Public Document Pack

Overview and Scrutiny Management Committee

Thursday 10 February 2022 at 1.00 pm

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

The Press and Public are Welcome to Attend

Membership

Councillors Denise Fox (Chair), Joe Otten (Deputy Chair), Angela Argenzio, Ian Auckland, Steve Ayris, Dawn Dale, Mark Jones, Mike Levery, Bryan Lodge, Zahira Naz, Martin Phipps and Mick Rooney

Substitute Members

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

Sheffield City Council

PUBLIC ACCESS TO THE MEETING

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

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

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

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

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

If you require any further information about this Scrutiny Committee, please contact Deborah Glen, Policy and Improvement Officer on 0114 27 35065 or email deborah.glen@sheffield.gov.uk

FACILITIES

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

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

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE AGENDA
10 FEBRUARY 2022

Order of Business

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ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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

- 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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SHEFFIELD CITY COUNCIL

Overview and Scrutiny Management Committee

Meeting held 4 November 2021

PRESENT: Councillors Denise Fox (Chair), Joe Otten (Deputy Chair), Angela Argenzio, Ian Auckland, Steve Ayris, Dawn Dale, Mark Jones, Mike Levery, Bryan Lodge, Martin Phipps, Dianne Hurst (Substitute Member) and Sioned-Mair Richards (Substitute Member)

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Zahira Naz and Mick Rooney, with Councillors Dianne Hurst and Sioned-Mair Richards attending as their respective substitutes.

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 the Committee held on 16th September 2021, were approved as a correct record and, arising therefrom, further to a query raised by the Chair, the Policy and Improvement Officer (Deborah Glen) stated that there had been a delay in sending written responses to those members of the public who had raised questions at the meeting, and where responses had not been provided at the meeting. She added that she was liaising with Matt Reynolds (Transport Planning and Infrastructure Manager) in terms of arranging for such written responses to be sent as soon as possible.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 There were no questions raised or petitions submitted by members of the public.

6. CLEAN AIR PLAN

6.1 The Committee received a report of the Executive Director, Place, attaching the report of the Executive Director which had been submitted to the Co-operative Executive at its meeting held on 26th October 2021. The report provided an update on the development of the Sheffield and Rotherham Clean Air Plan (CAP) to tackle nitrogen dioxide (NO_2) incidences, and set out actions required to achieve compliance with the Council's direction by Government to reach legally compliant annual average levels of NO_2.

6.2 In attendance for this item were Eugene Walker (Executive Director, Resources) and Tom Finnegan-Smith (Head of Strategic Transport, Sustainability and Infrastructure).

6.3 Members of the Committee raised questions, and the following responses were provided:-

- The charging Clean Air Zone (CAZ) was only one part of the overall CAP, and it was a joint initiative between Sheffield and Rotherham, with the boundaries in respect of the CAP comprising both local authority areas. There was a need, in terms of the schemes to be delivered, to ensure that there was compliance across the whole area. Whilst the CAZ was focused around Sheffield City Centre, the implications of improving the emissions of buses, heavy goods vehicles (HGVs) and other transport fleets that moved across the boundary into Rotherham was a key part in achieving compliance across the whole area. There were some other schemes included as part of the overall package, which included the financial support measures and other delivery measures focussed in Sheffield City Centre, including bus gates on Arundel Gate and action on bus idling. There were traffic management schemes in three specific locations in Rotherham, which included HGV restrictions, changes to the road network and bus priority measures. Other wider complementary measures included schemes funded through the Connecting Sheffield programme which related specifically to cycling, walking and public transport.

- It was believed that implementing a category C charging zone would be the best way to achieve compliance in terms of air quality targets within the shortest possible timescale. There was now no need to move towards the original category C+ target, which would have required taxi drivers to move to either electric or ultra-low emission vehicles when the zone became live. The standard had now been reduced to the national standard which, it was expected, would achieve compliance in the shortest possible timescale, and which would now mean that taxi drivers could move to Euro 6 diesel or Euro 4 petrol standard vehicles as a minimum threshold of compliance.

- Any zonal measure, whether a parking or charging-type mechanism, would result in displacement of traffic, and this had been reviewed as part of the scheme. There would be a continuous monitoring regime, with the results being reported to the Government as part of the final plans. It was important that the Council understood the implications of the CAZ, and take actions, where required. If adverse implications were identified, and required further action, as part of the category C proposals, the Council was aware that there would be surplus income as part of the scheme, which would be used to implement any required measures. There were currently two programmes - Modeshift and School Streets, financed through other Department for

Transport funding, and there would be an opportunity to progress the work undertaken under these programmes going forward. As the scheme does not affect private cars, there would be no issues regarding displacement of such vehicles in areas with high levels of air pollution.

- Apart from the additional measures referred to there were no other specific wider traffic management measures proposed as part of the scheme. There was a broader parking programme, which would include a number of priority areas, such as Kelham, Neepsend, Park Hill and St. Vincent's, and would hopefully address specific parking problems in these local communities.

- As part of the monitoring and evaluation, the Council would not just be looking at air quality levels across the city but, based on the appraisal undertaken, there would be implications with regard to the redistribution of traffic. As Sheffield did not have a complete outer ring road, drivers often had to use the Inner Ring Road to access other areas of the city, and if any action was required with regard to problems of displaced traffic, this would be reviewed. The Council would set out a programme as to what activities the projected surplus income from the CAZ could be allocated to. Whilst there were requirements as to what this surplus could be used for, it was generally used for transport measures to improve the transport network and air quality in the city.

- In terms of the remodelling of the scheme, the Council had been directed to take action on NO_2 emissions from road transport. There was a three-stage modelled process, the first stage of which comprised a city-wide transport model, which enabled the Council to know where traffic was going. This then informed the second stage, which allowed the Council to assess NO_2 emissions linked to such traffic flow. This information was then translated into an air quality model, which used the transport emissions, together with wider background or industry emissions, to inform the overall picture with regard to air quality in the city. There were still a number of areas in the city, mainly located in and around the city centre, where air pollution exceeded the baseline figure, and the CAZ would achieve compliance across all these areas. It was planned that the scheme would become live in Autumn 2022.

- It was acknowledged that redistributed traffic could be an issue, and that some areas of the city would be adversely affected by this. It had been found with other similar schemes that had already gone live, such as Birmingham and Bath, that vehicles were becoming compliant quicker than originally forecast. It was therefore not expected that the effects of redistributed traffic and the rate of compliance would become apparent until such time the scheme went live.

- As part of the reviews undertaken on the economic impact of the Covid-19 pandemic, officers had spoken to representatives of those transport fleets to be affected by the CAZ, including coach firms and the taxi trades, and which had already both been heavily impacted by the lockdowns. As part of the consultation on the scheme, focused engagement would also be held with the taxi trades. The trades, particularly Hackney Carriage drivers, had expressed concerns, as part of the initial consultation, regarding the costs of moving towards electric or ultra-low emission vehicles. The requirement to move to Euro 6 diesel and Euro 4 petrol had been viewed as much more achievable. There would be financial support available to the taxi trades, in the form of grants of up to £5,000 to achieve minimum compliance and £10,000 for drivers wishing to move to electric or ultra-low emission vehicles.

- As part of the full business case, there was an opportunity for the Council to present details of the developed costs of the scheme to the Government, which would be predominantly in connection with the infrastructure costs associated with the scheme. In the light of the discussions held with the Government to date, there was a confidence that it would cover any additional costs required.

- It was acknowledged that the traffic on the Inner Ring Road was a major cause of the air quality issues in the city, and the Council's appraisal had indicated that it could not be excluded from the scheme. All locations across the city had been reviewed as part of the assessment to ensure that they were compliant in terms of air quality. Early on in the process, and following discussions with the Department for Environment, Food and Rural Affairs (DEFRA) and the Government’s Joint Air Quality Unit (JAQU), it had been confirmed that Midland Station had not been included within the compliance assessment on the basis that it was not in close proximity to the highway. It was acknowledged, however, that the Station still represented an issue in terms of air quality, and it was hoped that following the implementation of the CAZ, there would be improvements in terms of NO_2 emissions from the taxi rank. It was also acknowledged that there were still challenges in terms of emissions from diesel trains.

- The signage being provided as part of the scheme would inform drivers of the presence of the charging zone, and such signage would be visible on all approaches to the zone. Whilst there would be advanced signage, the Council would not pro-actively be signing diversions away from the zone, mainly due to the fact that not all vehicles would be charged. The primary aim of the CAP nationally was to use the charging mechanisms as a push for a change in transport fleets.

- As part of the scheme, there would be a clear charging order, which would set out all the specifics, including details of the exemptions. In terms of how the scheme moved forward after implementation, the Council has held discussions with the JAQU in connection with compliance, and whether or not the charging zone could be switched off or not. The term of compliance would be for 12 months, where the NO_2 emissions had not exceeded the required levels.

- Since 2010, there had been a national requirement in terms of achieving compliance regarding air quality. Since 2017, Sheffield and Rotherham had received a legal mandate from the Government to take specific action.

- There would be specific engagement with the taxi trades in connection with the minimum compliance requirements in terms of vehicle emissions. The new requirements, under the proposed scheme, would be clearly communicated to all taxi drivers. It was still the intention to try and encourage drivers to move to electric or ultra-low emission vehicles. It was believed that the majority of taxi drivers were now aware of the requirements of the scheme.

- In terms of funding, the expectations around the category C charging zone were that the income would firstly have to be managed in respect of the costs of the scheme. It was anticipated that there could be a fairly significant surplus, and this would need to be managed as a programme, and decisions would have to be made as to what the funding could be used for. The initial forecasted surplus was expected to be around £2.5m during Year 1 and, subject to compliance rates, this amount could reduce to around £1m in Year 4. Any surplus income would be ring-fenced to fund various traffic management schemes.

- There was a statutory process for the Council to follow in terms of implementing the category C charging zone, and there was no intention to change this. There could, however, be a change nationally to the compliance standards for success or changes made to the scheme at localised hotspots, if required.

- It was accepted that traffic levels were currently reaching pre-pandemic levels, with particular issues being faced during the usual morning and evening peak times. Public transport patronage had not recovered as fast as expected, and it was anticipated that by March 2022, such patronage would have increased to around 80% of pre-pandemic levels. Efforts would still be made to encourage more people to travel by public transport.

- There had been a number of positive improvements in terms of air quality, including the retrofitting of the region's bus fleet, through the Clean Bus Technology Fund, to meet the Euro 6 standard. It was forecast that if no action was taken, and if transport fleets were naturally improved overtime, it would take until 2024 to reach compliance in terms of NO_2 emissions.

- The Council's assessment had showed that the category C charging zone would be required to achieve compliance by autumn 2022. Monitoring of the movement of the transport fleet across the city would continue. It was expected that the zone would need to go live in autumn 2022 in order to achieve compliance. The Council would have to prove to the JAQU, through the use of monitored data, that compliance had been achieved, as well as providing proof of compliance after the zone had been switched off.

- The Council would continue to encourage people to travel to the city centre by public transport, or walk or cycle if possible.

- The Council was well aware of problems of air quality in some areas of the city. HGVs, delivery vans and taxis operated in different areas of the city, as well as in other towns and cities, whilst the CAZ only related to the city centre. The fact that such transport fleets were being improved would therefore have a positive impact on air quality in other areas of the city, and also in other towns and cities.

- The Council was working closely with the bus operators in the city to help bring all the fleet to a better standard in terms of emissions. The area around the M1 south- bound on-road, adjacent to Tinsley, had been identified as a specific hotspot following Highways England monitoring. As a result, speed reduction measures had been introduced in this area in order to reduce emission levels. Also, from monitoring, the Council was aware that HGVs were far cleaner than they had been before, which would have a positive impact on air quality.

6.4 RESOLVED: That the Committee:

(a) notes the contents of the report now submitted, together with the comments now made and the responses to the questions raised; and

(b) thanks Eugene Walker, Mick Crofts and Tom Finnegan- Smith for attending the meeting and responding to the questions raised.

7. DRAFT WORK PROGRAMME 2021/22

7.1 The Policy and Improvement Officer (Deborah Glen) submitted a report containing the Committee's draft Work Programme for 2021/22.

7.2 Ms Glen made reference to the fact that the Equalities Annual Report had not been included on the agenda for this meeting, as originally planned, and apologised to Members for this. She stated that there had been a delay in the preparation of the report, and that the report may not be prepared in time for the meeting to be held on 2nd December and, therefore, welcomed any suggestions for items to be considered at that meeting. She added that the Council’s capital and Revenue Budget would now be considered at the meeting to be held on 10th February 2022, and that the review of the Community Safety Strategy would be considered at the meeting to be held on 17th March 2022.

7.3 Members raised a number of suggested items for future meetings, which included a review of the Clean Air Zone, a review of the Sheffield City Trust, the peer review of the Council and an update on the Repairs and Maintenance Service.

7.4 RESOLVED: That the Committee:-

(a) notes the contents of the report now submitted and the comments and suggestions now made;

(b) approves the draft Work Programme for 2021/22; and

(b) requests the Policy and Improvement Officer to liaise with the Chair and relevant officers in connection with the allocation of items at future meetings.

8. DATE OF NEXT MEETING

8.1 It was noted that the next meeting of the Committee would be held on Thursday 2nd December 2021, at 1.00 pm, in the Town Hall.

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S H E F F I E L D   C I T Y   C O U N C I L

Overview and Scrutiny Management Committee

Meeting held 2 December 2021

PRESENT: Councillors Denise Fox (Chair), Joe Otten (Deputy Chair), Angela Argenzio, Ian Auckland, Steve Ayris, Dawn Dale, Mark Jones, Mike Levery, Bryan Lodge, Martin Phipps and Mick Rooney

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1. APOLOGIES FOR ABSENCE

1.1 No apologies for absence were received.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 RESOLVED: It was reported that Appendix 2 to the report in Item 4 on the agenda (Item 5 of these minutes) was not available to the public and press because it contained exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended. Accordingly, if the content of the appendix was to be discussed, the public and press would be excluded from the meeting.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. PUBLIC QUESTIONS AND PETITIONS

4.1 There were no questions raised or petitions submitted by members of the public.

5. CALL-IN OF THE DECISION ON THE LEISURE AND ENTERTAINMENT SERVICES REVIEW

5.1 The Committee considered the following decision of the Co-operative Executive, made on 17th November, 2021, regarding the Leisure and Entertainment Services Review:-

1. Note the ending in 2024 of the arrangements with Sheffield City Trust around the Major Sporting Facilities (Arena, Ponds Forge and Hillsborough Leisure Centre).

2. Approve the investment in our Leisure and Entertainment facilities to deliver a balanced and sustainable portfolio of facilities which support the needs of our communities alongside elite sport and events (Investment in the facilities).

3. Note this gives an opportunity for the Council to review how leisure and entertainment services are delivered in Sheffield and approve the strategy of a Council commissioned (but market driven) approach to appointing an external partner, as outlined in this report (Who runs the facilities).

4. Delegate authority to the Director of Culture in consultation with the Leader of the Council, the Director of Finance and Commercial Services and the Director of Legal and Governance to approve procurement strategies to deliver the strategy and to award any associated contracts.

5. Note the phased delivery of this strategy will be approved via the Council's capital programme.

6. Note the programme of public consultation to inform the investment in facilities at a local level

7. Note work will begin to address backlog maintenance issues at the following facilities:

   a. Ponds Forge International Sports Centre
   b. English Institute of Sport Sheffield (EISS)
   c. Ice Sheffield
   d. Heeley Pool and Gym
   e. Beauchief, Birley and Tinsley Golf Courses
   f. Sheffield Arena
   g. Sheffield City Hall

8. Note that backlog maintenance will also be addressed at Upperthorpe Healthy Living Centre which is currently run by Zest.

9. Note work will be undertaken on creating a lifecycle maintenance investment fund for Leisure and Entertainment facilities

10. Note the implications in (the closed) Appendix 1 and that further work will be done to inform how that can be progressed.

5.2 *Signatories*

The lead signatory to the call-in was Councillor Martin Smith, and the other signatures were Councillors Ian Auckland, Steve Ayris, Mohammed Mahroof and Shaffaq Mohammed.

5.3 *Reasons for the Call-in*

The signatories wanted the Committee to consider the choice of operating model and lessons to be learned regarding the financial arrangement of the Service.

5.4 *Attendees*

- Councillor Terry Fox (Leader of the Council)

- Councillor Martin Smith (Lead Signatory)
- Councillor Mohammed Mahroof
- Ryan Keyworth (Director of Finance and Commercial Services)
- Tammy Barrass (Head of Sport, Leisure and Health)

5.5 Councillor Martin Smith, as lead signatory, raised a number of questions, and the following responses were provided:-

- The report submitted to the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee two years ago related more to the operating performance of Sheffield City Trust (SCT), and not the backlog maintenance issues. The Council had been reviewing the future arrangements for the city's major sporting facilities, including those run by SCT for a number of years and, as part of this work, had commissioned a number of reports into the facilities. SCT had always required a subsidy from the Council since its inception over 30 years ago and, as a consequence of the Council's financial position in recent years, such subsidy had been reduced. This had consequently resulted in a build-up of the maintenance backlog by SCT, resulting in the condition of the buildings not being to a suitable standard. The Council had been aware of the issues regarding the maintenance backlog for some years, hence requesting the review to be considered by the Co-operative Executive on 17th November 2021.

- In line with other Council-owned buildings, the Council has had to look at how much money was able to be spent in terms of maintenance, and this had proved very difficult given the recent budget reductions.

- There had been some changes in terms of how the Council provided leisure facilities in the city, such as at Graves, Thorncliffe and Wisewood, which were all operated by Places for People. The Council had a contract with Places for People for the operation of these facilities, which contained specific performance criteria, and which put the obligation on that Organisation to contractually maintain the facilities to an agreed standard. The first option to break the contract with SCT was after 35 years, whereas the contract with Places for People was for 10 years, and this shorter period enabled the Council to manage the contract more effectively. It also provided a better opportunity for the Council to receive the facilities back in a good condition, as well as including and there was a contractual term which enabled the Council to change its mind, if required, within a reasonable time frame. These three factors were very different from the current arrangements with SCT.

- There were a number of different leases on the various assets that belonged to the Council, and which were loaned to SCT, some of which were very long. The lease was connected to the major facilities, such as Ponds Forge Leisure Centre, Hillsborough Sports Centre and Sheffield Arena, and linked to the debt taken out 35 years ago to finance the construction of the facilities for the World Student Games. The leases extended beyond this period, and there was no clarity as to whether any condition assessments had been undertaken or whether there was any photographic evidence of their condition at the time, as it was very unlikely that the facilities were ever going to be transferred back to the Council.

- The Council was not allowed to be in control of the facilities, and the Charity Commission would become involved if it thought it was. There were shortfall funding agreements in place, which meant that the Council was obliged to fund any shortfall in the operating result of the major sporting facilities. In the past, and when required, the Council had agreed to pay SCT's bills, but this did not equate to the Council having control, certainly not in the view of the Charity Commission or SCT.

- The 2024 timescale was linked to the debt, and essentially, in this year, SCT would owe the Council money that the Council had paid for the debt. SCT had two options in terms of satisfying this obligation - pay the Council the principle of the debt or have the facilities back. On the basis that SCT was clearly not in a position to repay the debt, the Council was expecting the facilities back. However, things had changed over the years, and the Council now had a number of available options in terms of managing the construction and operation of such facilities.

- SCT was not able to put the facilities on the market for sale.

5.6 Other signatories, who were Members of the Committee, raised questions, and the following responses were provided:-

- The options being considered would not result in something similar to the current arrangements, mainly in that the lease term would be shorter, there would be full insuring and repairing leases, and there may not be a single provider for all the facilities given the different nature of the sports and entertainment facilities. The Council was looking to achieve a model similar to the arrangements regarding Graves and Thorncliffe Leisure Centres, with defined terms of reference, a clear set of performance criteria, clear service specification and full ensuring and repairing leases.

- The management of SCT was constrained to a great extent, and had not been able to run the facilities and generate a surplus of income over the years, mainly due to the size and complexity of some of the facilities. The backlog maintenance issues that had arisen overtime had meant that the facilities had not been as profitable as they could have been. SCT had discussed the issue of investment in the facilities with the Council over a number of years in order to get them to the required standard.

- The buildings had come to the end of their lives, and the Council was proposing a strategy which had identified a way of going forward which would not result in the Council being in a similar position as to what it was in now.

- That were no expectations of any of the facilities closing in the future. As part of the review work undertaken, officers had worked with Sport England on their facility planning model guidance, and it had been identified that the facilities represented what was required now for the city, and into the future. There were expectations that there would be investment in the facilities, rather than any closures.

- It was not possible to provide details of the nominal value of the facilities if they were to be sold on the commercial market as such valuations had not been considered. This information, if available, could be provided to Members of the Committee.

- It was not believed that SCT would have been able to borrow against the value of the assets that they do not own.

- As part of the proposals, the Council had taken the city's potential population growth up to 2034 into account, both in terms of the provision and location of the facilities. There were no plans, as part of the proposals, to determine exactly what would happen, and when. Each of the different schemes would be progressed at different times, and the details in terms of each scheme would be finalised at different times. There would be sufficient opportunity to make any necessary amendments to any of the schemes throughout this process.

