights implications.

The Council, to enable it to make the CPO, is required to take certain actions, including serving a notice of the making of the CPO, on all relevant parties and submitting the CPO to the Secretary of State, for approval. The report recommendations provide the necessary authority for the exercise of these functions.

Where the CPO is confirmed, the Council will need to acquire the land and once this is achieved, deal with the disposal of the land, to achieve the purpose for making the CPO. The report recommendations provide the necessary authority for the exercise these functions.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Demolition

The Property is in a state of disrepair empowering the Council to take various steps to remedy the problem, including renovation and demolition. As the Property is an end terrace house, the demolition option would not be practical as support is required to the adjacent property. Demolition will not result in the provision of housing as it is believed that it is unlikely the owner would rebuild should this option be taken.

5.2 Renovation

The Council first visited the Property in 2016 and found it to be vacant. From this date, the Council has not observed or received any information that the property has been occupied. The owner has taken inadequate steps to prevent its deterioration despite the Council writing on several occasions to the owner to express their concern over the condition of the property and asking for the owner to explain his intentions for renovation and bringing the property back into occupation. It is therefore unlikely, should the Council do works in default, that this would result in the

improvements to the Property being sustained. In those circumstances this option would be a poor use of limited resources and unlikely to achieve its purpose.

5.3 **Empty Dwelling Management Orders**

These orders enable the Council to effectively step into the shoes of the owner and manage the property. However, prior to occupation, the Council would have to refurbish the property. Given the poor condition of the property, the cost of bringing it up to a habitable condition is likely to be significant. Furthermore, it is doubtful that the rental income would cover the costs within the timescale of the EDMO, which is seven years. Therefore, it is highly likely that the Council would be unable to recover the significant costs of refurbishment, making this option inappropriate.

5.4 **Purchase by Agreement**

The Council have actively pursued this option which would have enabled it to sell the Property at auction, so that it could be renovated and reoccupied. On 13 November 2018, the Council wrote to the owner to offer to purchase the property by agreement. No response was received by the Council to this letter. The Council repeated this offer to purchase the Property by agreement in a letter sent to the owner in August 2019. No response was received to this letter. A further offer to purchase the Property by agreement was made to the owner on 20 July 2020 and repeated on 25 January 2021. No response was received to these letters.

5.5 **Compulsory Purchase**

All attempts at working with the owner have failed, as detailed in the Statement of Reasons. Due to the owner's failure to take proper action, the property, for which there is a demand, has remained in a poor state of repair for a significant period and there is little prospect of it being brought back into occupation. Compulsorily purchasing the Property is currently the only feasible option to ensure its renovation and re-occupation. For these reasons, this is the preferred option.

6. **REASONS FOR RECOMMENDATIONS**

- 6.1 The Property has been vacant since at least 2005 and is in a poor state of repair, attracting anti-social behaviour and is having a negative impact on the local community. There is a demand for this type of property within Sheffield and the Council has, without success, attempted to engage with the Property owner, in an effort to get the Property back into occupation, including an offer to purchase the Property by agreement. In addition, particularly in respect of recent enforcement action taken by the Council, the owner has failed to take reasonable steps to make the Property safe. In those circumstances, as an option of last resort, the Council consider,

to ensure the Property is put back into occupation, that it is appropriate to seek a CPO in respect of the Property.

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**THE CITY OF SHEFFIELD (1 Havelock Street)
COMPULSORY PURCHASE ORDER 2021**

STATEMENT OF REASONS

1.0 Property Description, Condition and Location

- 1.1 1 Havelock Street, Sheffield, S10 2FP (the Property) is a three bed-roomed end terrace house of brick built, slate roofed construction. The Property is situated close to the University of Sheffield and Hallamshire hospital in a conservation area situated just west of the ring road on the edge of the City Centre. It has been used for residential accommodation but officers from the Council's Private Housing Standards have been visiting the Property on a regular basis since February 2016. Initial visits determined that the Property was probably being squatted due to comments made by neighbours to this effect and the sighting of someone leaving the Property, by an officer from Private Housing Standards in April 2016, who stated that he was a builder who knew the owner. The person stated that the Property was empty but being used as storage for builder's materials and equipment.^{10.1} The Property has been registered as empty since 21 November 2005 (source: Council Tax database ^{10.2}).
- 1.2 The first complaint was received by the Council in December 2015^{10.3} referring to serious disrepair, vandalism, theft, police involvement, fly tipping and overgrown garden. The Council wrote to the owner, drawing this matter to his attention. Subsequently, the Council have received six further complaints regarding the Property. In June 2016, an email was received from a neighbour complaining of serious disrepair, overgrown gardens, fly tipping, presence of squatters, theft, anti-social behaviour, drug abuse and police visits. In September 2017 a report was received from a member of the public stating the property was in serious disrepair. In September 2019, a complaint was received regarding water penetration to an adjoining property. In December 2019, a complaint was received regarding disrepair of the Property, overgrown garden and anti-social behaviour.^{10.4} In February 2020 a complaint was received from a neighbour who stated she believed there were squatters inside the Property and in September 2020, a complaint was received from a neighbour stating the Property was an eyesore.
- 1.3 In May 2016, during an external inspection, a neighbour stated that he believed the Property was squatted. He believed that squatters were ripping up floorboards to burn in order to keep warm^{10.5}.
- 1.4 In February 2017 an internal inspection of the Property was carried out in the presence of two police officers. The rear external door was found to be open and much of the floor adjacent to the door had been ripped up. Inside the Property, large amounts of drug paraphernalia were found including blood filled needles. Photographs were taken but a full and detailed inspection was not possible due to serious health and safety concerns ^{10.6}.

- 1.5 In October 2017, a notice was served under Section 80, Environmental Protection Act 1990 requiring the owner to remove all evidence of vermin infestation and drug paraphernalia from inside the Property ^{10.7}. No work was undertaken by the owner and the Council carried out all works in default.
- 1.6 In June 2018, a full internal inspection was carried out under a warrant of entry ^{10.8}. In August 2018, an Improvement Notice was served on the owner under Section 11, Housing Act 2004 due to the presence of category 1 hazards at the Property requiring the owner to take action to remedy the hazards ^{10.9}. The hazards observed were damp and mould, excess cold, entry by intruders, food safety, personal hygiene, falls on level surfaces and falls associated with stairs. On 20 July 2020, an external inspection was carried out at the Property. It was observed that the Property appeared to be in a poor state of repair and from what could be observed, the hazards set out in the Improvement Notice served in August 2018 do not appear to have been remedied.

2.0 Purpose in Acquiring the Property and Future Use.

- 2.1 The purpose of acquisition is for the Property to be renovated and re-occupied.
- 2.2 This proposed Compulsory Purchase Order (CPO) is a last resort measure as the Property has been vacant since at least November 2005 and the owner has not taken adequate steps to prevent its deterioration. There is demand for this type of property within its locality. The Council, in addition to offering support and advice to the owner, has served an Improvement Notice on the owner to remedy category 1 hazards and an Abatement Notice to deal with vermin infestation and drug paraphernalia at the Property, but the owner has not taken reasonable steps to put the property back into occupation or to ensure it is properly maintained.
- 2.3 The Council seeks a CPO in respect of the Property to enable it to be sold on the open market and be put back into occupation. Demand for properties in this area is strong. The intention is to sell the Property at auction immediately following acquisition. The Council will place a covenant on the sale stating the Property must be refurbished within 12 months of purchase and occupied within 18 months of purchase.

3.0 Ownership

- 3.1 The registered proprietor of the Property according to Land Registry is Martyn Guy Delbeke of 1 Havelock Street, Sheffield, S10 2FP.
- 3.2 The Council received notification from the owner in April 2015 that he resided at another address and all future correspondence has been sent to this address^{10.9a}.

4.0 Contact with the owner

- 4.1 The Council wrote to the owner on 15 June 2016 offering advice and assistance in bringing the Property back into occupation ^{10.10}. The letter also brought items

of disrepair to the attention of the owner as well as seeking his intentions in respect of the Property. No response was received to this letter.

- 4.2 Since this initial letter, the Council has written to the owner on a significant number of occasions. In 2018, the Council wrote four letters^{10.11} to the owner to offer assistance in enabling the property to be put back into occupation. The final letter indicated that if an adequate response was not received the Council intended to seek a CPO in respect of the property and as alternative, an offer was made to purchase the Property by agreement. No response has been received to any of these letters. The Council wrote again to the owner in August 2019 to repeat their offer to purchase the Property by agreement^{10.12}. No response was received to that letter. A further offer to purchase the Property by agreement was made to the owner on 20 July 2020 and again on 25 January 2021. No response was received to these letters^{10.12a}.
- 4.3 The Council carried out an internal inspection of the Property on 24 September 2019 which revealed that it remains in a poor state of repair. On 21 January 2021, an external inspection was carried out at the Property. It was observed that the Property appeared to be in a poor state of repair and from what could be observed, the hazards set out in the Improvement Notice served in August 2018 do not appear to have been remedied.