- The £63m represented the backlog and future maintenance required in connection with the facilities to 2028. The plan was to go beyond simply servicing such maintenance works, but also rebuild, which would include Hillsborough Leisure Centre, which would amount to over £100m of investment. For the three sites where rebuild would occur, there would obviously be lower backlog maintenance costs. The lifetime investment had been fully costed into the proposals, and once the new build facilities had been constructed to a satisfactory standard, the proposed model costed in the lifestyle and ongoing replacement, therefore the Council was confident that it was a fully costed plan.

- The proposed strategy was all about how best the Council could fund a significant amount of capital investment in the city's sports and entertainment facilities. If this was not possible, the facilities would simply degrade, and consequently have to be closed down for health and safety reasons.

- The Council had invested considerable sums into SCT in terms of essential maintenance of the facilities over the years.

- The subsidy the Council paid to SCT had reduced significantly over the years as a result of the Council's resources becoming increasingly stretched. The Council had worked very hard with SCT to try and reduce the level of subsidy. It was always expected that given their age, there would be a need for significant investment, or rebuilding in some cases, around 2024.

- The Council, in the context of providing these kind of leisure services, was relatively VAT inefficient as it was a commercial activity.

- A local authority trading company could be fairly VAT efficient as it is set up as a separate entity to do that. This represented a major difference between an in-house and a local authority trading company. There was also an opportunity to have staff on different conditions. SCT does not operate in accordance with the Council's staffing conditions. The Council had assured, in all the modelling, that all the staff were paid at least a foundation living wage.

- Whilst the Council could be classed as 'the banker of last resort', consideration needed to be given to the risks of the Council being called in. If it was an internal department, then the Council would be in that position. If it was a local authority trading company that was wholly subsidiary of the Council, and didn't have any other business elsewhere, then the Council was very close to being called in. However, if the Council was contracting with an organisation that ran multiple facilities across the country, and had experience of running them in a sustainable way, over many years, the risk of the Council being called in to act in anyway was much lower.

- When looking at the financials underpinning the proposed strategy, the Council had modelled out the risk associated with the three operations. It was believed that the Council could run an in-house operation for roughly zero operating profit or loss, but the debt that was required to make the planned £100m investment could never be paid back.

- Consultants' reports had been used to develop the strategy, and advice would have to be taken as to whether such reports could be made public.

- Ten years was an example of the term the Council could be looking at as part of the new strategy. The Council had not yet developed the strategy for going to market, therefore had not yet determined how long any contracts would be, or how many contracts there would be.

- In terms of discounts and concessionary pricing in respect of the facilities, there would be an expectation, as part of the specification, that the existing arrangements would continue. There was currently concessionary pricing in place for a range of categories, such as people on benefits and people with disabilities. It was also planned that the exercise referral schemes would form part of the new strategy.

- As part of the specification, the Council would be building something in with regard to social outcomes and, as part of this, it would look at the use of local supply chains as part of the contract arrangements. In addition, as part of the rebuild requirements, the new facilities were more likely to have less of an impact on the environment. Each of the projects brought forward would be submitted to the Co-operative Executive, or its successor, where Members would have the opportunity to check whether such environmental requirements had been met.

- No decisions had been made with regard to the term of the contracts. The financial model underpinning the strategy has a clear, significant cost line in it for long-term maintenance, so however that's provided, the money was included in the model to do that. The modelling undertaken goes over two years, therefore long-term maintenance had been planned into the strategy.

- The Council had not ruled in or out any suggestions such as whether it contracted with someone to build and manage the facilities, or whether it built the facilities, and got someone else to manage them. The way the model had been costed at the present time was that someone would have to spend a considerable amount of money, either building new facilities or undertaking the necessary maintenance works to get the existing facilities back up to the required standard. There was a possibility that the Council's capital investment in the strategy could be less than £100m, and every effort would be made to secure external funding to reduce the amount of capital the Council would have to commit.

- The site of the former ski village was not included in the current proposals.

- Apart from the swimming pools, no decisions had been made to date in terms of which facilities would be included in the strategy. The Council planned to undertake localised consultation, and decisions would be taken based on this. Nothing had been ruled in or out at this stage, and each scheme submitted would be considered in detail.

- Employment options for local people would be picked up as part of the social outcomes work on the strategy. There was already some information in the proposed strategy regarding local labour, apprenticeships and volunteering.

5.7 RESOLVED: That the public and press be excluded from the meeting before further discussion takes place on the grounds that, in view of the nature of the business to be transacted, if those persons were present, there would be a disclosure to them of exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.

5.8 Members of the Committee raised questions on Appendix 2 to the report of the Executive Director, Place, and responses were provided accordingly.

5.9 At this stage in the proceedings, the meeting was re-opened to the public and press.

5.10 RESOLVED: That the Committee:-

(a) notes the information contained in the report now submitted, the information now reported and the responses to the questions now raised;

(b) thanks Councillor Terry Fox, Ryan Keyworth and Tammy Barrass for attending the meeting and for responding to the questions raised; and

(c) agrees that no action be taken in relation to the called-in decision, but a request be made of the Co-operative Executive to consider the detail.

6. DRAFT WORK PROGRAMME 2021/22

6.1 The Committee received a report of the Policy and Improvement Officer (Deborah

Glen) containing the draft Work Programme for 2021/22.

6.2 Deborah Glen reported that there was a need to arrange an additional meeting of the Committee in January 2022 to consider the Equalities Annual Report, consideration of which had been deferred from this meeting.

6.3 RESOLVED: That the Committee approves the draft Work Programme for 2021/ 22 now submitted.

7. DATE OF NEXT MEETING

7.1 It was noted that (a) an additional meeting of the Committee would be held in January 2022, on a date to be arranged and (b) the next scheduled meeting of the Committee would be held on Thursday, 10th February 2022, at 1:00 pm in the Town Hall.

Report to Overview and Scrutiny Management Committee Thursday 10th February 2022

Report of: **Eugene Walker**

Subject: **Revenue Budget 2022/23 & Capital Programme 2022-52**

Author of Report: **Dave Phillips**

Purpose of report:

The attached reports sets out the proposed 2022/23 Revenue Budget & Capital Strategy for 2022-52, and will be considered by Cooperative Executive at its meeting on the 16th February 2022.

The reports are attached for the Overview and Scrutiny Management Committee's consideration and comment.

Comments and recommendations from the Committee will be reported to the Cooperative Executive, and considered alongside these reports.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	X
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	

The Scrutiny Committee is being asked to:

- Consider and comment on the 2022/23 Revenue Budget and 2022-52 Capital Strategy.

Background Papers:
Category of Report: OPEN

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Sheffield City Council

Revenue Budget 2022/23

FOREWORD

The context for this year's budget is extremely challenging. Ten years of cuts to local government spending under the Tories have reduced the Council's core spending power. This, together with the on-going impact of Covid on the city and the failure of the Government to come up with a sustainable approach to funding social care, has led to a significant overspend on vital services. As a result, the Council will need to use reserves to balance the budget in both 2021/22 and 2022/23.

Along with other Councils, Sheffield City Council continues to lobby Central Government to recognise the full impact of a decade of cuts in its and national Local Government funding between 2010 and 2020. These cuts have resulted in the Government measure of the Council's spending showing that Sheffield has had a £211m (29%) real terms reduction in its core spending power (i.e. the amount it can spend) since 2010, representing a fall of £828 per dwelling. It should be noted, core spend power calculations include income generated from Council Tax and therefore masks the true scale of Central Government funding cuts. For Sheffield this equates to approximately a 50% cut in real terms since 2010 and has deepened the Council's reliance on local taxation.

The COVID pandemic has dominated every aspect of our lives, and has caused huge disruption, economic turmoil, and very sadly many deaths and serious illnesses. It has also meant large increases in demand for health and social care services, and consequent unprecedented peacetime increases in public spending.

The Council is still dealing with the consequences of the pandemic. Returning services to as close to their pre-pandemic levels as possible, in order to keep spending within our funding levels, is proving extremely challenging. In addition, we must allow for changes in procedures and costs necessitated by the pandemic, for example within care homes, and the more general increases in spending needed every year as the city's population grows, ages and becomes more dependent. These financial pressures have resulted in the Council forecasting a major £33.4m overspend at month 8 against its budget for 2021/22. It has also meant that we face total pressures of almost £100m when setting our 2022/23 budget.

Recent Government reforms to adult social care does not deal with the existing under-funding of social care. For example, the Local Government Association and the Institute of Fiscal Studies estimated in September 2021 that £1.5bn is needed nationally to stabilise the Care Home market alone, plus a further £1.1bn a year for the next three years[1]. This lack of funding continues to put additional operational and financial pressures on the Council and on its partners

[1] https://www.local.gov.uk/publications/spending-review-2021-submission#priority-2-adult-social-care-and-public-health

Our priorities are clear. Against this financial backdrop, the Council will continue to maintain its critical services for the citizens of Sheffield, such as looking after older people, safeguarding vulnerable children, maintaining the city's 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 are still ongoing Covid-related costs of providing additional support and Personal Protective Equipment to the care sector, in helping schools to remain open, and in coping with the effects of family breakdown.

The Council continues to seek to put citizens at the heart of its 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 on enabling vulnerable people to live safely in their own homes wherever possible. In doing all of this the Council continue to work closely with our partner organisations across the City, in particular the NHS.

The Council is also committed to playing its part to improve the environment, reduce pollution and its carbon footprint. The Council's Pathways to Decarbonisation report, released in 2021, sets out the scale of the challenge it faces to meet its ambition of becoming a Net Zero city by 2030. The report sets out the level of carbon emissions reductions required in Sheffield's homes, commercial and industrial buildings, transport, energy generation and land use, and the scale of investment required. The estimated cost of the Council's transition to net zero as a city runs in to the billions, and while Sheffield City Council is not able to fund all the changes that will be needed, it must play its part to reduce its own emissions and enable change across the city through its investments.

The Council will maintain its moral obligation to pay all its employees the Foundation Living Wage (as a minimum). We also will continue to encourage our partners, 3rd party providers, and the range of employers across our City to pay (as a minimum) the Foundation Living Wage.

In order to mitigate the upward pressures on spending, the Council has agreed a programme of service reviews across the Council, implementing cost controls, and launched a programme of voluntary redundancies that aim to reduce the Council's workforce by over 160 people. These responses so far have allowed this budget to include over £3m of cost mitigations. Nonetheless there remains a gap of 14.5m, which can only be filled by the use of the Council's financial reserves. These reserves are monies the Council has previously set aside, such as funds for anticipated increases in social care, contractual variations in the road repair programme, and for expected increases in pension costs. These sums are now able to be released, as for example, the strong recent performance of the South Yorkshire Pension Fund (which pays pensions to retired Council employees) means it is anticipated there will not be any significant increases in contributions towards pension costs at the next actuarial valuation later in 2022 (in contrast to previous valuations over the past 25 years).

The Council is committed, both politically and organisationally, to delivering the savings needed for long term financial sustainability. The use of one-off reserves to balance the 2022/23 budget is only a short-term solution. The underlying imbalance between spending and income must be addressed. Consequently, the Council will continue to investigate and implement service re-designs and transformations to reduce the underlying gap in its budgets for 2023/24 onwards

Given its financial position, and the need to protect services to the most vulnerable in the city, the Council is proposing to raise council tax, including the ASC Precept, by 2.99% for 2022/23. This means the majority of dwellings in Sheffield will see an increase the equivalent to 65p per week. The Council recognises the pressure this puts on the citizens of Sheffield, and it will once again raise the amount it allows in its Hardship Fund, which supports the most financially disadvantaged, by £200,000.

Over the last 4 years, the Council has provided vital social care services with above inflation funding increases, and this year is no different. A 16% increase for 2022/23, and an average increase of nearly 13% p.a. over the last 5 years, has seen the budget for adults and children's social services rise by a total of £126m.The Council recognises that much of the funding for increases in services 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.

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 recognising the protection these services give to the most vulnerable in our society. 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.

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

Cate McDonald
Co-operative Executive Member for Finance

BUDGET REPORT 2022/23

Contents

List of Appendices

Reference	Section Detail	Page Number
Appendix 1	Portfolio Pressures	attached
Appendix 2	Portfolio Budget Savings Summaries	attached
Appendix 3	Summary Budget for 2022/23 3a: People Budget Summary 3b: Place Budget Summary 3c: Resources Budget Summary 3d: Policy Performance & Communications Budget Summary	attached
Appendix 4	Reserves Strategy	attached
Appendix 5	Council Tax Determinations	TBC
Appendix 6	Treasury Management and Annual Investment Strategy, including The Prudential Code and Prudential Indicators	attached
Appendix 7	Pay Policy for 2022/23	attached
Appendix 8	Equality Impact Assessment	attached
Appendix 9	Glossary of Terms	attached

2022/23 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 2022/23, including the position on reserves and balances;
   - approve a 2022/23 Council Tax for the City Council; and
   - note the levies and precepts made on the City Council by other authorities.

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.

He has concluded that reserves remain adequate and estimates robust. However, the Council's financial position has deteriorated during 2021/22, and looks set to deteriorate further during 2022/23, due to the level of forecast overspends for those two years.

The 2022/23 budget uses £14.5m of reserves to balance the position. In addition, it requires the delivery of £52.7m of savings schemes to balance. In practice some of these schemes will prove difficult to implement in whole or part following consultation, and a number are unlikely to deliver a full year of savings during 2022/23. These challenges mean that further reserves will almost certainly be needed to balance the 2022/23 financial position.

It is therefore imperative that robust action is required to deliver planned savings and contain financial pressures over the next year. This action includes Strategic Reviews of key areas of Council operations such as early intervention, hardship support and libraries. If this action is not taken successfully, the Council's position will become financially unsound from 2023/24 onwards.

2. 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

3. **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 against future liabilities. The Council also holds unearmarked reserves, to deal with unknown emergencies, and the amount of this reserve at £12.9m benchmarks as low compared to other authorities.

4. 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.

5. Following the Provisional Spending Round (announced by MHCLG in late December 2021) the Council expects to receive a funding uplift of approximately £18.9m from grant funding when compared to the MTFA forecast, as well as the ability to raise an additional £2.3m if it opts to increase Council Tax by an additional 1% via the Adult Social care Precept. These figures have been confirmed in the Final Settlement.

6. This section, read together with Appendix 4, satisfies the requirement to review reserves balances and confirms them as adequate in the medium term. However, this year the risks to the Council's reserve position have increased significantly. There are a number of challenges that threaten the sustainability of the Council's budget.

7. The main challenge is the Council's ability to continue to deliver savings and manage increased pressures. The Council has an excellent track record of delivery, but eleven years of reductions make it harder every year to achieve more. The 2022/23 savings targets are the highest the Council has ever faced, as the Council needs to make over £52.7m of savings. Whilst savings totalling £52.7m have been put forward as part of balancing this budget, the Council's own review of the deliverability of these savings suggests that a significant proportion will not have a full-year impact in 2022/23 (i.e. the time

needed to implement the underpinning service changes means that savings will not start to accrue from 1st April, but will start later in 2022/23, or in some cases from the beginning of 2023/24). In addition, it is inevitable there will be unforeseen difficulties in implementing some schemes, or these schemes will not deliver the full amounts expected. These risks are increased by the large size of the savings required. Whilst quantifying these risks is difficult at this stage, the Council estimates that up to 50% of its savings target of £52.7m may not be achieved in 2022/23. In addition, agreed savings schemes still fall short of the amount needed to balance fully the Council's budget by £14.5m.

8. The Council has therefore identified up to £40m of its reserves to meet this financial gap. Prudent financial management in previous years and a reduction in some future financial pressures (for example the South Yorkshire Local Government Pension Fund is now fully funded, so "catch-up" payments are no longer required), means that the Council estimates it can release up to £70m of reserves to support its position. However, a combination of a forecast overspend of approximately £30m in 2021/22, to meet additional costs associated with the pandemic, and the potential budget gap of up to £40m in 2022/23 if savings are not fully delivered, would use all of these reserves. Their use would leave the Council with significantly less room for manoeuvre in setting its budgets for 2023/24 onwards.

9. In order to bridge this budget gap, the Council has commissioned a series of Strategic Reviews covering preventative services, hardship support and library provision, plus some smaller areas. The aim of these Reviews is to identify changing methods of provision that support services to the public at lower cost, thus bringing the Council's budgets back into recurrent balance during 2022/23. Risk contingencies have been identified to support budgets until these Reviews deliver.

10. It is imperative that the Council's agreed savings schemes and Strategic Reviews deliver the full amount of savings recurrently by the end of 2022/23, and that any further cost pressures that occur for 2022/23 onwards are fully controlled and mitigated. If this does not happen, then the Council will have to use its remaining reserves in a risky and unsustainable manner to resolve its budget gaps. Such a strategy would mean that the s151 Officer would not be able to conclude that the Council's Budget is sustainable or its level of reserves is adequate, at some time on or after the point when the Council's 2023/24 Budget is set.

The robustness of estimates behind the budget requirement

11. This Report proposes a budget requirement of £411.8m, and a Band D Council Tax charge of £1,753.21 for the year 2022/23. The calculations behind these figures are reported principally within **Appendix 5**, 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.

12. The Business Planning Process is described below at paragraph 25 and informs the Portfolio Spending Plans beginning at paragraph 91 [2].

13. The Council's main sources of income when setting its 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 36, and the grant funding position is discussed at paragraph 34.

14. 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.

Medium Term Financial Outlook

Key messages

- The October 2021 Medium Term Financial Analysis predicted an overall funding gap of approximately £121m between 2022/23 to 2025/26.
- 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 has added further uncertainty to the medium-term financial outlook, both in terms of the additional pressures on Council funds and income it has created, and its impact on the Government's ability to fund Local Government.

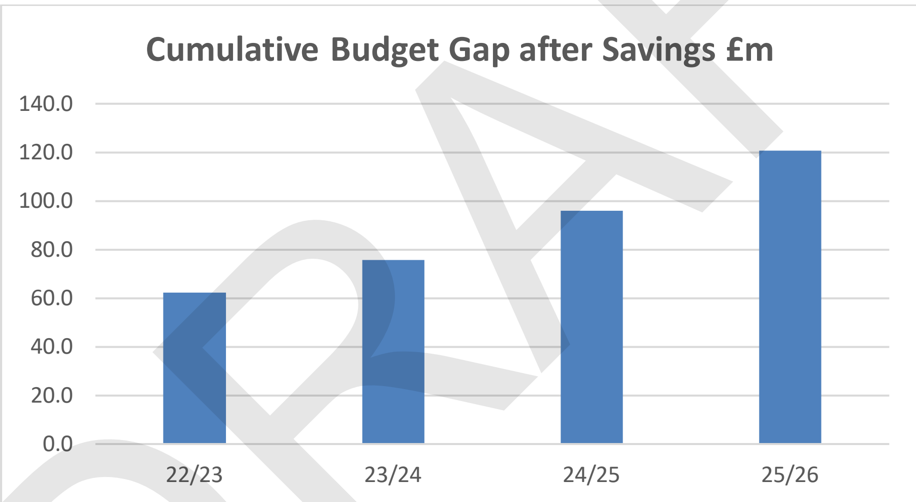
[2] The full Business Implementation Plans (BIPS) are published online here;https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html

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 2021, set out the Council's latest financial forecast for the period 2022/23 to 2025/26.

16. The Council's Social Care services continue to experience significant cost and demand pressures which, even with the additional social care funding announced in the 2021 Spending Round and Provisional Settlement, completely outstrip the growth in local taxation. Even after significant proposed portfolio savings and mitigating actions the net gap still to find stands at approximately £121m over the MTFA period.

17. The following graph, Figure 1, shows the forecast net gap as per the published MTFA (October 2021).

Figure 1



Reform to Local Government funding

18. The Council's financial planning continues to be hampered by short term Spending Review announcements by Central Government. The Final Settlement announced on the 16th December 2021 is no different as it only confirms funding for 2022/23, a large proportion of which was only one-off funding. Effective planning beyond 2022/232 is not possible, which is not conducive to delivery of long-term value for money solutions.

19. In addition to the uncertainty created by short-term funding announcements, the Government is still considering whether to, and how to, re-allocate the total amount of funding it makes available between different types of authorities.

This is known as the 'Fair Funding Review', and has been delayed for several years by the 2019 General Election and the Covid pandemic.

20. The results of this Review are uncertain for the Council and further consultation is 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).

21. For the reasons set out above, we continue to assume the impact will be fiscally neutral, and it will simply slip by at least one year to 2023/24. Therefore, no increase or reduction to Central Government funding has been assumed from 2023/24 onwards. This assumption is a key uncertainty and risk for the Council going forward.

22. The Government has confirmed it has abandoned its plan for the level of business rates retained by Local Authorities to be increased from 50% to 75% As the change was intended to be 'fiscally neutral' (i.e. other funding was intended to be reduced by an equivalent amount), it has removed an uncertainty in our planning (which is helpful), but otherwise has no financial impact.

Coronavirus Pandemic

23. The UK Government has significantly increased its level of borrowing over the last two years 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 has impacted the Government's ability to fund public services, although the quicker than anticipated recovery from the impact of the pandemic has meant that some increases in funding have been announced.

24. The Council's 2022/23 budget therefore reflects the additional £18.9m of funding announced in the October 2021 Spending Review and confirmed in December 2022. However, the Government has confirmed that no further above inflation increases in funding should be expected for the following two years.

Business Planning for 2022/23

Key messages

Due mainly to a sharp and sustained increase in its social care costs during the pandemic, the Council faces a significant budget gap for 2022/23.

This budget gap (additional costs less extra income from grants and increases in local taxation) needs to be met by a combination of service savings and contributions from reserves.

Savings targets were set for each portfolio and are to be achieved via both large-scale transformational reviews and smaller targeted tactical savings.

Due to the scale of the budget pressures over the medium-term, Business Planning will follow a more iterative process in coming years, which is to be supplemented in 2022/23 by 'Strategic Reviews' of operational services.

25. 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 2022/23 for a specified cash limited budget. The Business Planning process for 2022/23 began before the consideration of the MTFA report by Cabinet in October 2021.

26. As reported in the MTFA and detailed above, significant budget pressures such as contract inflation and the increasing demand for services continue to outstrip available resources over the medium term. Consequently, budget savings, service efficiencies and increased income will have to be delivered during 2022/23 and beyond, in order to achieve a balanced budget over the medium-term, and protect our front-line services.

27. For 202/23, it was identified the focus for the planning process would need to centre around reducing expenditure in the following ways:

- resetting Social Care expenditure back to something like the baseline it was on from 2017-2019, with single digit percentage increases annually to allow for cost and demand pressures;
- reducing / removing general fund subsidy from some services; and
- holding other services to cash standstill or even a cash cut.

28. In order achieve these reductions, portfolios were assigned savings targets. Varying approaches are being undertaken to deliver the targets as set out in the Business Implementation Plans and Portfolio Revenues Spending plans attached to this report.

29. For example, the People portfolio has extended and widened the scope of its Social Care Recovery Plans to deliver transformational change. These savings will be supplemented by smaller tactical expenditure reductions such as staff cost reductions via the use of the corporate Voluntary Early Retirement (VER) and Voluntary Severance (VS) schemes. For Resources, each service had to deliver a 10% reduction plus containing pressures. Most savings will be achieved via the use of the corporate VER/VS and other staff reduction schemes. Place's contributions to the budget problems on the other hand, are more focused on income generation and efficiency improvements.

30. Due to the size of the total budget gap for 2022/23, at an initial £98m before any mitigations were identified, it was acknowledged that the levels of savings and additional income identified via the planning process, might not be sufficient to resolve this gap. Consequently, the Council reviewed the level of reserves it could un-earmark to support the process. Following the conclusion of the 2022/23 budget planning process, the level of reserves needed to balance the budget stands at £14.5m.

31. This use of reserves can only be sustained in the short-term. Therefore, the Council's leadership has committed to 'Strategic Reviews' in early 2022/23 to run in tandem with the 2023/24 business planning process. The aim is to deliver savings to supporting the removal of reserves subsidy for the 2023/24 budget. These Strategic Reviews will focus on key areas of Council operations such as early intervention, youth services and libraries.

Formulation of the Budget for 2022/23

Key messages

The Council is required by statute to set a balanced budget. There are several 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 have 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.

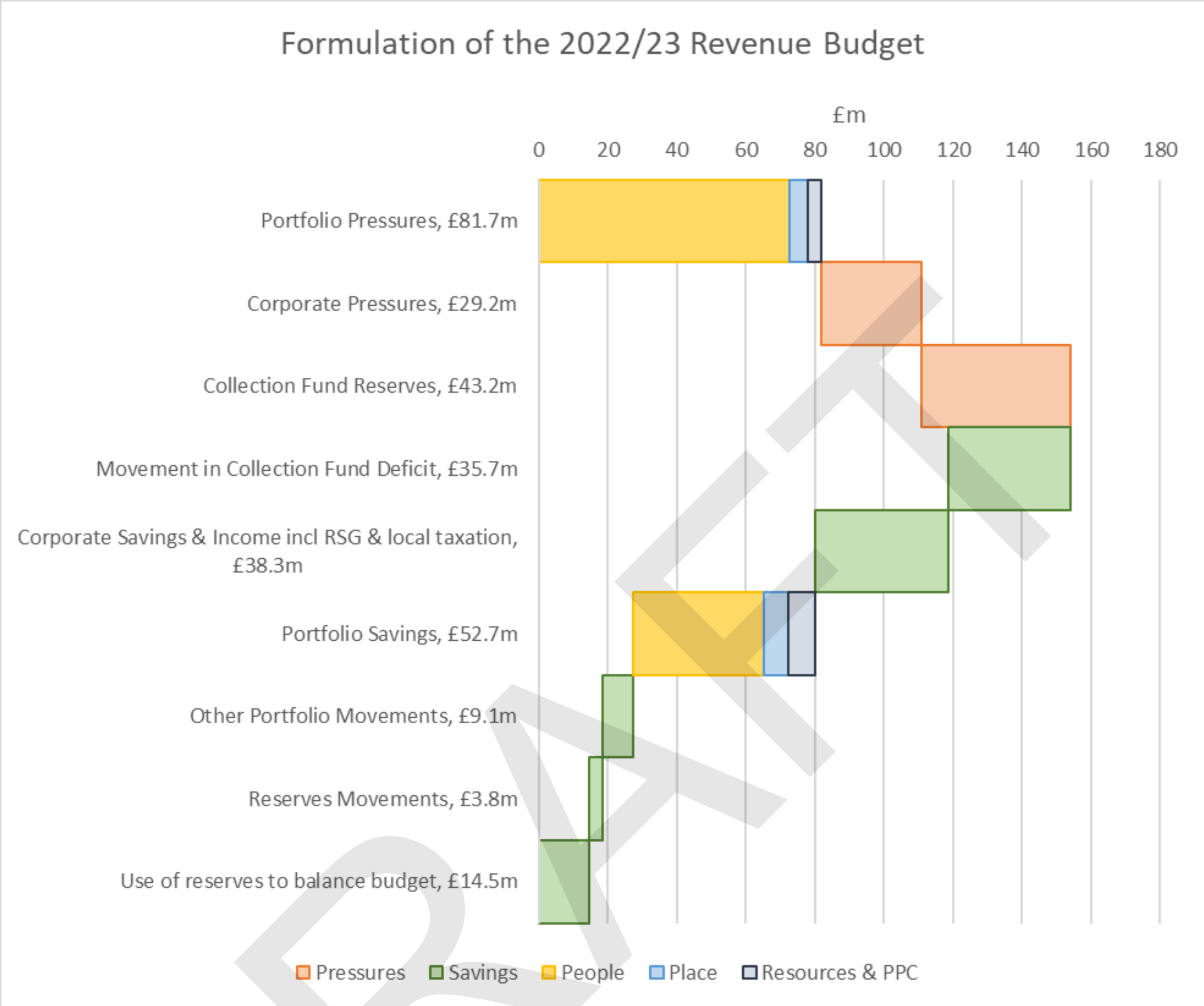
The 2022/23 budget has been set using £14.5m of reserves to bridge the forecast gap between income and expenditure.

The following sections provide details of the assessments undertaken and the processes followed to ensure the 2022/23 budget is balanced.

32. In formulating the Budget for 2022/23, 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 2022/23 has been balanced.

33. In particular it is important to note that the Council's 2022/23 budget has been set using £14.5m of reserves to bridge the forecast gap between income and expenditure.

Figure 2



Local Government Finance Settlement

Key messages

The annual Local Government Finance Settlement announced on the [TBC] 2022 confirmed the financial settlement allocations from Central Government for the year 2022/23.

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.

34. The Government announced details of the Provisional Local Government Finance Settlement for 2022/23 on 16th December 2021, with the Final Settlement allocations presented to the House of Commons on the [TBC].

35. Below is a summary of the key points set out in the Final Settlement which impact on the 2022/23 budget for the Council:

- Revenue Support Grant (RSG) for Sheffield will increase in 2022/23 by around £1.2m or 3% in line with CPI as at September 2021.
- Additional Social Care (ASC) Support Grant of £636m for 2022-23 was announced during the Provisional Settlement in December 2021 and confirmed in the Final Settlement. Sheffield's share of this funding is £7.7m.
- A new grant titled '2022/23 Services Grant' was announced as part of the provisional settlement, with £822m being award nationally. This grant, along with the additional ASC grant and extra funding via RSG, adds to the total £1.6bn announced nationally as extra funding for the Local Government sector. SCC's share of the 2022/23 Services Grant is £10.0m. However, the Services Grant has been confirmed as temporary and is likely to be redistributed via any new funding reforms for future years, adding further uncertainty to future funding allocations.
- Improved Better Care Fund Grant is to be increased in line with September inflation and will resulted in £817k of additional funding for SCC.
- An overall reduction in New Homes Bonus funding for SCC of £1.4m resulting from the unwinding of legacy payments not being replaced. This reduction in funding was recycled into other parts of the settlement funding.
- The overall referendum trigger for Council Tax increases has been set to 2.99%, to accommodate authorities' ability to raise a 'Social Care Precept' of up to 1%. The threshold for Core Council Tax before a referendum is triggered is maintained at 1.99% for 2022/23. Full details of the anticipated increase to Council Tax income for 2022/23 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 again for 2022/23. Local Authorities are to be compensated for this freeze, resulting in a £6.1m 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.

- Retail, Hospitality & Leisure Business Rates Relief was also announced, saving Sheffield businesses approximately £19.6m in rates. This will reduce SCC's business rates income by £10.7m but will be compensated via a section 31 grant.
- The settlement also confirmed no further one-off funding to support Councils with the ongoing immediate impacts of the Covid pandemic. Therefore, the general un-ringfenced grant of £17.7m and the Local Council Tax Support grant of £5.6m have been removed from the 2022/23 budget.

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 2022/23, the Council will receive £167.6m of income from business rates and associated grant income. This is £10.0m more than budgeted for in 2021/22.

36. 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%).

37. The basis for the Business Rates estimate will be the valuation list issued by the Valuation Office Agency (VOA) in December 2021, and Sheffield's figures are estimated in the table to the right. These figures include two parts of the city where special rules apply.

Table 1	Dec 2021	Dec 2020	Change
Number of hereditaments	19,050	19,065	-15
Gross Rateable Value (RV), £m	542.8	554.5	-11.7

Sheffield Retail Quarter and Enterprise Zone

38. As shown in the table to the right, the designated areas referred to as the New Development Deal (NDD) and the Enterprise Zone account for just over 2% of the aggregate rateable value of the city. However, both areas are significant because any growth in business rates above an inflation adjusted baseline can be kept locally.

Table 2	RV (£m)	%
Enterprise Zone	4.9	0.9%
New Development Deal	6.9	1.3%
Rest of Sheffield	530.9	97.8%
	542.8	

39. The Business Rates growth above baseline for the New Development Deal (covering the city centre Heart of the City II development) and Enterprise Zone are forecast to be £1.5m and £683k respectively.

Calculating the Business Rates Estimate for 2022/23

40. The Rating List and the 2022/23 rating multiplier produces a gross business rates estimated income of £266.9m (£270.7m in 2021/22). A summary of the calculation to determine the Council's share of business rates is shown below:

Table 3 (all figures £m)

All figures £m	2021/22	2022/23	Change
Gross rates payable	(270.7)	(266.9)	3.8
Cost of reliefs	51.0	68.4	17.3
Losses on collection	6.1	5.1	(1.0)
Losses on appeals	9.1	6.6	(2.5)
Disregarded amounts	4.6	4.5	(0.1)
Net Estimated Business Rates	**(199.9)**	**(182.3)**	**17.5**
Allocation to...			
Central goverment (50%)	(99.9)	(91.2)	8.8
SCC (49%)	(97.9)	(89.3)	8.6
South Yorkshire Fire (1%)	(2.0)	(1.8)	0.2
	(199.9)	**(182.3)**	**17.5**

41. 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. It is estimated that the total value of these reliefs and deductions will amount to approximately £68.4m (£51.0m in 2021/22). This has risen significantly since last year, due to the Retail, Hospitality and Leisure relief included within the Budget[3] at an estimated value of £19.6m.

- Losses and costs of collection: this includes an estimate of the bad and doubtful debts in 2022/23, the potential legal and other recovery costs. Using the assumptions set out in Government guidance, the estimated figure is £5.1m (£6.1m in 2021/22).
- 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.
- Disregarded Amounts is a term relating to amounts of money that are disregarded for the purposes of business rates pooling. For SCC, these are the amount of growth above baseline (£2.2m) for the 'designated areas' referred to above, £0.7m to fund the cost of collecting business rates, and the rates income of £1.6m relating to renewable energy hereditaments in the Council's area. These amount to £4.5m and have only changed slightly since last year.

Overall Business Rates Estimate for 2022/23

42. In Table 3 above the net business rates allocated to the Council is £89.3m, reduced £8.6m since prior year. As can be seen, this is mainly due to the new relief over the retail, hospitality and leisure sectors and deterioration within the gross business rates base.

43. The Council may retain the business rates collected from designated renewable energy hereditaments and the designated NDD hereditaments. This is shown in the table below and brings the Council's share of business rates income to a total of £92.3m.

[3] The 2020/21 and 2021/22 versions of reliefs available within the retail, hospitality, leisure and nursery sectors were announced too late to be included within the Council's budget so were accounted for in a different way in those years.

Table 4

All figures in £k	2021/22	2022/23	Change (+/-)
Net Business Rates	(97,907)	(89,291)	8,616
Designated Area Business Rates (NDD)	(20)	(1,471)	(1,451)
Renewable energy amounts	(1,585)	(1,580)	5
Total Income from Business Rates	**(99,512)**	**(92,341)**	**7,171**
Business rates top up grant	(43,222)	(43,222)	0
NNDR1 grants incl. small rate relief	(7,340)	(7,687)	(347)
Business Rate Inflation Cap (BRIC) grant	(7,543)	(13,652)	(6,109)
Retail Hospitality and Leisure Relief (22/23 only)	0	(10,683)	(10,683)
Total related grant income within NNDR1	**(58,105)**	**(75,244)**	**(17,139)**
Total income from Business Rates in 22/23 Budget	**(157,617)**	**(167,585)**	**(9,968)**

44. The changes to how the compensation for this year's retail reliefs will be accounted for create large superficial changes, and the final movement is a positive one. Before relevant compensating grant income, the income from business rates is reduced by £7.2m. This is due to the £8.6m reduction in the Council's 49% share of business rate income, partially offset by increased retention within the NDD zone.

45. Government awards grants to compensate authorities for some reliefs, and the above reduction in the Council's rates income is more than compensated by the Retail, Hospitality and Leisure Relief grant of £10.7m. This is before the compensation for the Chancellor's decision to freeze the multiplier and compensate authorities for the income lost due to inflation. This has a value of £13.7m in 2022/23 (up £6.1m from 2021/22). Overall, the level of grants relating to business rates increases by £17.1m, and the net improvement therefore is £10.0m compared to 2021/22.

Council Tax income

Key messages

Subject to Council approval, the Council Tax rate will increase by 2.99%, comprising 1.99% for the Core Council Tax and 1% for the Adult Social Care Precept.

The majority of dwellings in the Council's area are Band A, and as such will see an increase the equivalent to 65p per week.

There are approximately 143,313 Band D equivalent properties on which to charge Council Tax, an increase of approximately 3.8% from 2021/22.

The Council will therefore receive £251.3m of income via Council Tax, which is **£16.3m** greater than 2021/22.

This Report recommends the 2.99% increase to Council Tax.

<u>Council Tax base for 2022/23</u>

46. It is proposed to set a Council Tax Requirement of £251.3m for 2022/23 based on a 2.99% increase. This includes the application of the 1% increase for Adult Social Care precept. This results in a Band D tax charge of £1,753.21, including the Adult Social Care precept.

47. This includes a determination that the Council Tax base – the number of properties on which a tax can be charged – will be 143,313 Band D equivalent properties, compared to 138,033 in 2021/22. This increase is predominantly due to a reduction in the budgeted number of households which will qualify for CTS in 2022/23. The 2021/22 budget provided for a large increase in the number of claims due to the pandemic. This was based on advice from the Government and was funded by a one-off grant. This increased caseload did not materialise and therefore the forecast number of claims has been revised down, closer to pre-pandemic levels.

48. 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 9.

49. It should be borne in mind that nearly 60% of dwellings in the Council's area are Band A, and as such this charge is calculated at 6/9ths of the Band D charge, or £1,168.80 for 2022/23 (£1,134.87 for 2021/22), the equivalent to a 65p per week increase before applicable discounts/exemptions. More

information on discounts and exemptions can be found here - https://www.sheffield.gov.uk/home/council-tax/council-tax-discounts-exemptions.

50. 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 2022/23. The Hardship Fund will total £2.0m and is reviewed on an annual basis.

51. A summary of the Council Tax levels by band can be found in Table 9 in the 'Financing the 2022/23 Budget Requirement' section of this report. Further details can also be found in Appendix 5**.**

52. The practice has been to establish a prudent estimated in year collection rate as part of the tax base calculations. For tax base setting purposes, a collection rate of 95.5% has been assumed (although we still intend to collect 99% over the long term). This is an increase of 0.5% compared to last year, and effectively restates the pre-COVID estimated collection rate.

53. The Council Tax Base for 2022/23 has therefore been determined as 143,312.61 Band D equivalent properties, as shown in Table 5 below .

Table 5

	Band D equivalent number of properties
Council Tax Base of Band D equivalent properties for 2021/22	138,032.5458
Additional properties in 2022/23	1235.00
Decrease in properties entitled to CTSS	3795.91
Increase in number of properties entitled to discounts / exemptions	-501.17
Increase due to change in collection rate	750.33
Council Tax Base of Band D equivalent properties for 2020/21	143,312.6119

Council Tax referenda

54. 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.

55. The Secretary of State for Levelling Up, Housing and Communities has proposed[4], subject to consultation and confirmation by vote in the Commons, that an authority's relative basic amount of Council Tax for 2022/23 is excessive if the authority's relevant basic amount of Council Tax for 2022/23 is 2% more than its relevant basic amount of Council Tax for 2021/22 or its Adult Social Care precept increase for 2022/23 is greater than 1% of the relevant basic amount of Council Tax for 2021/22. This Budget report does not include increases that would be considered 'excessive' by this definition, thus no referendum is required.

Collection Fund Deficit / Surplus

Key messages

For 2022/23, the Revenue Budget includes an overall Collection Fund deficit charge of £13.9m. This is an improvement of £35.7m when compared to the 2021/22 deficit.

This deficit is artificially created as a result of the required accounting treatment in relation to business rates retail discounts awarded during 2021/22. This element, £20.4m, will be funded via reserves created from a grant received during 2021/22.

The real underlying positions on the Collection Fund Surplus /Deficit Account is a £6.5m surplus. This surplus is to be transferred to reserves to fund the 3rd year of the £2.9m 'exceptional balance' charge for the spreading of the 2020/21 deficit. The remainder will be used to fund future risks on collection.

56. The below table shows the detail behind the overall £13.9m deficit charge. This would be a £6.5m surplus excluding the £20.4m retail discount element. The retail element is created as result of the required accounting treatment in relation to business rates retail discounts awarded during 2021/22, but will be funded by a draw from reserves. This reserve was created during the year 2021/22 from compensating grant funding received in advance.

[4] https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2022-to-2023-consultation/provisional-local-government-finance-settlement-2022-to-2023-consultation

Table 6

All figures £m	Council Tax	NNDR	Total
Reconciliation of actual 2020/21 (surplus)/deficit	(3.7)	0.9	(2.8)
Estimate of 2021/22 (surplus)/deficit	(6.3)	(0.3)	(6.6)
21/22 deficit due to business rates reliefs outside of NNDR1		20.4	20.4
Recognition of 1/3rd 'exceptional balance'	1.9	1.0	2.9
Total Collection Fund (Surplus)/Deficit Payments in 22/23	**(8.2)**	**22.0**	**13.9**

57. The Council Tax tax base did not decline in the way anticipated over 2021/22. This has driven a healthy estimated surplus share of £6.3m. Additionally, there are prior year items to recognise, resulting in an overall surplus share of £8.2m relating to Council Tax. This surplus is not expected to repeat, as the tax base estimate for 2022/23 has increased to reflect trends in actual data and has effectively been re-stated to the trend of steady growth evident before the pandemic.

58. The 2021/22 outturn position on Business Rates is broadly balanced (£0.3m) aside from the distortion created by the timings of the business rates retail discounts of £20.4m. However, there are two prior year items to recognise, a tax base deterioration of £0.9m in the latter months of 2020/21 and the second charge of the 'spreading adjustment' of £1.0m. With these two items included the underlaying deficit on Business Rates to be charged to 2022/23 is £1.6m.

59. The health of the city's economy following a turbulent two years remains uncertain and has been to a large extent supported by extensions of relief and grant programmes from Central Government. These are not forecast to continue past 2022/23 and hence the decision to transfer the net collection fund surplus to reserve to fund future risk around local taxation income.

Balances and Reserves

Key messages

2022/23 sees a £24.8m reduction in the use of reserves when compared to 2021/22. This is mainly the result of a reduced £43.2m draw from reserves to fund a collection fund deficit related to Covid and the timing of Central Government funding, offset by the £14.5m required to support the budget gap.

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

60. 2022/23 sees a £24.8m reduction in the use / decrease in contributions to reserves when compared to 2021/22. This is mainly due to:

- A £12.2m draw from the Collection Fund reserve is required to offset the collection fund deficit created by a change to business rates funding and its associated accounting treatment in 2021/22 caused by Covid. The draw from reserves is funded by the transfer of a grant to the reserve during 2021/22. This draw from the Collection Fund reserve is £43.2m less than required for 2021/22, due to the timing of the receipt of Central Government grants.
- As mentioned above, the 2022/23 budget requires £14.5m of reserves funding to balance.