5.0 Housing Need

- 5.1 According to the 2011 Census, there were 539,064 people living in Sheffield in 236,811 dwellings. This Census also states that there were 229,928 households living in Sheffield^{10.13}. According to Sheffield City Council's Housing Solutions Team, as of December 2020, there were 218 households who were living in homeless temporary accommodation^{10.14}.
- 5.2 The 2015 Private Stock Condition Survey estimated that 29,333 dwellings in Sheffield (12% of the stock) were found to have Category 1 Hazards (serious risk of harm to the health or safety of an actual or potential occupier)^{10.15}
- 5.3 In March 2020, Council stock numbered 38,989 dwellings. A breakdown of this stock shows 46% are houses, 40% are flats, 7% are bungalows and 7% maisonettes. A breakdown of Council stock by size shows 35% are 1 bed, 36% are 2 bed, 27% are 3 bed, under 1% are 4+ bed and under 1% are bedsits. (Source: Sheffield City Council Local Authority Housing Statistics/Local Authority Data Return 2019/20)
- 5.4 According to Council Tax records from November 2020, there are currently 2672 long term (over 6 months) empty properties in Sheffield^{10.16}.
- 5.5 Havelock Street is located in the district of Broomhall which falls into the Housing Market Area classed as Urban West, largely consisting of student and single households (Source: Housing Market Profiles updated 2019 <https://www.sheffield.gov.uk/content/sheffield/home/housing/sheffield-housing-market.html>)^{10.17}

- 5.6 The Housing Market Profiles (HMP) report updated in 2019 states that there is need for two and three-bedroom family housing for sale in this Urban West area as these size properties make up the greatest shortfall in the area^{10.18}.
- 5.7 In order to further establish demand in the area, local estate agents with offices in the area were contacted. The Council received a response from one such estate agency that has an office in the area. They indicated that where they let such properties, they are usually let within one month of the property being advertised. They also confirm that there is a very high demand for this type of accommodation in Broomhall. The agents state that there is good demand from students. The Council received a response from a second estate agency that also has an office in the area. They stated that they dealt with three bedroom properties in Broomhall, that where they let such properties, the average time for them to be let is four to six weeks, that there is a demand for this type of accommodation in Broomhall and that demand comes specifically from students.^{10.19}

6.0 Environmental Impact

- 6.1 The visual impact of the Property is having a detrimental effect on the neighbourhood. Various complaints received and inspections made by the Council have revealed that the Property is in a poor state of repair and has been broken into and left insecure on occasions.
- 6.2 Empty properties commonly attract crime and anti-social behaviour including graffiti, nuisance, vandalism, fly tipping, break-ins and, in extreme cases, arson. The cumulative effect of such properties can lead to whole areas becoming run down, unstable and, ultimately, unsustainable. In the case of this Property, complaints have been made regarding serious disrepair, fly tipping, an overgrown garden, and a vandalised front door. Additionally, a rear door was found insecure by an officer from Private Housing Standards. Inside, floorboards were found ripped up and large amounts of drug paraphernalia found in the Property.

7.0 Justification for Compulsory Purchase

- 7.1 Section 17 Housing Act 1985 provides that local authorities are empowered to acquire land for the purpose of providing housing and this extends to acquiring empty properties by compulsory purchase for the purpose of providing housing where there appears to be no other prospect of the Property being brought back into use. The Council is justified in the compulsory purchase of the Property for the reasons detailed in this Statement of Reasons. There is a demand for property within the locality, the Property is in a poor state of repair and the owner, despite requests for his intentions for the Property along with offers of assistance in letters sent, has not taken satisfactory steps to repair the Property or to put the Property back into occupation. Further, compulsory purchase is the best option for bringing the Property back into residential use.

8.0 Human Rights

- 8.1 The Council when deciding to acquire the Property by compulsory purchase had regard to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights and Article 8. In respect of Article 8 the Property

is in a poor state of repair and unoccupied and consequently is not treated by the owner or any of his family as their home. Further it does not appear to be the owner's intention to carry out the necessary repairs and occupy the Property as his home. The Council's acquisition of the Property does not contravene the owner's rights under Article 8, as it does not interfere with his private and family life, his home, and his correspondence. In respect of Article 1 it is acknowledged that compulsory purchase will interfere with the owners peaceful enjoyment of his possessions, but that for the reasons detailed in this statement it is in the public interest that the Council acquire the Property.