61. 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 2022/23, 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

The Corporate budgets support council wide spending and investments. These include items such as the Capital Financing budget, ICT investment, redundancy provision, inward investment support and additional pay pressures. These budgets are set to decrease by £1.1m for 2022/23.

Corporate savings agreed for 2021/22 totalling £4.8m for 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, are to be reversed and/or transferred to portfolios for 2022/23.

This creates a pressure for the corporate budgets resulting in an overall uplift of £3.7m for 2022/23.

62. There are a number of proposed additions to the budget for 2022/23, which are to be funded corporately, the most significant of which are as follows:

- Capital Financing - £7.9m: additional funds to provide the budget required to support borrowing, Minimum Revenue Provisions (MRP) and other associated costs for capital programmes including the major sporting facilities, Heart of the City 2 project and Highways PFI.

- Council Tax Hardship - £0.2m: these funds have been set aside to increase the amount of support provided to those least able to cope with the cost of Council Tax. The Council's Hardship fund will be a total of £2m for 2022/23.
- Integrated Transport Authority (ITA) Levy - £0.5m: has been set aside to cover any potential increases to the Levy resulting from demographic changes that drive the distribution formula of costs between the four South Yorkshire councils.

63. There are also a number of proposed corporate reductions / savings to the budget for 2022/23, the most significant of which are as follows:

- ICT Refresh – (£2.5m): will be saved from the removal of the ICT Investment Fund following the successful update of IT systems and roll out of new equipment.
- Customer Experience Programme – (£1.5m): savings due to the cancellation of the programme.
- Corporate Investment Fund (CIF) – (£3.3m): a reduction in the level of contribution to the CIF to reflect the Government's reduction in New Homes Bonus funding used to support CIF.
- Pay Pressures – (£2.5m): a reduction in funds held corporately for pay related costs. This is primarily a result of a budget transfer to portfolios to cover the cost of the anticipated 2021/22 cost of living increases.

64. In addition to the corporate cost pressures and savings for 2022/23, adjustments for the reversal of the 2021/22 corporate savings targets, but also the associated costs, must be made.

- Workforce planning - £4.0m: a saving resulting from the implementation of a corporate Managing Employee Reduction programme has been removed from corporate budgets and is now reflected within the portfolios savings for 2022/23.
- Operating Model – £1.5m: a planned saving focussed on a review of all business support and corporate functions to deliver improvements in operational efficiency and reduce duplication is no longer being pursued and therefore creates a budget pressure.

- Customer Experience - £0.5m: a planned saving following the review of the Council's customer facing support services to improve the service offered whilst reducing duplication has not been delivered.
- Corporate project support – (£1.2m): investment funding set aside for the delivery of the above projects is released in 2022/23 and partly offsets the pressures created.

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 portfolio will receive significant investment with budget increases of £29.8m on core funding and £8.6m of Central Government grants for 2022/23. This is the fifth successive year of investment, increasing budgets by approximately £126m when compared to 2017/18.

This investment demonstrates the Council's ongoing commitment to social care and the most vulnerable residents in the city. However, this level of increased funding is no longer sustainable and must be contained if the Council is to remain solvent in the medium term.

Place, Resources and PPC have all contributed toward the resulting budget gap by reducing staff costs, improving service effectiveness and developing plans to generate additional income during 2022/23.

65. The following table (table 7) shows how the portfolio budgets are proposed to change from 2021/22 to 2022/23. The three main reasons for changes to portfolio budgets are:

- Pressures £81.7m – further details can be found in both **Appendix 1** as well as the budget implementation plans at the following link: https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html;

Savings £52.7m – further details can be found in the Savings Summary in **Appendix 2** of this report and /or the budget implementation plans at the following link: https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html;

- Other movements / Investments (£9.1m net reduction) –The £9.1m includes virements from corporate items to Portfolios, mainly in relation to corporately funded contract inflation such as £4.0m on the Streets Ahead contract and £6.0m on pay related costs, plus the transfer of additional grant funding to the People portfolio of £8.6m. These increases have been offset by reduced subsidy for Sheffield City Trust (SCT) and other leisure providers of £7.9m Further details on the £9.1m are provided below in table 7, and the following paragraph.

Table 7

	Restated Budget 2021/22	Pressures 2022/23	Savings 2022/23	Investments / Other Movements 2022/23	Budget 2022/23
	£000	**£000**	**£000**	**£000**	**£000**
Portfolio budgets:					
People	239,172	72,452	(37,715)	(5,019)	268,890
Place	135,538	5,584	(7,080)	(7,324)	126,718
Policy Performance and Communications	2,335	904	(1,218)	93	2,114
Resources	43,369	2,777	(6,731)	3,199	42,614
	420,414	**81,717**	**(52,744)**	**(9,051)**	**440,336**

Note **Appendix 3** will reconcile between the figure above, and the Net Budget requirement of £411.8m shown in paragraph 99.

Investment and Other Movements

66. These adjustments fall into two categories; corporate transfers of funding for pre-agreed programmes and transfers of new grant funding to cover expenditure and/or new pressures. Details of the most significant transfers are as follows:

Corporate transfers

- Streets Ahead - £4.0m: the planned Council investment in the Streets Ahead programme will increase by £4.0m. This is a significant rise being driven by high inflation linked to the contract.

- Pay strategy - £6.0m: this covers expected staffing costs in relation to the anticipated 2021/22 cost of living increase and the additional employer's National Insurance contributions or 2022/23. This figure excludes a provision funded by Portfolios to cover a possible cost of living increase for 2022/23.

- Heart of the City 2 – (£1.1m): as a result of the plan to now retain Block D, rental income managed by the portfolio is set to increase and hence the budget reduction to compensate. The retention of block D does however contribute to increase the capital financing costs as highlighted in the corporate investment section above.
- Sheffield City Trust and other leisure providers – (£7.9m): due to the pandemic’s significant impact on the leisure services ability to operate, a budget provision of £12m was set aside to support SCT and others during 2021/22. This provision and be re-evaluated and reduced by £7.9m for 2022/23 to reflect level of recovery from the pandemic made by the sector.
- Sales Fees and Charges - (£2.1m): the pandemic had a significant impact on some Council services external income generation. This included items such as parking and markets income. The 2021/22 budget was adjusted to reflect this. During 2021/22, affected services have seen a recovery in the amount of income collected. This has allowed for these budgets to be readjusted back to pre-pandemic levels.

Grant funding transfers

- Social Care Funding – (£8.6m): as part of the Local Government Settlement, SCC was awarded £7.7m of additional Adult Social Care funding and £0.8m of Improved Better Care Funding. This is transferred to the People portfolio to cover the cost of pressures in the service.

67. The figures in Table 7 demonstrate that, subject to Full Council approval, the People Portfolio, with its social care responsibilities, will see significant investment of £29.7m in addition to £8.6m of extra grant funding as highlighted above. This total investment is the equivalent to a 16% increase on the 2021/22 budget. This is the fifth successive year of investment totalling approximately £126m, the equivalent to an average 13% per annum increase when compared to its net revenue budget.

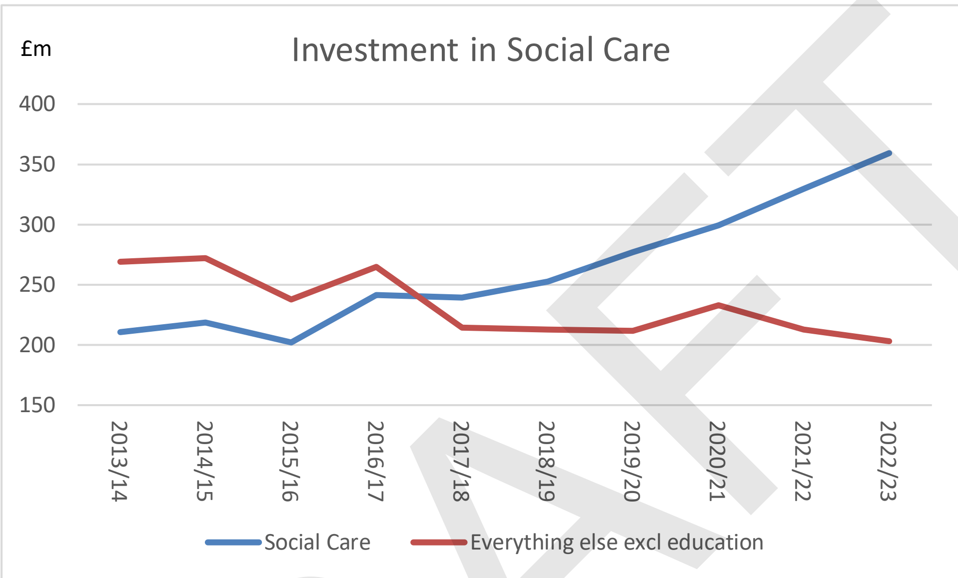
68. The £38.3m increase in the People portfolio budget is also predicated upon the Portfolio’s ability to deliver £37.7m worth of savings for 2022/23. A failure to achieve these savings would result in severe pressure on the Council’s overall financial position, and necessitate reductions in services across the Council for 2023/24 onwards to stabilise the position.

69. This level of additional funding has only been possible due use of the Council’s reserves, cuts to other services and the Council’s difficult decision to increase council tax, including the Adult Social Care precept. The Council has had to

balance the extra costs to Sheffield taxpayers from the increase, with the need to protect its social care services to its most vulnerable residents.

70. The graph below shows the Council's investment in Social Care since 2013/14, but also the significant acceleration of investment over the past 5 years. This investment has been partly funded by the disinvestment in other services. This rate of accelerated investment is simply not sustainable.

Figure 3



Figures are taken from RA data and therefore include sales, fees and charges related to the services

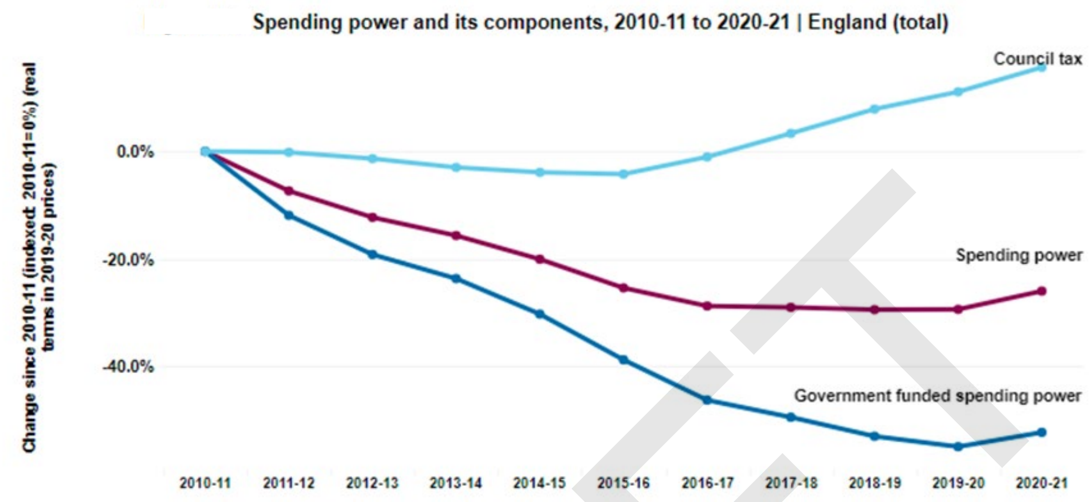
71. This increased need for social care funding comes at a time when Councils are forced to rely evermore on Council Tax income. Sheffield has seen a 50% reduction in Central Government funding in real terms since 2010 and has been left with little choice but to increase Council Tax. Even with the inclusion of Council Tax increases, Sheffield has still seen a real terms reduction in overall spend power of 29%. This is above the national average.

72. Council Tax has become by-far the single largest source of Core Spending Power due to grant cuts, rising from 41% of CSP in 2013-14[5] to 59% in 2022-23, as illustrated by the following chart:

[5] 2013-14 Core Spending Power tables DLUHC

Figure 4

National Audit Office - Change in Core Spending Power 2010-11 to 2020-21



73. As well as lobbying for improved funding, SCC will need to remain resolute in delivering its savings plans but also flexible in response to new or changing demands.

74. Increased funds have been provided by Government for Social Care (through the Social Care Grants) for 2022/23. However, these additional funds are not sufficient to offset the increased costs resulting from inflation and demand for services, some of which has resulted from the Covid pandemic.

75. Early indications from the October Spending Review and the Local Government Settlement suggest no new Government funding is to be provided to Councils for 2023/24 and 2024/25. Should no new investment from Central Government be forthcoming after 2022/23 and into the medium term, the Portfolio, and therefore the Council, is likely to become reliant on temporary funding sources such as reserves. As mentioned in the Section 25 Statutory Statement on Sustainability of Budget and Level of Reserves above, the Council is likely to exhaust most of its available reserves by the 31st March 2023. Therefore, a review of service delivery to identify significant savings is essential.

76. Overall, Place Portfolio shows an £8.8m reduction in funding for 2022/23. The majority of this reduction, £7.9m, is the result of a reduction in the budgeted subsidies for leisure providers. This budget was temporally inflated for 2021/22 to cover the impact of Covid on the lost income for the sector. These providers now seem to be recovering well, and hence the reduction in the levels of subsidy likely to be required in 2022/23.

77. The portfolio has pressures of £5.5m for 2022/23. Most of these pressures relate to pay and contract inflation. These pressures are offset by £7.1m of savings / income generation increases. £4.5m relates to a planned income increase, with the most significant being generated from the Clean Air Zone congestion charge.

78. If we ignore the impact of the temporary budgets made available to support leisure services during the pandemic, the underlying budget contribution from the Place portfolio is approximately £1.6m.

79. Resources portfolio is showing a reduction in overall funding of £0.8m for 2022/23. However, significant savings, predominantly from staffing reductions, are being proposed across the Portfolio to contribute to balancing the budget. The total savings of £6.7m are partly offset by pressures / budget transfers aimed at improving the overall efficiency and productivity of the Council. These include planned improvements to the IT systems to deliver a better working experience both at home and in the office, as well as a budget transfer to Business Change Information and Systems (BCIS) to core fund in-house project experts to allow focus on the Council's priorities and key savings schemes.

Savings Proposals for 2022/23

Key messages

The total level of savings proposed by the Portfolios for 2022/23 is £52.7m and covers categories such as services effectiveness, cost reduction and staff savings.

80. Discussions with Members have taken place since the consideration of the MTFA, to produce a set of proposals for savings to be delivered during 2022/23. The proposals set out in this report form the basis of a balanced budget and a recommendation to Council on 2nd March 2022. The total amount of Portfolio savings are £52.7m. If any of these proposals were not to be approved by Council, then alternative compensating savings would need to be identified and recommended to Council.

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

Figure.5

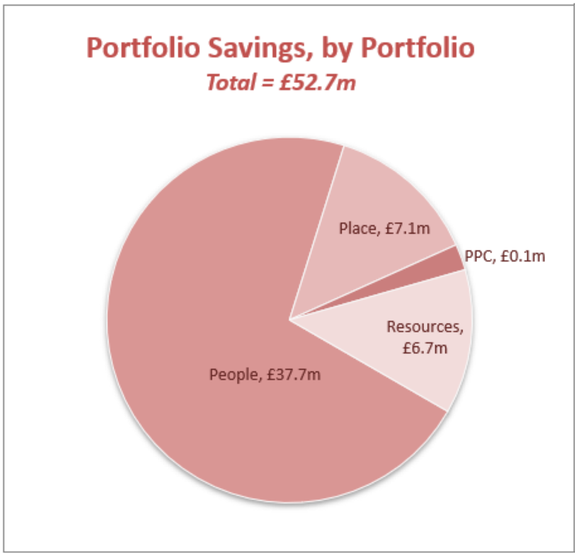
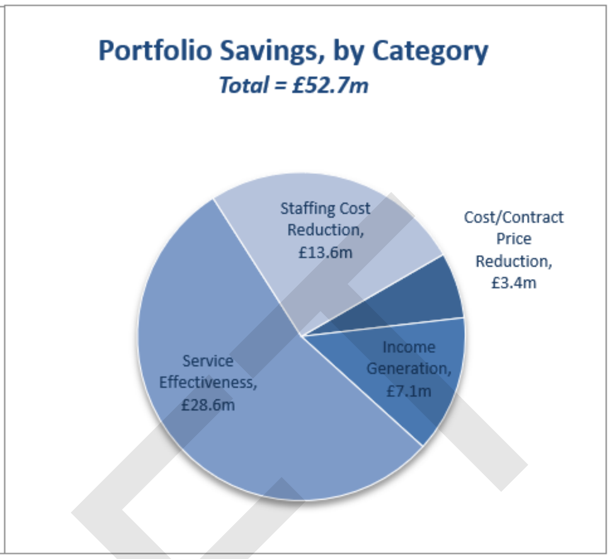


Figure. 6



Priorities

Key messages

The One Year Plan set out the priorities and themes which underpin the 2022/23 budget and will create the foundations for the development of a new Corporate Plan. The new Corporate Plan will set out specific priorities and outcomes for the City Council enabling us to move towards a priority-based approach to budget setting for future years

82. The 'Our Sheffield: one year plan' lays the foundations for our future. It sets out the commitments we are making to the people of Sheffield and gives us a clear focus and purpose for the year ahead.

83. Our guiding purpose, as set out in the plan, is to put Sheffield first; to support its residents, communities and businesses to thrive; to deliver the best public services we can; and to lead alongside city partners, with ambition, openness and purpose, towards a bright future for our city.

84. As set out in the Plan, we want to be a confident, outward-looking Council that is focused on clear and ambitious priorities for the city; that is a collaborative partner for our citizens and partners; a Council that is genuinely in and of its communities; and that is absolutely committed to excellence.

85. The plan is divided into four chapters, each focused on a different aspect of our work:

Communities and neighbourhoods

86. Every community in Sheffield should be a great place to live, with excellent local services, access to high quality green spaces, and a great local centre; where everyone has a home they are proud of, that suits their needs, and that supports their health; where everyone feels safe and is able to live without fear of prejudice or discrimination; where people get along and everyone can play a full part in the life of their local area, and have an expectation of health, wellbeing and happiness.

Education, health and care

87. We want all people in Sheffield to feel safe, happy, healthy and independent: to love living here. We want them to have access to a wide range of educational opportunities to achieve their full potential.

Climate change, economy and development

88. We want Sheffield to be a flourishing, sustainable and inclusive city economy which creates opportunity, good jobs and better jobs for Sheffielders. As a strong partner alongside businesses, we want a city with a dynamic environment for enterprise with a culture of businesses able to start-up, scale up and innovate. We have an ambition to be a net zero carbon city by 2030

Our Council

89. We want to make sure that we, as an organisation, are equipped to seize the opportunities and rise to the challenges of the coming years. We will be a council that leads boldly with purpose and decisiveness, that puts the communities and people of Sheffield at the heart of everything it does, and that works hard to deliver excellence first time, every time.

90. The One Year Plan was a critical step for the City Council, setting out the Co-operative Executive's priorities and providing a clear statement of purpose for the organisation. While the One Year Plan also set out some very specific commitments, the priorities and themes underpin the 2022/23 budget and will create the foundations for the development of a new Corporate Plan. The new Corporate Plan will set out specific priorities and outcomes for the City Council enabling us to move towards a priority-based approach to budget setting for future years.

Portfolio Revenue Spending Plans for 2022/23

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 2022/23.

91. 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 £52.7m in 2022/23. These plans set out the future direction of the Portfolio's in meeting the Councils' priorities but also how longer-term financial sustainability will be achieved.

92. 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

93. 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 2022/23 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 5** and include:

- a Budget Requirement (a "section 32 calculation") = £411.8m
- a Council Tax Requirement (a section 31A(4) calculation) = £251.3m
- a basic amount of tax (Band D equivalent) = £1,753.21

94. 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 2022/23. 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

95. 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 £251.3m: this is the Council's Council Tax Requirement.

Collection Fund

96. 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 £13.9m. The Council will also recognise £20.4m grant funding in 2022/23 to offset this deficit.

97. 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 2/3rd share of this deficit to be absorbed by the revenue budget in 2022/23 is £2.9m.

Council Tax Base

98. On 15 January, the Executive Director of Resources, under delegated authority, approved the calculation of the Council Tax Base for the 2022/23 financial year. The amount of the Tax Base is 143,312.61 Band D equivalent properties.

Budget Requirement for 2022/23

99. If the Council votes in favour of increasing the Council Tax by 2.99% the Budget Requirement for 2022/23 will be £411.8m, as shown in the table below.

100. The Budget Requirement will be financed by a combination of Revenue Support Grant, Business Rate income, Top Up Grant and Council Tax income.

Table 8

	2021/22 £'000	2022/23 £'000
Service Expenditure	365,812	411,800
Total Expenditure	365,812	411,800
Financed by:		
Revenue Support Grant	-37,694	-38,864
Business Rates	-99,512	-92,341
Top Up Grant	-43,222	-43,222
Council Tax	-234,974	-251,256
Collection Fund Deficit	49,590	13,883
Budget Requirement	-365,812	-411,800
Band D Council Tax (City Council)	£ 1,702.30	£ 1,753.21

Council Tax Levels

101. Details of the indicative level of Council Tax for Bands A to H are set out below with further details in **Appendix 5**.