9.0 Planning Requirements

- 9.1 The adopted Unitary Development Plan (UDP) shows the premises to lie within an area zoned for residential use. The preferred use in the area is continued residential use.^{10.20}

10.0 List of supporting evidence

- 10.1 Evidence of empty status
- 10.2 Confirmation of date Property became empty
- 10.3 Confirmation of initial complaint
- 10.4 Letter to owner confirming further complaint
- 10.5 Confirmation of anti-social behaviour
- 10.6 Confirmation of drug abuse
- 10.7 Copy of Abatement Notice
- 10.8 Copy of inspection notes
- 10.9 Copy of Improvement Notice
- 10.9a Evidence of alternative address for owner.
- 10.10 Copy of letter to owner 2016.
- 10.11 Copy of letters to owner 2018
- 10.12 Copy of letter to owner 2019
- 10.12a Copy of letter to owner 2020 & 2021
- 10.13 UK Census data 2011, Sheffield
- 10.14 Housing Solutions email re homeless figures
- 10.15 Private Stock Condition Survey 2015
- 10.16 Council Tax empty property figures
- 10.17 Housing Market Profile household details
- 10.18 Housing Market Profile demand details
- 10.19 Estate agent demand information

10.20 Residential use confirmation

APPENDIX 2

**THE CITY OF SHEFFIELD (1 Havelock Street)
COMPULSORY PURCHASE ORDER 2021**

EQUALITY IMPACT ASSESSMENT

APPENDIX 3

**THE CITY OF SHEFFIELD (1 Havelock Street)
COMPULSORY PURCHASE ORDER 2021 ORDER MAP**

APPENDIX 4

FINANCIAL AND COMMERCIAL IMPLICATIONS

[Print this page](#)

Equality Impact Assessment

Introductory Information

Reference number

619

Proposal type Budget Project**Project name**

Compulsory Purchase Order for Property 1 Havelock Street

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

Wood Paul (LAB CLLR)

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

14/08/2019

EIA lead

Nunn Louise

Person filling in this EIA form

Dunk Neil (NCC)

Lead officer

Manley Laraine (CEX)

Lead Corporate Plan priority

Thriving Neighbourhoods and Communities

Portfolio, Service and Team**Cross Portfolio** Yes No**Portfolio**

Place

Place service(s)

Housing and Neighbourhoods Service

Place 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.

The Compulsory Purchase Order of Property 1 Havelock Street to allow it to be renovated and occupied. There is demand for this type of property in this area. The property is empty and has particular detrimental effect on the surrounding neighbourhood.

If you want to enter more information please attach a document in the supporting documentation below.

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 (briefly describe how the proposal helps to meet the Public Sector Duty outlined above)

This process will have no detrimental effect on any of the under-represented groups that are part of the responsibility of the Equality Act as well as the PSED.

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

Age

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to decent standard and brought back in for occupation.

Be clear if your service relates to specific age groups, particularly younger or older people. If you wish to enter more information please attach a document in the supporting documentation section below.

Disability

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Be clear if your service relates to specific impairments. If you wish to enter more information please attach a document in the supporting documentation section below.

Pregnancy/Maternity

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Be clear if this impacts on these areas. If you wish to enter more information please attach a document in the supporting documentation section below.

Race

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Be clear if your service relates to specific BME communities. If you wish to enter more information please attach a document in the supporting documentation section below.

Religion/Belief

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Note: This also covers all faith groups and those with no belief. If you wish to enter more information please attach a document in the supporting documentation section below.

Sex

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Note: this includes women and men. If you wish to enter more information please attach a document in the supporting documentation section below.

Sexual Orientation

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

For example lesbian, gay or bisexual groups. If you wish to enter more information please attach a document in the supporting documentation section below.

Transgender

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Note: transgender both men and women. If you wish to enter more information please attach a document in the supporting documentation section below.

Carers

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Note: this refers to those who provide regular and substantial unpaid care to a disabled adult or child. If you wish to enter more information please attach a document in the supporting documentation section below.

Voluntary/Community & Faith Sectors

Staff

Yes No

Customers

Yes No

Cohesion

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Note particular impact on community tensions or getting on well together. If you wish to enter more information please attach a document in the supporting documentation section below.

Armed Forces

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The property will be renovated and maintained to a decent standard and brought back in for occupation.

Note implication on serving forces personnel, reservists, veterans or families of. If you wish to enter more information please attach a document in the supporting documentation section below.

Other

Staff

Yes No

Customers

Yes No

Cumulative impact

Proposal has a cumulative impact

Yes No

Proposal has geographical impact across Sheffield

Yes No

Local Partnership Area(s) impacted

All Specific

Action Plan and Supporting Evidence

Action plan

Once the CPO is granted, the Council can dispose of the property to enable it to be renovated and brought back in to be occupied.