Table 9

Band	Multiplier	1991 Value Band	Dwellings as % of total	Tax Charge (£)
A	6/9	Up to £40k	58.4%	1,168.80
B	7/9	£40k to £52k	15.9%	1,363.60
C	8/9	£52k to £68k	12.6%	1,558.41
D	9/9	£68k to £88k	6.5%	1,753.21
E	11/9	£88k to £120k	3.7%	2,142.81
F	13/9	£120k to £160k	1.7%	2,532.41
G	15/9	£160k to £320k	1.1%	2,922.01
H	18/9	Over £320k	0.1%	3,506.41
			100.0%	

Precepts

[Work in Progress]

Parish and Town Councils

102. 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 only Ecclesfield has agreed a Council Tax rise for 2022/23:

Table 10

	2022/23			
Parish Council	Council Tax Income (£)	Council Tax Band D (£)		Council Tax Increase
Bradfield	252,431	42.7378		0.00%
Ecclesfield	272,192	29.3954		3.00%
Stocksbridge	130,171	33.8443		0.00%
Total	654,794			

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

103. 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.

104. 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.

105. 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 6.

106. 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 5, which is set out as required by legislation.

107. 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.

108. 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 2022/23 the Secretary of State for Levelling Up, Housing and Communities 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 2022-23 is 2% + A% (comprising A% for expenditure on adult social care, and 2% for other expenditure), or more than 2%+A%, greater than its relevant basic amount of council tax for 2021-22, where A% is 4% minus

the percentage increase in the relevant local authority's relevant basic amount of council tax for expenditure on adult social care for 2021-22. For the Council it's 2021-2022 increase for Social Care was 3 % so A% is 1%.

109. 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.

110. 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 Co-operative Executive) 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. After the Annual General meeting in May 2022 these decisions will be made in accordance with the Committee System.

111. 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 8.

112. 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.

113. 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

[Work in Progress]

Housing Revenue Account (HRA) Budget

114. 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 Cooperative Executive on 19th January 2022.

Treasury Management Strategy

Key messages

As part of its budget decision, the Council is required to approve a Treasury Management Strategy for 2022/23. Treasury Management relates to the management of the Council's investments, borrowings and banking operations. This is set out in detail in **Appendix 6.**

115. 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.

116. 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.

117. The Sheffield City Council Treasury Management Strategy for 2022/23, including the proposed Annual Investment Strategy, Prudential Indicators and the Minimum Revenue Provision Policy, is set out in **Appendix 6**. 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.

118. 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

119. 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 2022/23 budget, equates to a reduction of approximately 146 full time equivalent (FTE) posts.

120. The 2021/22 budget included provision to support up to 240 FTE's voluntarily leaving the Council to deliver £4.0m of savings. As stated in the Corporate Expenditure section of this report, the corporate saving was delayed and subsequently reversed for 2022/23. However, this budget does include staff savings which will result in approximately 146 FTE's leaving the Council, again on a voluntary basis. The vast majority of these voluntary early retirements (VER) and voluntary severances (VS) have already been approved with a termination date of the 31st March 2022.

121. The Budget Implementation Plans (BIPs), found at the following link https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html, contain details of these reductions. Any further staffing reductions 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.

122. 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.

123. Consultation is ongoing 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

124. In accordance with the Localism Act the Council is required to publish a Pay Policy for 2022/23. Details of this can be found in **Appendix 7**.

125. When producing the Pay Policy Statement, the Council had regard to the relevant Government guidance, including the Openness and Accountability in

Local Pay: Guidance under section 40 of the Localism Act (issued February 2012) and the Supplementary Guidance (issued February 2013).

Members' Allowances

Key messages
Each year the Council has to agree a Members' Allowances Scheme. Changes will be made to the Scheme to support a modern committee system from May 2022.

126. 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.

127. The Members' Allowances Scheme was reviewed in 2021 and changes were also made to reflect the introduction of Local Area Committees from May 2021. Further changes were made to accommodate the governance structure of the Council during the transition from a Leader and Cabinet Model to a Committee system in 2021/22. This included the establishment of Transitional Committees and the introduction of special responsibility allowances for the committee chairs and deputy chairs.

128. 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.

129. 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.

130. Following a referendum held in 2021, the Council will move to a modern committee system of governance from May 2022. The Members' Allowances Scheme will be reviewed by the Independent Remuneration Panel to make sure there is a scheme in place which supports the new governance structure and the roles and responsibilities of elected members . The impact on the

Members' Allowances budget arising from changes to governance arrangements will be assessed in advance of a new structure being implemented.

The Climate Challenge

131. The Council is also committed to playing its part to improve the environment, reduce pollution and its carbon footprint.

132. Our Pathways to Decarbonisation report, released in 2021, sets out the scale of the challenge we face to meet our ambition of becoming a Net Zero city by 2030. The report sets out the level of carbon emissions reductions required in our homes, commercial and industrial buildings, transport, energy generation and land use, and the scale of investment required. The estimated cost of our transition to net zero as a city runs in to the billions, and whilst Sheffield City Council is not in a position to finance all the changes that will be needed, we must play our part to reduce our own emissions and do what we can to enable change across the city through our investments.

133. We are clear that Government will need to play its part in enabling finance, empowering local authorities and intervening in markets that currently do not work as they need to, to meet this challenge. We will need Government to recognise and actively support the ambition and potential that cities have to move ahead of Government timescales.

134. Despite these challenges, we are already delivering retrofit schemes to 800 council homes to improve the energy efficiency of our housing stock and creating decarbonisation plans for non-domestic buildings in the Councils estate, delivering a £50+ million programme of active travel and public transport improvements across the city through our Connecting Sheffield programme, and installing EV charging points. We are also identifying land across the city which is suitable for renewable energy generation and battery storage infrastructure, and working with Northern Power on grid capacity requirements. We are part of a BEIS Heat Network Zoning Pilot Programme which will identify areas where existing or new heat networks can provide the lowest cost, lowest carbon form of heat to large domestic, industrial and commercial and public sector buildings. A Clean Air Zone will be introduced in 2023 to help improve the City's air quality, and we are looking to make our own vehicle fleet cleaner and more efficient.

135. There is so much more to do. Our 10 Point Plan for Climate Action, produced in response to the Pathways to Decarbonisation report, lays out a framework for how the Council proposes to work with the city to address the shared challenge of the climate crisis. This high-level plan includes both internal

measures to enable and support Council Officers and Members to deliver on our commitments, and external measures to facilitate action across the city

136. As an organisation, we are introducing climate impact assessments on all our decisions, a process which starts at project feasibility and runs throughout the development of businesses cases, through to project delivery and monitoring. This will improve the transparency of our decision-making, and ensure climate impacts are considered and mitigating actions explored as early as possible.

137. We are proactively engaging and exploring innovative funding options, including a combination of central governments funds, the UK Infrastructure Bank and the private sector, to resource our ambitions. Our Investment Strategy will help us to prioritise and to identify funding and investment routes for our decarbonisation programme. We will continue to develop outline business cases so that we are ready to respond to funding opportunities as they arise, and work creatively to package up 'investible propositions' partnering with other places and cities to access investment from both public and private sector.

138. We are committed to working together to tackle our carbon emissions, focussing on the wider positive benefits, increasing our resilience as a city and helping all our citizens to adapt and thrive.

Budget Consultation

139. 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.

140. As in 2021, ongoing impact of Covid-19 and Plan B restrictions linked to the Omicron variant ensured that all the our budget engagement activity was undertaken using online channels – specifically, an online survey using SCC's Citizenspace engagement hub and through virtual conversation sessions with partners.

141. 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 (EIAs);
- A population survey for all citizens on the overall budget; and

- 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

142. This year's budget consultation ran from 16th December 2021 to 17th January 2022.

143. 457 responses were received from across Sheffield which is a reduction compared to last year (724). The survey was hosted here: https://sheffield.citizenspace.com/chief-executives/budget-consultation-2022-23/. The reduction in responses could have been driven by a range of factors but as ever, we will review the approach taken this year to ensure that our budget engagement activities enable more Sheffielders to contribute and shape the budget process and decision making.

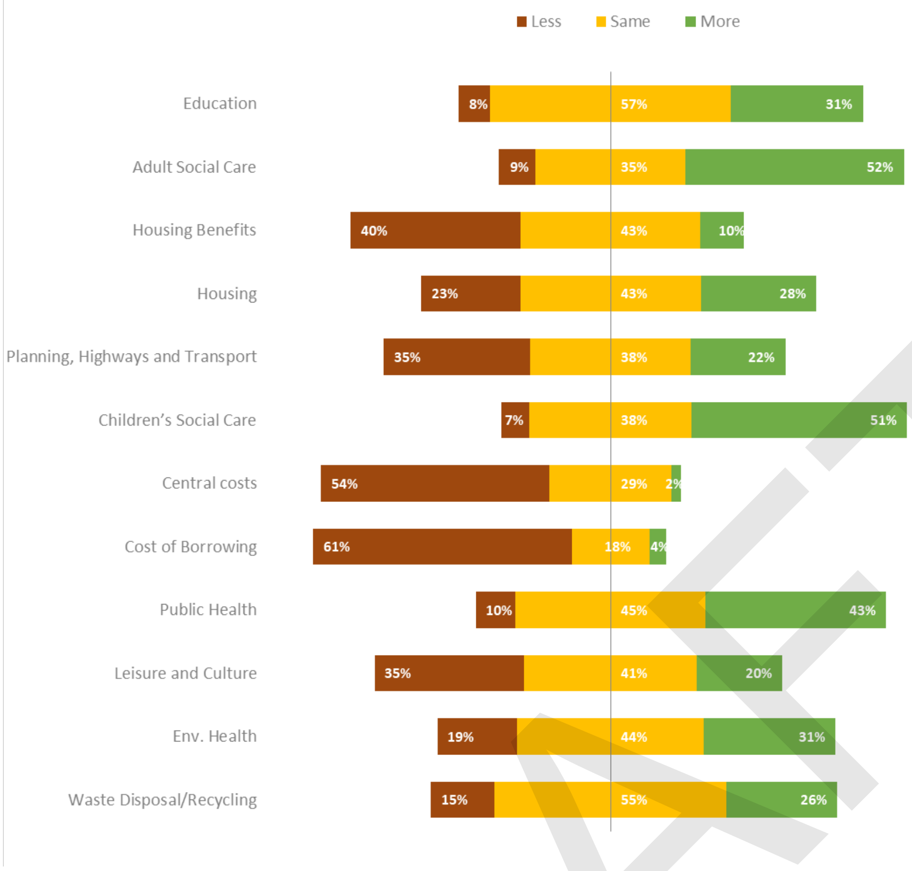
144. The online survey was supported by a social media campaign, a video from the Cabinet Member for Finance explaining the importance of the consultation, and was included SCC's e-newsletter alerts to citizens that are registered to receive them. It was also supported by coverage on SheffNews here: https://sheffnews.com/news/public-consultation-opens-on-challenging-budget-for-202223

145. The survey followed a similar format to previous years, providing a summary of the budget position and the financial challenges that we are facing as a City Council. It then set out a series of quantitative and free text questions enabling citizens to have a say on spending priorities, investment in services and capital projects, our proposals for Council Tax, and provide suggestions on areas for further savings or generating income.

Citizens' Spending Priorities

146. Respondents said that their main priorities for more investment were adult social care, children's social care and education which is consistent with previous years although there has been a noticeable reduction in citizens wanting to see more investment in education. Citizens have continued to want to see increased investment in Public Health with the ongoing impact of the Covid-19 pandemic but the proportion wanting to see more investment has fallen compared to last year. Respondents indicated that they were happy to sustain similar levels of investment in some key city services such as waste disposal/recycling with people keen to see less investment in central costs and the cost of borrowing.

Fig 7. Which of these areas would you like the Council to spend more, less or the same in order to balance the budget?

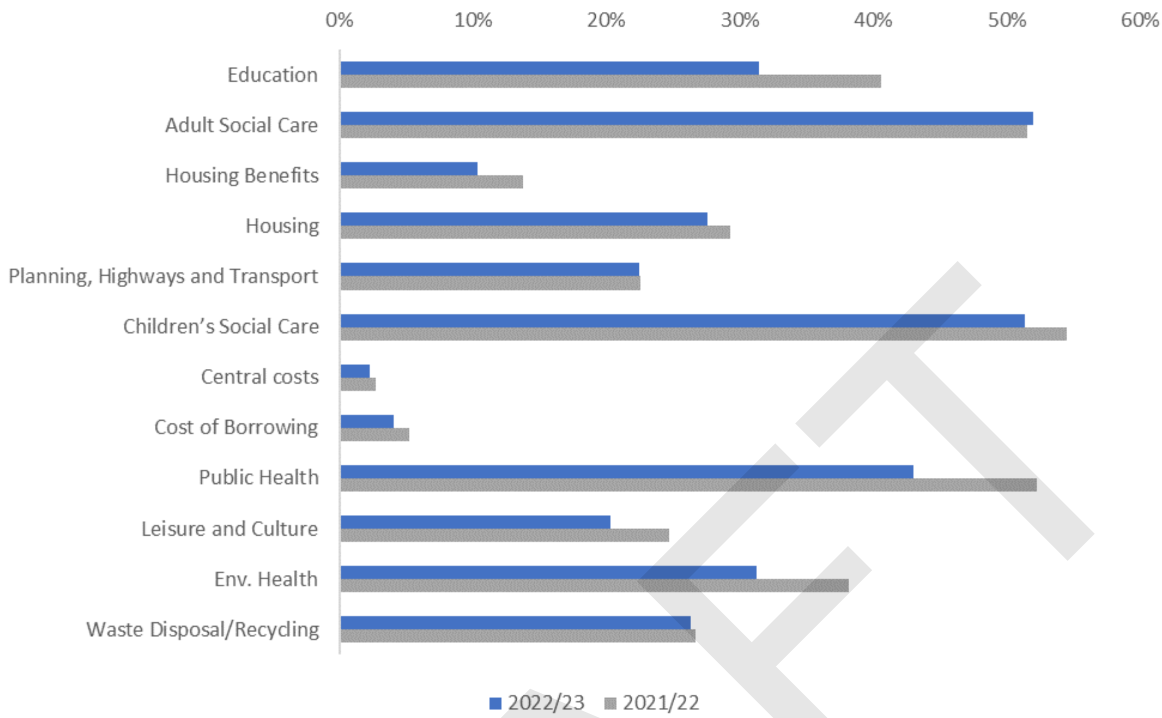


147. Fig 8 below shows the percentage of respondents who stated that they wanted the council to spend more in each area, with results from the 2021/22 budget consultation alongside results from the 2022/23 consultation.

148. The percentage of respondents wanting to spend more on Education decreased by 10 percentage points compared to 2021/22, and there was a fall of 9 percentage points in those wanting to spend more on Public Health (following a 6 percentage point increase in 2021-22).

149. The only area with a marginal increase in the percentage of respondents wanting the council to spend more compared with 2021-22 was Adult Social Care, by 1 percentage point.

Fig 8. Which of these areas would you like the Council to spend more – 2021/22 and 2022/23 comparison



150. In addition to the above, respondents were also asked to comment on SCC's spending priorities. For many citizens, there was a recognition of the challenging budget context that the council is in and the impact of Government funding cuts over the last decade on local government and local services. As part of this, respondents recognised that there are likely to be tough choices to make for SCC and the importance of prioritising resources.

151. Respondents reinforced the messages in the charts above – particularly the importance of supporting the most vulnerable people in the city through investing in adult social care and children's care and recognition of the demand for these services. There was also a clear focus on the impact of the pandemic, particularly on children and the need to support them (education) to recover and thus, support them to achieve their potential.

152. There is also a consistent focus on environmental issues in many of the comments, both the importance of investing in neighbourhood quality (cleaner, greener, safer issues, transport) and investments to address the climate emergency.

Council Tax

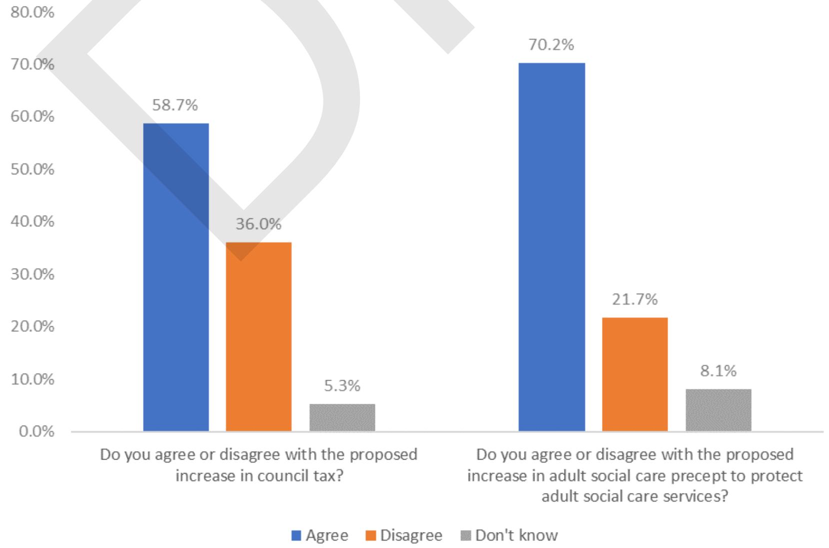
153. In the Autumn Budget and Spending Review, Government allowed councils to apply an annual increase to Council Tax of up to 1.99% with an additional 1% precept to help cover adult social care costs. In the 2022/23 budget consultation, we again asked Sheffielders about our proposals on Council Tax and the Adult Social Care Precept in two separate questions.

154. We asked respondents about whether they agreed or disagreed with the proposed 1.99% increase in Council Tax for 2022/23. We stated that this increase would help protect key services and help the city's continued response to Covid-19. A 1.99% increase is around 43p a week for most households in the city.

155. Almost 59% of respondents said that they supported the proposed 1.99% increase in Council Tax but this was a noticeable decline from the 67% who supported the increase in last year's budget. In the additional free-text comments provided, a number of respondents recognised the challenging financial context and the impact of ongoing reductions in funding from central government leaving councils little choice but to raise Council Tax. A number of people stated that they didn't mind paying a little more to protect services and the most vulnerable but also wanted to see impact and change.

156. Reflecting year-on-year reduction in respondents supporting the proposed Council Tax increase, a number of comments cited this increase was in addition to increases in National Insurance, energy and food prices, further stretching household budgets, particularly for those on the lowest incomes.

Fig 9. Do you agree or disagree with the proposed increase in council tax; and do you agree or disagree with the proposed increase in adult social care precept to protect adult social care services?



Adult Social Care Precept (ASCP)

157. Alongside the question on the proposed Council Tax increase, we asked citizens about the proposed 1% increase in the Adult Social Care Precept (ASCP) which Government have allowed councils to do in order to support adult social care services.

158. We stated in the survey that overall funding pressure on Sheffield's social care services next year is £61.5m; the 1% increase will provide £2.4m. A 1% increase is around 22p a week for most households in the city.

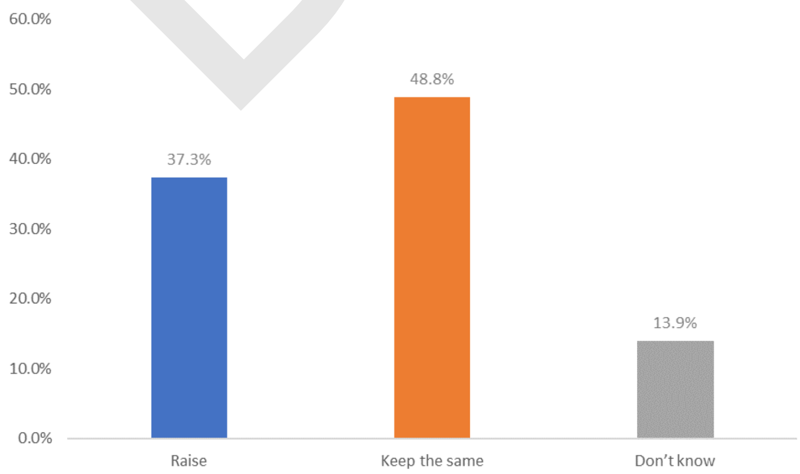
159. As demonstrated in Fig 9 above, the overwhelming majority of respondents supported the proposed 1% ASCP increase (70%). This is a slightly higher percentage voicing support for the ASCP increase compared to last year (67% to 70%) but last year, our proposal was a 3% increase and thus isn't directly comparable.

160. In the free text comments, the common themes from respondents included that they wanted to support the most vulnerable in the city; that social care provision was underfunded by Government; and in the absence of other funding options, the increase was necessary. However, there were also a number of comments reflecting the growing financial pressure on households and a keenness to ensure that the additional money was invested in the people that need social care services.

Fees and charges

161. We asked Sheffielders about the fees and charges we collect for services such as building control, parking, bereavement, hire of facilities, licensing, sport and leisure. We stated in the survey that the money from fees and charges is part of how we manage our overall budget but for some services, the law restricts what we can spend the money that we raise on.

Fig 10. Fees and charges - what would you prefer the Council to do?



162. 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 (49%) with 37% suggesting that they would be happy to see fees and charges increased. There has been a year-on-year increase in people suggesting that we should increase fees and charges (31% in 2021/22 to 37% this year).

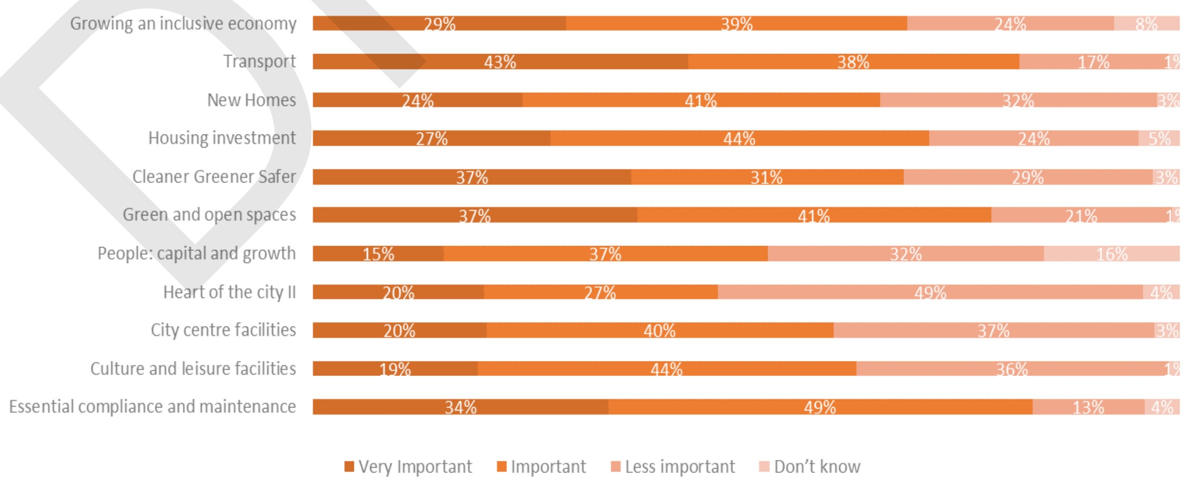
163. Similarly with the response to the Council Tax/ASCP proposals, respondents recognised in free-text responses that fees and charges were important in providing funds for services. Sheffielders did caution that we have to be aware of the impacts and consequences of increasing fees/charges (e.g. increased parking charges on city centre footfall); that increases should be nuanced (ie. not across all services and be focused on those most able to pay); and that we should at least make sure that the fee level covers the cost of the service provision. In line with previous questions, respondents were concerned about the cumulative impact of increases in taxes, fees and charges and the cost of living on Sheffielders with lower incomes.

Capital investment

164. We then asked Sheffielders about priorities for capital investment which pays for things like buildings, roads and housing and for major repairs to them. It does not pay for day-to-day services. We stated in the survey that in 2021/22 the Capital Investment Programme was £191.7 million.

165. As the chart in Fig 11 shows, respondents were particularly keen to see us invest in essential maintenance, transport, our green spaces, housing and the city's economy.

Fig 11. How important do you think it is for the Council to invest in the following areas?



166. Year-on-year comparisons are more difficult in this area because projects and terminology changes but it is striking that there has been an increase in the proportion of respondents seeing transport investment as important compared to 2021/22. This potentially reflects the changing context of covid and the

return to using public transport across the city. Respondent focus on housing also increased compared to last year, both in investing in the city's housing stock and building new homes.

167. The free-text comments received for this question covered a range of areas but there was a particular focus on the city centre (and Heart of the City 2) either stating how vital it is that we continue to invest and redevelop the city centre or challenging the impact this will have, the importance of city centres in the modern context and balancing city centre investment with local centres. There is a current consultation on our City Centre Vision which will undoubtedly develop the comments that citizens have made here.

168. Further comments focused on how SCC should invest in housing and homes across the city and the importance of transport investment for connecting people to the city and local centres and to vital services.

169. For future engagement with citizens on our budget, we need to explore alternative approaches to talking about our capital programme as some respondents were confused by some of the terminology used here and also, citizens wanted to know more detail about SCC's capital programme and the specific schemes involved. There is a good opportunity here to develop this aspect of future budget conversations and utilise other engagement approaches (eg. workshops, deliberative conversations) to enhance citizen engagement.

Other comments

170. Finally, we asked Sheffielders if they had other comments or suggestions on how the Council could increase income, reduce costs or make savings to balance the budget.

171. Respondents provided a very wide range of views and comments but particularly focused in a number of areas:

- **Being an efficient council** – a range of comments about reducing officer and Member salaries; reviewing/reducing senior officer posts; getting the basics right for citizens and maximising service efficiency and productivity. Also suggestions about rationalising council office accommodation (eg. Moorfoot), review our contracted out services, collection of rents and Council Tax, improving SCC's online services for citizens, and work more closely with partners and communities to find different ways of doing things for communities.

- **Effective enforcement** – improving quality of life and neighbourhood/place quality by maximising impact of enforcement (pavement parking, illegal parking, littering, bus lanes etc) and collecting fines.
- **Invest in growing the city's economy** – encouraging more business start-ups, increase business presence in city and district centres and bolster the city centre's night time economy.
- **Focus on climate change** – a range of messages about increasing recycling, increasing the scope of the Clean Air Zone (ie. charging more diesel vehicles), improving energy efficiency of council buildings.

Business engagement

172. On the 12th January 2022, we held a budget conversation with around 40 representatives of the Sheffield's business community. The session was convened by Alexis Karachi and Louisa Harrison Walker, Interim Executive Directors of the Sheffield Chamber of Commerce.

173. The session started with a presentation overviewing the City Council's budget position from the Director of Finance and Commercial Services and the Co-operative Executive Member for Finance followed by a discussion and conversation with business representatives, focusing particularly on how the businesses, SCC and partners can work together to grow the city's economy and achieve better outcomes for our communities.

174. Key points included:

- **Focus on prevention** – importance and reviewing and taking a broad view of preventative activity to improve the quality of life for Sheffielders, not only through health and social care services, but maximising the education, skills culture and leisure.
- **Importance of growing the city's economy** - making Sheffield the best place to locate and grow a business, capitalising of increasing status as a great city to visit, creating more opportunities for high quality, productive jobs for citizens.
- **Collective and collaborative vision for Sheffield's future** – recognition of the shared role business and partners have in working together to set out an ambitious and inclusive vision for the city's future.

Voluntary, Community and Faith Sector (VCF) engagement

175. On the 13th January 2022, we had a conversation with a range of representatives from Sheffield's VCF sector at the VCS Forum.

176. The Co-operative Executive Member for Finance and the Director of Finance and Commercial Service delivered a short presentation overviewing the scale of the budget challenge facing SCC this year and the proposals to manage that challenge (as set out in this Budget).

177. We then had a busy and engaging conversation around the budget challenges and issues in the budget, which included:

- Collective and collaborative working – where VCS leaders and organisations and SCC can work stronger together to find solutions for the city but also connect to/access external resource (eg. from Government)
- Data and evidence – working together to better understand the collective resource that supports 'communities' in Sheffield (need to clearly define 'communities'), how we stop fragmented approaches to resourcing communities and VCF, and how we better deliver impact with that resource
- Direct and indirect impacts – how SCC and VCF organisations to better understand and consider impacts of budget proposals and service reviews on communities
- Providing more certainty – while recognising the uncertainty of local government finances because of Government's annual settlement announcements, there is an opportunity for SCC to support VCF organisations with their budget setting by providing greater certainty earlier in the year.
- Continue to build our collaborative relationships – continue to invest in good behaviours, and principles of engagement, centred on equal partnership, timely dialogue, exploring solutions together, fairness in our funding settlements.

Equality Impact Assessment Summary

178. The Council in its annual budget-setting process is required Section 149 of the Equality Act 2010, the Public Sector Equality Duty, 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.

179. 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, residents and people who use services to consider the impact of any proposals or projects on the people who share protected characteristics. One of the ways we fulfil this duty is through conducting Equality Impact Assessments (EIAs). Whilst there is no legal requirement to conduct an Equality Impact Assessment, this process enables a rigorous analysis of decision making and identifies any negative and positive impact on people with protected characteristics and enables us to meet our duties as outlined above and we have committed as a Council to undertake this process.

180. 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.

181. 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 and Faith Sector (VCFS), 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.

182. This summary provides an overview of the potential implications of the proposals in the 2022/23, taking learning from the individual EIAs that support each proposal.

183. The individual EIAs undertaken are not a one-off task; 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. We will undertake an initial EIA on every proposal but only undertake a full one when it is indicated that the proposal will have a significant impact (more than minor). 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.

184. 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.

185. 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 any negative impacts or promote positive ones where possible.

186. 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.

187. Inevitably, funding reductions at the scale and pace that we have experienced over the last ten years on top of the needs arising during the pandemic does mean there will be implications for the front-line services we deliver, for those in greatest need and for some of the work we do with groups who share equality characteristics under the Equality Act 2010.

188. We have tried to minimise the impact on the most vulnerable and those in greatest financial hardship as far as possible, however we must make some difficult choices. This year following the impact of COVID 19 for a second year and the level of savings and demand pressures that are required mean that we have used reserves to protect frontline services but even after we are less able to do this than before.

189. We believe that equalities should run through all that we do. That is why we have undertaken an analysis of all our proposals. In building our approach to these budget savings, we have carefully considered areas which have the least direct impact on people, and how we re-shape services and any ongoing investment to continue to protect front line services. Each service area has

completed an initial EIA of its savings proposal to help identify any potential negative or positive impacts. Any adverse impacts on people and communities with protected characteristics will be minimised as much as possible by action plans. Impact analysis started early in the process of considering service changes, to try to ensure we involve relevant individuals and groups, including those who use services. Where this has not been possible yet, we will undertake the analysis before any reductions to services are made. Some of these proposals are outline savings and the detail has yet to be worked through. This will still be undertaken as will consultation where required. On some services we have identified a saving to be made and this is the start of the proposal, the detail and impact will be looked at before final decisions.

190. This also gives us time to understand and consider evidence we have about the potential impact of any proposal. There is also careful management control of each proposal. The impact analysis process also helps to shape both proposals which were in the end not accepted and not included in the budget and those that are.

191. We have also used previous consultations or engagement activity to inform proposals including as outlined below.

192. In 2020 we also undertook a comprehensive set of rapid health impact assessments and ran a city wide COVID impact consultation which from July 21st 2020 to the 30th September 2020 had over 3600 responses on the impact of the pandemic on people lives.

193. In 2021 we also launched our Local Area Committees and as part of the work of the Committees we undertook a consultation including on priority areas. As part of that we received 4612 online Local Area Committee Community Survey - Sheffield City Council - Citizen Space and 2988 paper versions that we analysed. In relation to equality characteristics, we received a fairly representative sample in most.

194. Last year we launched our city wide One Year Plan The One Year Plan (sheffield.gov.uk) The plan was designed to help Sheffield rebuild from COVID-19, empower communities and deliver for the city and its people.

195. As well as immediate actions for the year ahead, the plan started to lay the foundations for long term change. It focuses on empowering people and businesses to thrive, building sustainability into all areas of life and keeping Sheffield’s diverse communities at the heart of all our plans.

196. One of the immediate lessons of the pandemic has been the incredible community spirit and community action that we have seen across Sheffield,

with people coming together to support each other. As a Council we want to do more to build deeper connection to the people and communities of the city, to genuinely listen to people's views and involve them in decision making in their communities.

197. We believe every person in Sheffield should be able to achieve their full potential. However not all children and young people have the start in life that they deserve, and there are increasing numbers of vulnerable children and adults whose safety we have serious concerns about. Despite huge strides over recent years, substantial educational inequalities remain in the city and are likely to have been exacerbated by the pandemic – this will be a key focus for our work over the next year.

198. The Plan is divided into four chapters each focused on a key aspect of how we, working with our partners and communities, need to make a real difference for our city over the next year. There is a commitment to being connected to our communities and citizens, a Council in and of our communities, working in the open, with and alongside people - a visible, accessible organisation.

199. We also continue to work towards our Equality Objectives 2019-23 which demonstrate our commitment to challenging inequality and promoting a fair and inclusive Sheffield. Every year we produce an annual Report to feedback on the actions we have undertaken to meet these objectives and the report is on our website. Our Commitment to Equality (sheffield.gov.uk) 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.

200. In 2020 we supported the setup and running of the Sheffield Race Equality Commission. The Commission has run over the past 2 years to provide an independent strategic assessment of the nature, extent, causes and impacts of racism and race inequality within the city. We have held 12 public hearings across 6 themes and although the Commission will not report until later in the year, we will, continue to consider race equality in our equality impact assessment process and consider the Commissions findings once the report is complete.

Evidence supporting our impact analysis

201. Our equality impact analysis is underpinned by a robust evidence base, including:

- **Demographic analysis** – although there was a census last year we are not expecting the data until May 2022 so we are continuing to use 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 benefit levels, and the cost of living increases on our communities. Compared to pre pandemic levels, child poverty levels have risen in the city by 18.75%. On average 75% of all open cases in children's services are from the three most deprived deciles in the city. We held a city summit on Tackling Poverty in October 2021 and the actions have influenced our priorities and decision making across the Council.
- **Health Impact – COVID 19** Rapid Health Impact Assessments and Health Inequalities and Covid- 19 and the Covid Impact consultation questionnaire. Covid -19 also continues to significantly impact on unemployment and family debt which leads to more domestic violence, substance misuse, and emotional and mental health. Covid has also had impacts on partners, e.g., schools, NHS, South Yorkshire Police and the VCF sector.
- **Consultation** - to inform, develop and enable citizens to have their say on options for the 2022/23 budget, the Council ran a budget survey between 16th December 2021 and 17 January 2022. Although we had fewer responses that last year, we also had finished a much larger consultation about Local Area Committees in Dec 2021. We also held 2 sessions one with the business community and another with the VCF sector. In terms of the demographics of who responded, we know 86% were white British and 14% from a Black, Asian or Minority Ethnic ethnicity so lower than the population of Sheffield as whole, 20% identified as Disabled and 20% as Carers. Men and women were fairly equal in responses and there were a higher than expected from the population of responses from people that identified as LGB+ at 14%. There were also a lower number of people from ages 16 to 35 than in the population overall with few students. This may reflect people who may be more likely to use key services.

Mitigating impact

202. We are committed to tackling inequalities and ensuring inclusivity, so we will try to make it easier for individuals and communities to overcome barriers they face 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 barriers that people face.

203. Throughout the years of 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. We are continuing to do this, but this has had an impact on what the Council can continue to deliver, and especially on the Council's universal offer.

204. We have again increased the money available under our Council Tax Hardship Scheme, this has risen year on year and by an extra £200,000 again this year and now stands at 2 million pounds. This is to try and mitigate the increases to Council Tax and protect the people in greatest financial hardship.

205. The Council will maintain its moral obligation to pay all its employees the Foundation Living Wage (as a minimum). We also will continue to encourage our partners, 3rd party providers, and the range of employers across our city to pay the foundation Living wage as a minimum.

206. Over the last 4 years, the Council has provided vital social care services with above inflation funding increases, and this year is no different. A 16% increase for 2022/23, and an average increase of nearly 13% p.a. over the last 5 years, has seen the budget for adults and children's social services rise by a total of £126m.

207. The year-on-year reductions from Government has meant that over the last ten years we have seen a real terms reduction of 29% and this has impacted on the people of Sheffield, including those in greatest need and groups that share equality characteristics. We have also seen increasing demand for our services in key areas like social care. We can try to highlight mitigating actions where possible, and these will be implemented as part of EIA action plans but there is always an impact.

208. The 2022/23 savings targets are the highest the Council has ever faced, as the Council needs to make over £52.7m of savings. Although there are very difficult choices to make, our impact assessments illustrate our commitment to tackling inequality and ensuring inclusivity and to mitigate negative impacts

where possible. We will monitor closely for any adverse equality impacts as reductions and changes in provision occur during the next year.

Cumulative impact

209. As in previous years, we have paid due regard to the cumulative impact of changes from recent years to inform our decision making this year. Whilst there are more negative implications this year due to the significant budget gap there are still important investments in key services like social care for adults and children and youth services. We have used reserves to make sure the most vulnerable are protected. However, we also should recognise the terrible impact that almost a decade of austerity and the pandemic has had on communities and public services.

210. We are using contract reductions, raising fees and charges and service transformations, to the best effect to try to mitigate the negative impact of budget reductions and increased cost pressures, however this has still means that we have had to make some very difficult choices. For example, in Children and Families services they are currently seeing significant and growing demand, outstripping the resources (people and finances) available to meet the growing need. Despite additional funding made available to plug the gap and successful targeted prevention activities such as Early Help and Inclusion, there is still insufficient resource to meet demand in 2022/23.

211. In service transformations we are reducing levels of staffing across the council and although we try to do this where there is likely to be less impact on customers, people may face increase in waiting times for services and see service changes. This also has an impact on the pressures that remaining staff feel, which in turn may impact on sickness levels. We have seen this occurring over the past year. The Council has to decide where to do or provide support less.

212. The groups which are impacted across EIA's and portfolios are the same as last year as these are the groups most likely to use services, in particular such as disabled people, older and young people, women, carers and people on low incomes.

213. Some people who due to the impact of Covid over the past 18 months may have had a service for the first time or have had a service increased may find that this has to be reassessed to see if the same level of service is required. Although this will always be based on individual assessments there will be some people who previously received a service may receive a changed or reduced service, or no service, as we focus services on those most in need.

214. Subject to Council approval, the Council Tax rate will increase by 2.99%, comprising 1.99% for the Core Council Tax and 1% for the Adult Social Care Precept. The majority of dwellings in the Council's area are Band A, and as such will see an increase the equivalent to 65p per week. A 1% increase in the Social Care precept is around 22p a week for most households in the city. This will be mitigated by the increase in hardship funding which has again risen by a further £200,000.

215. Also due to low income, some groups are also more likely to be cumulatively impacted, these are disabled people, carers, some Black, Asian and Minority Ethnic communities, young people and some groups of women, such as lone parents and female pensioners.

216. The reduction in universal provision or increases in fees and charges is likely to impact on those who are not in the greatest need, but who are still struggling financially and may find it difficult to pay for alternative provision.

217. This year with the rise in national insurance, increased inflation, energy and food price rises, the impact of COVID etc the impact on people who are living in poverty or who are struggling financially is more acute. There are likely to be more people in this position than before from across the city. The budget consultation both as a percentage of responses and in the free text boxes is telling us that although people agree to a rise in Council tax to protect services, this is fewer than before, and people are worried about the ability to pay any increase. See the consultation section. People are more likely to support the social care precept an increase that specifically goes to this area.

218. Looking across this year's budget proposals, there may be cumulative implications for a number of protected characteristics. This includes:

- **Women** - across the proposals in the 2022/23 budget, women may experience cumulative impacts through changes to social care and increased fees and charges. Women make up a larger proportion of older people, disabled people carers, people receiving care and lone parents. We do however remain committed to improving pay for staff providing services on its behalf at the Foundation Living Wage. It therefore plans to work with care provider to deliver enhanced pay terms for front line workers in 2022/23. This will impact on the people who are most likely to work in this area such as women. We are undertaking a Safeguarding, Mental Health and Domestic Abuse review
- The impact of a review and potential for bringing functions together in a single team would be expected to be positive, but full impacts would need assessing.

- **Age Older people and disabled people** – Many older people including those in care homes 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 to help keep people independent, safe and well at home, however demand is high, and this is an area of concern. Increasing Direct Payments is expected to offer people more support and options. This proposal is likely to have positive benefits in areas of people's lives, including choice and control, health and wellbeing and social inclusion. There are also a range of other service changes that are likely to impact on older and disabled people
- Disabled people both adults and children were disproportionally impact by Covid 19 from higher death rates, to being asked to shield and therefore more isolated and also to the shutting of day centres etc. This exacerbating the already stark inequalities in services with many young people suffering isolation and having their access to education, health services and support disrupted or withdrawn during the pandemic. In our EIAs we highlight that the reduction of element 3 locality funding to schools and exceptional needs would have a reduction in inclusive practice and possible negative impacts and increased numbers of children going into special schools. Also, a reduction in the Inclusion and Schools Commissioning supporting sufficiency work would impact on the ability to deliver the sufficiency for mainstream and SEND places in the city which is a statutory duty.
- **Black Asian and Minority Ethnic Communities,** we have seen the differential impact on some specific 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 workers of a Black, Asian and Minority Ethnic people are in frontline roles or are self-employed, have income disparities and poor health outcomes. Overall, the communities are also younger on average and are supported by voluntary sector organisations in higher proportions, this is positive as these two areas have seen additional investment in youth services and no cuts to the VCF sector grants. Direct payments in social care is likely to have positive benefits in areas of people's lives, including choice and control, health and wellbeing and social inclusion. A larger proportion

19% of direct payment recipients are from a minority ethnic background. A larger proportion of taxi drivers are male, Black, Asian or Minority Ethnic and over 50 years old. Therefore, charging for vehicles as part of the clean air zone that are non-compliant may have a disproportionate impact on this group however these same communities are also likely to benefit from a health perspective from the zone.

- **Health -** Any loss of mental health and wellbeing support through the reduction in the health offer will have negative impacts on children in care and their families, disabled young people and young people overall. This will have a cumulative impact on work already taking place to mitigate the long-term impacts of the Covid pandemic, many of which are still unknown. The recent Liverpool John Moore's University, Edge Hill University and the University of Liverpool report highlighted the impact on children with special education needs in particular. **Integration of Continuing Health Care** Services and joint commissioning with health partners to promote independence, improve system processes and costs is expected to have an overall positive health impact on the population. Spending in **Public Health** is integrated throughout the Portfolios. 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. The Clean Air Zone is likely to see significant health benefits.
- **Age - Younger people** – Amongst other areas we have invested extra in is the Youth Strategy: 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. However, reductions to the Youth Justice Service could result in a range of negative health related impacts for staff and for young people currently supported, with service reductions adding to the negative health impacts that offending and reoffending can cause in the short and longer term.
- **Financial Exclusion and Poverty**, external factors such as the increase in energy prices, food, national insurance etc have already had a significant impact on households, especially those most vulnerable. We have had to increase Council Tax and the Social Care precept,

increase other fees and charges across the Council eg for parking, for bereavement and registry office services, bring in the Clean Air Zone charge etc all to help us support services. In mitigation we have increased the hardship fund again to £2 million overall to protect those on the lowest incomes, however struggling households will still be impacted by these changes.