Include monitoring arrangements, etc. You can copy and paste your action plan in this section

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

Supporting Documentation

Consultation

Consultation required

Yes No

If consultation is not required please state why

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

Summary of evidence

Changes made as a result of the EIA

If none, specify why

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

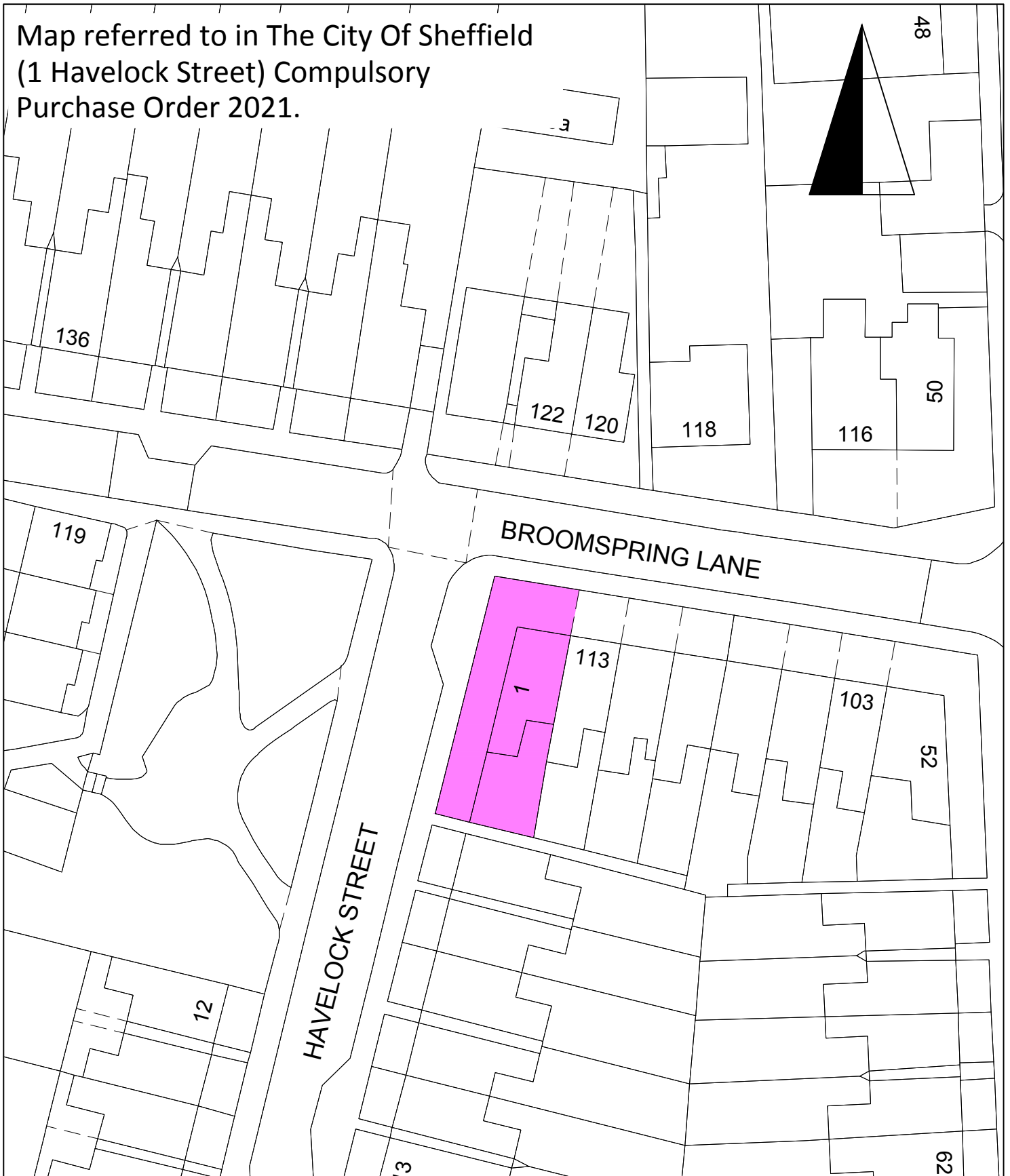
Review date

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

Incomplete

Once you've finished filling this form,
you need to first mark it ready for
approval, then submit it.

Map referred to in The City Of Sheffield
(1 Havelock Street) Compulsory
Purchase Order 2021.



Scale
1:500

Date
04/01/2021

Sheffield
City Council



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