- It is difficult to quantify the cumulative level of impact as mitigations have been highlighted in all EIAs and external factors, such as the national insurance rise, cost of living, and benefit levels, are also impacting negatively on some of the same groups of people.

Headline summary of impact assessments

219. Inevitably, funding reductions at the scale and pace that we have experienced over a significant time does have implications for the front-line services we deliver. It also impacts 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 COVD 19 on top of the existing inequalities we know existed.

220. 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. In line with these priorities the People portfolio will therefore receive significant investment with budget increases of £29.8m on core funding and £8.6m of Central Government grants for 2022/23. This is the fifth successive year of investment; this demonstrates the Council's ongoing commitment to the most vulnerable residents in the city. However, this level of increased funding is no longer sustainable and must be contained if the Council is to remain solvent in the medium term. Place, Resources and PPC have all contributed toward the resulting budget gap by reducing staff costs, improving service effectiveness, and developing plans to generate additional income during 2022/23.

221. This increased level of additional funding has only been possible due use of the Council's reserves, cuts to other services and the Council's difficult decision to increase council tax, including the Adult Social Care precept. The Council has had to balance the extra costs to Sheffield taxpayers from the increase, with the need to protect its social care services to its most vulnerable residents

222. The substantial reductions from Government in funding over the last ten years mean that progress on work to tackle inequality is much more focused on supporting those in greatest need and that we do not slide backwards and lose ground in tackling persistent areas of inequality.

223. 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 reviewing and reducing costs of contracts, streamlining processes, automation, joining up services and reducing staffing levels.

224. Given the service changes there is an impact on staffing and health and wellbeing of staff, and we have undertaken a Council wide impact to cover all of the changes. We have tried where possible to avoid compulsory redundancies and focussed on employee led schemes such as voluntary redundancy. We have also encouraged staff to buy extra leave etc to reduce costs. This has had a greater impact on women, older and disabled staff as a result.

225. Given the importance of income from external users of our services, we are again review charges for services to ensure we recover the full cost of providing these services reflecting the pressures the Council faces. Those charges that do increase will be benchmarked against market rates.

Cumulative Impact

226. • We will secure a future working relationship with the new NHS structures, founded in our vision to deliver excellent health and care services in all our communities across Sheffield, reduce health inequalities, integrate care and put public delivery at the heart of health and care. We are asking our health partners to pay more contributions where we feel this is fair. Within Integration of Continuing Health Care (CHC0 Services we are joint commissioning with the Clinical Commissioning Group (CCG soon to change to Integrated Care Board), joint-work to improve system processes and costs is expected to have an overall positive health impact.

227. In all Portfolios the budget proposals include some reduction on staffing budgets. There has been a significant impact on the Council's workforce over the last decade due to restructuring and reductions. The Managing Employee Reduction programme this year is aimed at facilitating the departure of around 146 Full Time Equivalent 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. The vast majority of these are voluntary early retirements (VER) and voluntary severances (VS). Consultation is ongoing 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. We also aim to take on a significant number of apprentices as well.

228. There is a Council wide EIA the process and the project will also help us to address an imbalance in our workforce profile. We are not meeting our

targets of having a workforce that reflects the population of the city of Sheffield. The project aims to facilitate some employees to leave but also includes a target of introducing 100 new apprenticeships. By monitoring the impact of the leavers on the workforce profile we can also target the subsequent recruitment to close the gaps in the workforce profile. This project aims to allow those who wish to leave both to retire or to move on to do so in a planned and managed way. The project is over a 2–3-year period allowing some of the skills and experience to be passed on. This requires a recruitment campaign to ensure inclusivity. A representative, diverse workforce will help us deliver our services ensuring SCC is in touch with issues affecting the residents of Sheffield, is accessible and appropriate and help to use to reduce inequalities in our city.

229. We also 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. For others, Covid-19 has meant long hours and a severe impact on work and home life balance.

Voluntary, Community and Faith Sector

230. We recognise 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 pandemic. People with some protected characteristics – including disability (and mental ill health), 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 again for 20221-23 as well as last year. On the 13th January 2022, we again had a conversation with a range of representatives from Sheffield's VCF sector at the VCS Forum. They emphasised collaborative working, where we can work stronger together to find solutions for the city but also connect to/access external resource (eg. from Government). How we can better understand and consider impacts of budget proposals and service reviews on communities including by better evidence. They also wanted more certainty, while recognising the uncertainty of local government finances. However, there is an opportunity to support VCF organisations by providing greater certainty earlier in the year.

231. Overall, it's important to note that the impact assessments although started are not all complete. There is still a period of time before any implementation to review and update the assessments including speaking to and consulting groups and individuals where needed. The budget will set the overall framework but some of the detail will now need to be worked though. This includes areas like Social Care where the framework to undertake

assessments has been agreed but not individual assessments or with changes to fees and charges where we haven't yet set a new level or in changes to services which will reduce staffing.

232. As in the rest of the country, we face a significant and unresolved crisis in both adults' and children's social care, with the complexity and demand for services increasing, an increasingly stretched workforce, and a long underfunding of services by central Government. When we add to this the impact of COVID we are having to this year use our reserves to meet the budget shortfall. However, to bridge this budget gap, the Council has commissioned a series of Strategic Reviews covering preventative services, hardship support and library provision, plus some smaller areas. The aim of these Reviews is to identify changing methods of provision that support services to the public at lower cost. All of these areas will need full impact assessments and consultation. Work on these will begin immediately in order to help us better understand the impact. In the longer term, we want to focus on prevention so that people are able to take charge of their own wellbeing where they can without barriers and support them to stay healthy throughout their lives, so fewer people reach crisis point and need support

Recommendations

233. Council is recommended:

a) To approve a net Revenue Budget for 2022/23 amounting to £411.800m;

b) To approve a Band D equivalent Council Tax of £1,753.21 for City Council services, i.e. an increase of 2.99% (1.99% City Council increase and 1% national arrangement for the social care precept);

c) 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 2;

d) To approve the savings as set out in **Appendix 2**;

e) To approve the revenue budget allocations for each of the services, as set out in **Appendices 3a to 3d;**

f) 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 5** would be calculated by the City Council for the year 2022/23, in accordance with sections 30 to 36 of the Local Government Finance Act 1992;

g) 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;

h) notes the precepts issued by local parish councils which add £654,794 to the calculation of the budget requirement in accordance with Sections 31 to 36 of the Local Government Finance Act 1992;

i) To approve the Treasury Management and Annual Investment Strategies set out in **Appendix 6** and the recommendations contained therein;

j) To approve the Minimum Revenue Provision (MRP) Policy set out in **Appendix 6**; which takes into account the revisions proposed for 2022/23 onwards;

k) 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;

l) To approve a Pay Policy for 2022/23 as set out in **Appendix 7**; and

m) To agree that (a) the Member's allowances scheme for 2017/18 and onwards, approved on 3 March 2017, and implemented for 2018/19, 2019/20, 2020/21 and 2021/21 and as amended in 2021/22 be also implemented for 2022/23 until the date of the annual meeting and (b) to note that, following a review by the Independent Remuneration Panel, a new Scheme will be agreed by Council to reflect the requirements of the new committee system to be implemented from the Annual Meeting on 18 May 2022.

Kate Josephs
Chief Executive

Eugene Walker
Executive Director, Resources

Portfolio Pressures

	BIP Reference*	Loss of Funding/ Income £'000	Increasing Demand on Services £'000	Pay & Price Inflation £'000	Legislation Changes £'000	Other £'000	Total £'000
People							
Client Growth, Increased Demand & Demographic Increases	2.E2/3.E2/3.E8/11.E6/11.E7/11.E9/12.E1/12.E2/24.E2/33.E1		12,356				12,356
Pay Inflation	Various			2,176			2,176
Contract Inflation	2.E1/3.E1/24.E1			6,018			6,018
Purchasing Overspend	2.E6/3.E13/3.E14/24.E4					20,233	20,233
Growth & Placements Changes	14.E1/14.E2		13,616				13,616
Recovery Plans	2.E3/3.E3/4.E2		1,558				1,558
Investment Projects	3.E4/3.E5/4.E1/7.E1/7.E2/7.E3		2,903				2,903
Loss of Grant Funding & Sundry Income	2.E5/3.E9/3.E10/3.E11/3.E15/15.E4/39.E3/20.E3	3,137					3,137
Increases in Payments Due	11.E3/11.E5/11.E8/13.E1		1,041				1,041
Staffing Costs	Various		9,099				9,099
Increased Legal Fees & Support	11.E1/11.E2		315				315
		3,137	40,888	8,194	0	20,233	72,452
Place							
Pay Inflation	Various			1,124			1,124
Contract Inflation	44.E2/49.E2			1,822			1,822
Place Hub MER not Deliverable	44.E3	100					100
Delayed Implementation of Target Operating Model	49.E1	1,410					1,410
Funding for Place Restructure	47.E3		275				275
Housing General Fund Demand	43.E1	600					600
Reduction of Service Income Target, Forwards & Area Planning and Regeneration Team	47.E1/47.E2	253					253
		2,363	275	2,946	0	0	5,584
Policy, Performance & Communications							
Inflationary Increases	50.E3			93			93
Staffing Costs	50.E1/50.E2		331				331
Establishment of Equality, Diversion & Inclusion team.	50.E4		480				480
		0	811	93	0	0	904
Resources							
Pay Inflation	Various			804			804
Indexation on third party ICT contracts	52.E4			63			63
Improved IT services	52.E1/52.E2/52.E3		747				747
Cost and Volume Rises for O365 Licenses	52.E5		170				170
Increased Bank Charges From More Online Payment	54.E1		110				110
Staffing Costs	55.E2/61.E2		421				421
HR Contract Pressures	56.E1/56.E3/56.E4		314				314
Increase in the Number of Special Responsibility Allowance's	57.E2		84				84
Loss of Income	57.E4	64					64
		64	1,846	867	0	0	2,777
Total Pressures		5,564	43,820	12,100	0	20,233	81,717

Portfolio Savings

	BIP Reference*	Cost/ Contract Price Reduction £'000	Service Effectiveness £'000	Staff Cost Reductions £'000	Income Generation £'000	Total £'000
People						
Integration of CHC Services	2.B4		(400)			(400)
Accommodation Strategies	14.B4/2.B2/2.B3/3.B1	(100)	(363)			(463)
Supplies and Services	2.B18/3.B17/4.B3/7.B2	(200)				(200)
Increased Health Contribution	14.B3				(1,350)	(1,350)
Managing High Cost Care	2.B16/3.B5/3.B6/3.B3/3.B9/3.B10		(10,013)			(10,013)
Vulnerable People Contracts	24.B4/24.B5	(450)				(450)
Remodelling of Social Care Mental Health Provisions	24.B1/24.B2		(1,200)			(1,200)
Safeguarding, Mental Health and Domestic Abuse	5.B1		(100)			(100)
Reduced Contributions	15.B1/22.B1	(884)				(884)
New Residential Homes	14.B5/16.B3		(2,750)			(2,750)
Placements Mix	11.B2/14.B1/14.B2		(3,257)			(3,257)
Reducing Liability for Contract Void Charges	2.B7	(549)				(549)
Review of Befriending, Short Breaks and Day	2.B12/7.B1/7.B3		(678)			(678)
Youth Services	32.B7		(500)			(500)
Income and Payments Management	3.B2/3.B15/2.B9		(559)		(854)	(1,413)
Managing Homecare Packages	2.B6/2.B15/4.B2		(3,219)			(3,219)
Strength Base Reviews of Care	2.B1/3.B11/3.B13		(1,264)			(1,264)
Additional Income	38.B1				(60)	(60)
Staffing Review	Various			(8,965)		(8,965)
		(2,183)	(24,303)	(8,965)	(2,264)	(37,715)
Place						
Waste Management Contract	44.B11	(80)				(80)
Operational Services Efficiencies	44.B8/44.B9/44.B10		(189)			(189)
Libraries Savings	46.B9/46.B11	(70)				(70)
City Growth and Culture & Enviroment General Savings	46.B8/47.B2/47.B5	(215)				(215)
Improve Fleet Efficiency	49.B1		(250)			(250)
Reduction of Cleaning, Catering &CSSR Budgets	49.B8/49.B6/49.B5		(938)			(938)
General Facilities Management Savings	49.B2/49.B3/49.B4		(260)			(260)
Operational Services Additional Income	44.B1/44.B2/44.B3/44.B4/44.B5/44.B6/44.B7				(3,571)	(3,571)
Other Income	43.B2/46.B1/46.B3/46.B4/47.B4				(970)	(970)
Staffing Review	Various			(537)		(537)
		(365)	(1,637)	(537)	(4,541)	(7,080)
Policy, Performance & Communications						
General Savings	50.B5/50.B6		(193)			(193)
Income Generation Opportunities	50.B7				(57)	(57)
Use of Grant Spend	50.B4				(100)	(100)
Staffing Review	50.B1/50.B2/50.B3/50.B9/50.B10/50.B11			(868)		(868)
		0	(193)	(868)	(157)	(1,218)
Resources						
ICT Contract reductions	52.B9/52.B10/52.B17/52.B7/52.B8	(303)				(303)
ICT Efficiencies	52.B3/52.B6/52.B11/52.B12/52.B13/55.B3/55.B7		(934)			(934)
Monitoring Officer Budget	57.B5	(50)				(50)
HR System and Contract Efficiencies	56.B3/56.B4	(441)				(441)
Reduced Licenses to Legacy Systems	61.B3/61.B5/61.B1	(30)	(400)			(430)
Reduced spend on Physio Assessments	55.B6	(20)				(20)
Improved Customer Services	55.B12/55.B13/56.B1		(220)			(220)
Income Generation Opportunities	55.B2/55.B5/61.B2				(148)	(148)
Staffing Review	Various			(4,185)		(4,185)
		(844)	(1,554)	(4,185)	(148)	(6,731)
Total Savings		(3,392)	(27,687)	(14,555)	(7,110)	(52,744)

Appendix 3

2021/22	Summary Revenue Budget	2022/23
£000		£000
	Portfolio budgets:	
239,172	People	268,889
135,538	Place	126,718
2,335	Policy Performance and Communications	2,114
43,369	Resources (inc. Housing Benefit & Council Tax Collection)	42,614
420,414		**440,336**
	Corporate Budgets:	
	Specific Grants	
-4,844	New Homes Bonus (CIF)	-3,435
-7,543	Business Rates Inflation Cap Grant (BRIC)	-13,652
-7,340	Small Business Rates Relief	-7,687
0	Retail, Hospitality & Leisure Relief	-10,683
0	22/23 Services Grant	-9,980
-17,664	Covid Funding one-off	0
-900	Lower Tier Services Grant	-941
-5,612	Local Council Tax Support Grant	0
	Corporate Items	
5,500	Redundancy Provision	5,500
4,844	New Homes Bonus (CIF)	1,593
1,500	Customer Experience Programme	0
0	ITA Levy	500
-4,000	Managing Employee Reduction programme	0
-1,500	Target Operating Model	0
-500	Customer Focus	0
1,160	Corporate Savings Project Costs	0
5,600	Other	854
	Capital Financing Costs	
13,662	General Capital Financing Costs	14,662
1,473	Heart of the City 2	7,873
12,387	Streets Ahead Investment	12,025
6,516	MSF Capital Financing Costs	7,339
	Reserves Movements	
-57,341	Contribution to / (from) Reserves	-32,504
365,812	**Total Expenditure**	**411,800**
	Financing of Net Expenditure	
-37,694	Revenue Support Grant	-38,864
-99,512	NNDR/Business Rates Income	-92,341
-43,222	Business Rates Top Up Grant	-43,222
-208,795	Council Tax income	-221,636
49,590	Collection Fund (Surplus)/Deficit	13,883
-26,179	Social Care Precept	-29,620
-365,812	**Total Financing**	**-411,800**

People

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Care & Support	256,353	(138,232)	118,121
Children & Families	128,861	(24,703)	104,158
Commissioning Inclusion & Learning Services (CILS)	64,984	(41,347)	23,637
Community Services	13,834	(3,655)	10,179
Education & Skills	276,195	(263,400)	12,795
	740,226	**(471,336)**	**268,890**

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 to realise their full potential.

2. There are increasing numbers of vulnerable children and adults needing ever more support. Despite huge strides over recent years, substantial economic, health and educational inequalities remain in the city and are likely to have been exacerbated by the pandemic – this will be a key focus for our work over the next year.

3. As in the rest of the country, we face a significant and unresolved crisis in both adults' and children's social care, with the complexity and demand for services increasing, an increasingly stretched workforce, and a decade-long underfunding of services by central Government.

4. In the longer term, we want people to be able to take charge of their wellbeing and support them to stay fit and healthy throughout their lives, so fewer people reach crisis point. That should mean more children able to live safely at home, more older people able to live independently for longer, more children who have had an excellent start in life, more people with physical and learning disabilities living the life they want to life and more people being engaged and actively participating in their community. This does not mean that we will stop being a council that provides excellent quality care and support for those who need it – that will always be a core part of who we are – but if we are able to make that shift it will result in fewer people needing that intensive support.

5. The People Services Portfolio has six key areas of focus as follows:

   Give everyone the best start in life
   We will complete our review into Early Years services to ensure that pre-birth to age 5 children are able to achieve their full potential in preparation for life and learning.

   Support Covid recovery for children and young people
   Work with schools to design a programme for children and young people whose education has been disrupted due to Covid-19, focusing particularly on where gaps have widened.

   Continue to work with education settings to ensure that children have access to connected devices they need to learn remotely.

   Work with schools, Further Education and youth services to ensure that young people have post-16 educational, employment and training opportunities.

An exemplar in children's services and support our Children Looked After to achieve their full potential

Respond to the increasing numbers of vulnerable children, children in need of protection and Children Looked After by taking action to reduce the caseloads of children's social workers.

Support more children and families at an earlier stage to prevent issues escalating and effective management of increase in demand for services.

Be an exemplar corporate parent by taking a whole organisation approach to giving our Children Looked After the opportunities to reach their potential.

Deliver effective SEND services

We will build better relationships with parents, deliver EHCPs within timescales, increase SEND places across the city and improve the transition to adulthood for more learners.

Reduce exclusion in all its forms

We will launch a city-wide drive to improve the attendance of our children and young people in school.

We will work with schools to reduce exclusion through tackling the causes and delivering rapid improvements to inclusion.

Enable adults to live the life that they want to live

We are producing a long-term strategic direction and plan for Adult Social Care which sets out how we will improve lives, outcomes and experiences of adults in Sheffield.

We will develop a framework for measuring our performance and quality so that people can hold us to account for the care services we provide.

Invest in Occupational Therapists, Social Workers and Enablement Support, and Commissioning Support to enable people to live more actively and independently.

We will review our homecare services that we are delivering support that enables people to live independently at home in Sheffield.

We will improve our approach to transition of young people from children services to adult services.

We will secure a future working relationship with the new NHS structures, founded in our vision to deliver excellent health and care services in communities across Sheffield, end health inequalities, integrate care and have public delivery at the heart of health and care.

Budget in 2022/2023

In 2022/23, we are budgeting to spend in the region of £269m cash and £28m of Public Health grant on delivering services for People. A further £525m of funding was allocated separately by Government for schools and early year providers.

Most of our funding will be spent on social care: £118m for Adults Care and Support and £104m for Children, Young People and Families.

Children, Young People and Families

6. 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.

7. Prior to the pandemic, demand for our services was steadily increasing, and during the pandemic demand has increased substantially, outstripping the resources (people and finances) available to meet the growing need. Despite additional funding made available to plug the gap and successful targeted prevention activities such as Early Help and Inclusion, there is still insufficient resource to meet demand in 2022/23.

8. To mitigate these funding pressures several changes are required. The changes that are being proposed through this year's budget setting process will undoubtedly have a negative impact on our ability to provide exceptional services children and vulnerable families in Sheffield. Unfortunately, it is difficult to mitigate these impacts without additional funding.

9. The pandemic has continued to significantly impact services, with increases in demand and complexity of services requested, 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.

10. Some services have been asked to adapt to meet the challenge of Covid, such as maintaining school places or in supporting different sectors to maintain critical services. Many services have had to respond to significant changes in demand.

11. 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.

12. Covid pandemic is estimated to cause a £15.7m overspend in Children's Services. Because of the ongoing impact of the pandemic, budget setting process for 2022/23 has been a challenge, and the financial situation will have a negative impact on the delivery of services.

13. We are seeing significant and growing demand and need in areas such as special educational needs, emotional health and wellbeing, and child poverty.

14. 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 and Living 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 continued implementation of National Fair Funding Formula.

15. Child Poverty levels have risen in the city by 18.75% compared to pre-covid levels, on average 75% of all open cases are from the three most deprived deciles in the city. Covid has continued to have a significant impact on unemployment and family debt which leads to more domestic violence, substance misuse, and emotional and mental health. Overall, we have seen a 7.27% growth in demand across all areas compared to pre- pandemic levels.

16. On average 80% of our Children in Care came from the most deprived deciles in the city. Although we have seen a 9% increase compared to pre- pandemic levels, our maintained focus on early intervention and edge of care offer has supported the continuation of a low CLA rate. Sheffield had the lowest rate compared to core cities at 53 per 10,000 population.

17. Despite these challenges, we will continue to work together with our partners and communities to 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.

18. We will endeavour 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 are not adversely impacted. 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.

19. 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 wherever possible. We will do our best to protect services which support children, young people and families, and this will always be a priority for us.

20. 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 have been designed to promote the early identification of children in need and aim to 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 aim to 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 aim to 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 aim to 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.

21. The scale of financial challenge facing children's social care is significant. Post pandemic increase in demand is now evidenced across Children and Families services. We aim to 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. 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 adults' issues which impact the family.

22. 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 have addressed this challenge through the early identification of children with additional needs and will aim to continue to 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.

23. Sufficiency of local placement remains a priority for the Authority. We need to consider development of our own residential provision. There is a strong business case for expansion of children's social residential estate, including the possibility of income generation from other Authorities, which will rely on council funding as well as external grants.

24. New buildings to increase provision of children's social care residential placements within the city will also reduce the need for out of city travel. Consideration for best practice heating systems, such a will be made in all new buildings, as well as maintenance of existing buildings.

25. Our improvement and recovery plans focus on the delivery of new initiatives to support families and to improve practice, and is structured under three themes:

Demand
We continue to work to reduce referrals to social care and the number of children entering the care system and aim to deliver 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 the care system.

Supply
We are redesigning and investing to ensure the right resources are available so that children taken into care in Sheffield can 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. This now includes loans to foster carers to enable them to make changes to their homes to better accommodate children in their care.

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 aim to ensure children and families receive support in a timely manner, and we continue to invest in staff training and development to deliver strong and consistent social care work practices and good quality risk management.

Dedicated Schools Grant (DSG)

26. There are significant risks associated with the statutory duties placed on the local authority regarding SEND, and within the context of rising demand with limited capital resources. There is a financial shortfall, which is unlikely to be met through additional funding from DfE, and alternative sources of support will be required.

27. Demand for SEND places is forecast to rise by between 30% to 50% in the next 5 years, the variation in this forecast is due to different potential scenarios for number of learners supported in mainstream. Whilst there are two new special schools in the pipeline (due September 2022 & 2023) further growth is required.

28. The provisional 2022/23 DSG settlement amounts to £525m for Sheffield, of which it is estimated that £399m will be earmarked for mainstream schools.

29. The remaining funding is used to provide Early Years activities (£35.4m), services for children and young people with Special Education Needs and/or Disabilities (£84.6m), and statutory educational services (£5.7m).

30. 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 £13.2m (Schools Block) in 2022/23, all of which will be transferred directly to schools.

31. We agreed with Sheffield Schools Forum to implement a transitional model from 20/21 onwards towards the National Fair Funding (NFF) by prioritising the use of new funding allocation to deliver it. The purpose of the transition is to protect Sheffield schools from the sudden impact of a hard-national funding formula in the future.

32. The proposed changes for 22/23 are:

- AWPU – to maintain the national level Primary/Secondary sector ratio of 1:1.29.
- We're investing £3.4m in secondary AWPU in line with the NFF.
- Maintaining primary AWPU at 2021/22 higher levels to avoid the need to reduce this in future (Sheffield is already higher than the NFF).
- Sheffield Primary AWPU £3,413, NFF £3,217 with var £196 = £8.7m.
- Social Deprivation - we are investing £5.2m into schools with high levels of social deprivation in line with our strategic intent and the NFF.
- MFG – a 2% increase ensures all schools will see an increase, including small primaries with lower levels of deprivation.
- The remaining balance will be invested across factors to ensure we continue to track the NFF.

33. 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.

34. A significant element of our Capital and Growth Programme must be prioritised around ensuring the Council meets its statutory duty to provide sufficient good quality school places in environments that are fit for purpose. Over the years we have delivered state of the art education facilities, including: Oasis Don Valley, Astrea Academy, Mercia Academy and the expansion of Ecclesall Primary. These are shining examples of the new education facilities available to Sheffield children.

35. We have secondary school pressures, particularly within the Southwest of the city, for which we will use £14.7m of Basic Needs funding and require up to £1.5m council funding to provide permanent and temporary places.

36. 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.

37. The need far outweighs the funding allocated annually and continues to present a significant challenge. The maintenance backlog is estimated at £45m for 66 maintained schools.

38. The environmental impact of our school estate is a key concern for the Council. However, the high levels of both essential and backlog maintenance mean there is limited funding to also increase environmental performance. We will tackle this by seeking external grant funding wherever possible to supplement our own funds, and by considering whether we can improve the environmental performance of our buildings at the same time as undertaking repairs or planned replacements. However, the scale of this challenge must not be underestimated.

39. We are beginning to trial environmental impact assessments for our key decisions. We are aware of the impacts – both environmental and financial - of our significant use of buses and taxis outside the Council's own fleet for transportation for SEND pupils. We will ensure these considerations are considered when scoping new projects, such as the location of new schools.

40. The new buildings which are required to increase our provision of SEND places and provide mainstream school place sufficiency will be located closer to children's homes and thus reduce travel needs wherever possible.

Learning and Skills

41. 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.

42. 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.

43. 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 Health and Social Care Services

44. Our ambition is that we deliver excellent quality, personalised services in communities across Sheffield, and work in partnership with colleagues and partners across the City to end inequalities and enable people to live independently, well and safely so that they can live the life they want to live in their local communities.

45. Adult Services do this by providing information, advice, and guidance as well as support and services to people who are over 18 with physical disabilities, sensory disabilities, learning disabilities, autism, experience of mental ill health and older people. We also support people who provide care and support to friends or family and young people supported by Children's Social Services who are approaching 18 years old and may require adult social care support.

46. The main responsibilities of Adult Health and Social Care are to:

- Promote wellbeing
- Protect (safeguarding) adults at risk of abuse or neglect
- Prevent the need for care and support
- Promote integration of care and support with health services
- Provide information and advice
- Promote diversity and quality in providing services

47. In addition to this, the Health and Social Care Bill 2021 sets out a framework for integrating health and social care starting with the development of Integrated Care Systems (ICS) to tackle inequalities, improve population health and wellbeing, deliver excellent care, and maximise use of resources. The Bill also brings an enhanced assurance framework for adult social care which will likely consider our impact on people of Sheffield as well as how we are delivering on our legal obligations, our performance, our quality.

48. To deliver on our ambition, we have been engaging with people and groups throughout 2021/22 to develop a new vision and ten-year strategy for Adult Health and Social Care called, 'Living the life you want to life' which we expect to have completed and agreed by the start of 2022/23.

49. The strategy will set out our ambitions for adult social care in the city so that we can achieve our vision. It will guide our planning, help us make improvements to our services and inform our response to the budget challenges we face.

50. The strategy, which is currently subject to formal consultation, is likely to set out a range of commitments and key actions to deliver our outcomes:

- Safe and well
- Active and independent
- Connected and engaged
- Aspire and achieve
- Efficient and effective

51. Adult Social Care funding has, nationally, been under pressure for many years, which has subsequently impacted significantly on our ability to deliver upon our ambitions, legal requirements, and local offer to people of Sheffield. The key factors contributing to this include:

Demographic Pressures
The number of older people requiring care is rising at a faster rate than the overall population and there is nationally an increased demand for support from working age adults.

Increases in the National Living Wage
The much needed investment in the wages of front-line care staff.

The Covid Pandemic
The impact of the pandemic nationally has been to add further pressure to already stretched budgets. In Sheffield these costs have been most significant where efforts have been made to maintain support people with complex needs remain in their own home for infection control reasons.

The Long Term Pressure on Local Government Finances
Impacts on the ability of local authorities to protect adult social care budgets and no recurring long-term investment from UK Government to meet demographic pressures and foundation living wage for front line care staff.

52. As a result, Sheffield City Council is actively working to mitigate key risks including a lack of assurance that harm to vulnerable adults can consistently be prevented; risks relating to continuity of care as a result of Covid related demand; workforce risks relating to Covid fatigue, pay rates for social care and retention of staff; and risks relating to the quality of care and support.

53. On 7 September, the Prime Minister announced plans to increase funding for health and social care over the next three years, to be funded by a new tax: the Health and Social Care Levy.

54. The funds from the levy will be ringfenced to fund investment in health and social care set out in the policy paper, Build Back Better: Our plan for health and social care. This includes several reforms to how people pay for adult social care including:

- The introduction of a cap on personal care costs (paid by the person) of £86,000 from October 2023.
- Increasing the upper capital limit (the threshold above which somebody is not eligible for local authority support towards their social care costs) from £23,250 to £100,000 from October 2023.
- Increasing the lower capital limit (the threshold below which somebody does not have to contribute towards their care costs from their capital) from £14,250 to £20,000.

55. Eighty percent of the new funding raised from the levy goes to the NHS for three years with the remainder needed to fund the new charging regime. It is unclear if the eighty percent funding will be provided to social care after the three years. In addition, the social care levy does not fund the increased demand for assessments which will arise because of implementation and with that increased cost and need for social workers to complete the assessment.

56. Long term funding pressures from demographic growth and National Minimum Wage continue to have to be met through Council tax, social care precept and long-term efficiencies.

57. Due to this, the scale of the financial challenge facing adult social care is ever more significant. In recognition of this, and particularly the additional costs brought about through the Council's support to people through the Covid pandemic, a Recovery Plan was developed and initiated during 2021/22 alongside the Transformational change programme.

58. The purpose of the recovery plan is to address the sharp increase in costs experienced during the pandemic emergency period and to reduce those costs so that they are closer to pre-pandemic levels. The primary focus of the recovery plan is on support plans and ensuring that support which had to be increased during the emergency period because of infection risk and social distancing is reviewed again now that circumstances have changed.

59. The recovery plan also makes provision for targeted investment in front line staffing capacity in order that conversations with people in receipt of care can be undertaken in a timely way and that essential re-abling support is available to those who need it, particularly the higher number of people coming out of hospital. Some staffing budgets have been reduced to offset the overall investment cost.

60. A new transformational change programme has also been established in 2021/22 aimed at improving quality, delivering better outcomes for people in line with our emerging vision and making adult social care more sustainable over the longer term. This new plan is aligned to the actions identified in the 1-year plan and structured across four workstreams – Operating Model, Models of Care, Governance and Workforce.

61. Major investment in staffing capacity has been made across several Assessment and Care Management functions in 2021/22 to improve quality and outcomes, keep people safe, ensure the Council is able to meet its responsibilities and improve the long-term sustainability of adult social care.

62. Investment has been made in Locality Social Work, Transitions teams, Occupational Therapists, specialist LD and in support for Direct Payment recipients. These investments will allow the Council to support people earlier, more flexibly, make better use of equipment and adaptations and therefore provide ongoing care at a lower cost and avoid crisis and escalating costs in the future.

63. In parallel with this investment, our priority is to redevelop our operating model and identifying scope for large scale efficiencies through the designing out of avoidable demand. The new operating model will also ensure that our mental health offer more closely aligns to other aspects of social care and will incorporate plans for improvements to our safeguarding arrangements through the formation of a new integrated function.

64. 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.

65. A fundamental part our Adult Social Care strategy is ensuring we can give access to modern, high-quality care that meets need, delivers value for money and leads to positive outcomes. To that end, we are prioritising reviews of our homecare, care home and day services provision.

66. The homecare sector in Sheffield has also faced major challenges during 2021/22 with historic levels of demand for community support, as a result of Covid, alongside national workforce challenges focused around recruitment and retention.

67. In 2022/23 the expiry of the current Homecare and Supported Living framework creates the opportunity to transform current arrangements to improve outcomes for people and improve the resilience and sustainability of the sector for the future.

68. Other newly designed services for 2022/23 include day services, short breaks and a review of our befriending service offer whilst purpose built accommodation at Buchanan Green and Wordsworth Avenue will better support working age and older people to live independently.

69. Reviews of non-standard funding and block contract arrangements in 2022/23 will identify scope for savings and efficiencies to offset the financial pressures faced by social care.

70. A Care Governance strategy and framework has been developed for Adult Health and Social Care in Sheffield during 2021/22 comprised of five domains covering Quality and Performance; Managing risk, Protecting Public Money; Planning for the Future; and Managing Change.

71. In a vast and complex system, Care Governance keeps our focus on what is important and provides clear processes for using the information we have available to improve people's lives. Our strategy sets out how we will build a Care Governance Framework for Adult Health and Social Care, so that it is clear and easy to understand for our staff, our partners, the people who use our services and their carer's. It builds on the commitments we make to the people of Sheffield in our overarching strategy and sets out a clear structure and process to support the delivery of our priorities.

72. Our Governance framework incorporates the ongoing programme of improvements we are making to our Income and Payment arrangements for adult social care. Following major improvements to the speed of financial assessments, a decision to increase the cost-of-living allowance for people who pay contributions to their care, and support to vulnerable people with complex debt, financial inclusion and improved benefit uptake will continue to be the focus of improvements in 2022/23.

73. Other efficiencies will come from reductions to supplies and services costs following the transition to large scale home working arrangements during the pandemic and optimisation of grant funding.

74. The Workforce Development Workstream, which will ensure we value and empower our social care workforce across the City, has a strategic focus on the future wellbeing of staff, as well as day to day wellbeing throughout the pandemic, inside the LA and more widely across the Health and Social Care section.

75. It will address the structural challenges we face in relation to recruitment and retention across the social care sector, it will support the workforce as we move towards closer integration with Health, and it will include a career and learning and development offer that underpins the drive to raise standards across the sector.

Services in Sheffield's Communities

76. We want people and communities in every part of Sheffield to be in control and shape the decisions and issues which matter to them and their area. As a City Council, we recognise that we need to match the knowledge, passion, and insight that Sheffielders have for their local areas with the ability to take decisions at the local level which can deliver real change.

77. Our aim is that Sheffield's communities thrive and are positive places for people to live, be healthy and well and be successful. We want people to feel they are listened to and enable them to access support and gain benefit from community infrastructure including a vibrant voluntary and community sector, community assets, actions and participation.

78. We engage, empower and enable local communities through increased participation in, and ownership of, local decision making. In 2021/22 the Council has established seven Local Area Committees (LACs) as part of the Council's Empowering Communities Programme. The LACs promote the involvement of local people in the democratic process and provide the people of Sheffield with more power and influence over decisions that affect them and their local communities.

79. The Local Area Committees are a new way of working and 2022/23 will see them further develop their role in their communities and exploit opportunities for devolved decision making. This will take place alongside the transition of the wider Council from a Leader and Cabinet model to a more modern Committee System of governance from May.

80. The continued development of the City's Youth services is a key priority for the Council in 2022/23. In June 2020 Cabinet decided to invest an additional £2m in Youth Services. . This year access to new external funding will offset reductions and support both professional development and, via youth hubs, young people into employment.

81. Additional capacity in Youth Services is being used to provide trusted adults or mentors and/ or youth workers and enable access by young people to a wide range of experiences and activities; connect support across a wide range of provision, focus resources on the specific needs of teenagers, embed provision in communities so that it is responsible to and driven by local needs and the diversity of our city; and to develop our services into a citywide offer through partnerships with key stakeholders including young people themselves.

82. We have developed a Youth Strategy and Youth Partnership Board to further the ambitions of the council in relation to Youth Services.

83. Linked to this will be an annual delivery plan for 2022/23 which is currently in development, but which will include the implementation of a contemporary and resilient operating model, an increased youth voice programme, investment in facilities and a commitment to youth provision across every Sheffield ward.

84. The Community Safety team saw investment in 2021/22 to increase capacity and capability to support the prevention, reduction and tackling of crime and anti-social behaviour across all tenures in partnership with the police, housing and other agencies.

85. The Community Safety Team coordinates the City's Community Safety Partnership (Safer Sheffield) and delivers the Community Safety Plan priorities and annual review.

86. In 2022/23, the Team will play a role in disrupting and dismantling organised crime groups, proactively protecting the most vulnerable people in the City from criminal exploitation and reducing the impact of antisocial behaviour on communities by addressing the most serious issues and providing a visible supportive presence.

87. In 2022/23 following the design and expansion of the service, and in recognition of the Council's wider financial pressures, some of this growth will be limited and targeted reductions to posts will be made where there is potential for other Council teams to support.

88. The Council's Voluntary Early Retirement scheme has offered some opportunity for reductions to made in services from 2022/23.

Public Health

89. The Sheffield Public Health Service has been consumed by organising and implementing the city's response to Covid since January 2020. This has impacted on business-as-usual work due to the role the Local Authority Public Health Team has had in providing outbreak management response to support the UK Health Security Agency (UKHSA). As we move into a different phase of the pandemic the LA Public Health Team are now starting to re-engage with core business across the People Portfolio.

90. The Sheffield Public Health Service will continue to deliver elements of Covid response. Focusing on three areas:

- Response: getting the job done on Covid including, outbreak management and delivering an exit strategy
- Recovery: dealing with the hidden impacts of the pandemic, including the majority of routine Public Health Service work
- Restructure: building strong local, regional, and national relationships

91. The new Public Health Service plan contains existing and ongoing Public Health areas of work and refreshes others, to ensure alignment with major council priorities such as the One Year Plan and the developing governance structure, and external changes to the national and regional Public Health and NHS landscape.

92. We continue to deliver our distributed public health model, ensuring that all service delivery is evidence based and meets need. A senior member of the Public Health Service will have a lead role in each portfolio and link with individual leadership teams. We will continue to ensure that the Public Healthg rant is allocated where it will have the greatest impact in improving people's health and wellbeing and reducing inequalities.

93. We continue to prioritise working with NHS partners including Sheffield Clinical Commissioning Group and the establishment of the Integrated Care System which will replace it. Other key partners and areas of work include Sheffield Teaching Hospitals, Sheffield Health and Social Care Trust, Primary Care Sheffield and Sheffield Children's NHS Foundation Trust.

94. The Public Health Grant continues to fund a range of services provided by the Voluntary, Community and Faith sector working to support the needs of the most vulnerable.

95. Overall, People Portfolio is prioritising, through the use of the Public Health grant a model which ensures prevention and early intervention is focused on ensuring that older people, adults, children, young people, families and communities are supported to maintain their health and wellbeing. This means the Public Health function will be integral to work within Social Care, Education & Skills and Communities.

Place

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Housing General Fund	12,125	(6,951)	5,173
Major Projects	139	(39)	100
Operational Services	123,669	(72,379)	51,291
Culture & Environment	47,507	(15,983)	31,523
City Growth	46,611	(23,976)	22,635
Place Strategy & Change	2,024	(670)	1,355
Transport & Facilities Management	85,163	(70,522)	14,641
	317,238	**(190,520)**	**126,718**

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. Work is underway that will better align the services in the Place portfolio and although the overall budget will not change, services will be split into two distinct areas in 2022/23 to better support our strategic plans and aspirations for Sheffield. The newly created portfolios will be called City Futures and Operational Services
3. The City Futures portfolio will continue to support the recovery of our local high streets and district centres and work closely with business to deliver the Business Recovery Plan.
4. We will further develop and strengthen Sheffield's economy by providing the advice and support that Sheffield businesses need to recover, increase productivity, develop skills, grow, and provide more and better jobs in the city.
5. Alongside this, Place will proactively lead the initiatives required to meet the city's housing needs across all sectors and areas. Both priority objectives can only be delivered if the city has an efficient transport infrastructure which supports journeys for work and leisure.
6. The Council's commitment to environmental responsibility is demonstrated by its prevalence in Our Sheffield One Year Plan where we set out our Pathway to Net Zero and the immediate steps we will take to reduce carbon emissions in Sheffield.
7. This includes working with people, partners and businesses across the city to develop and deliver the actions needed to deliver our 10-point plan. We will take some practical steps to address the climate emergency, retrofitting homes, promoting low carbon transport systems such as cycling and walking, decarbonising SCC buildings and supporting businesses to invest in low carbon and working with our partners to invest in sustainable and affordable energy, such as in our District Heating network.
8. Transport and Sustainability priorities will be further aligned through plans to improve air quality.

9. 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.

10. We will continue to support the recovery of culture and leisure in the city working with key partners to support the vibrant mix of cultural, leisure and sporting facilities and events on offer. 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 and events.

11. 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.

12. Our core service of Council-run hub libraries, the Home Library service and Central Library continue to provide crucial capacity and support to the City's communities, and we recognise and value the contribution they make.

13. 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.

14. 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 II (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 are tangible examples.

15. 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.

16. £20m of Levelling Up Fund will be invested on Transforming Castlegate, the River Sheaf will be de-culverted, making Castlegate a focal point of the city centre, introducing new greenery and public spaces, creating an attractive area for people to visit. The land around the site will also be prepared for future uses that focus on education innovation and encouraging healthy lifestyles following public consultation. The fund will also help create two new arts destinations in the city centre.

17. Park Hill Art Space will offer a new home to artists across the city, giving the opportunity for creators to work collaboratively, learn and showcase their work in one of the largest contemporary galleries in the north. A six-acre sculpture park will connect the Art Space to Castlegate.

18. Harmony Works, a collaboration between Sheffield Music Academy (SMA) and Sheffield Music Hub will move to a new home in Canada House, giving the organisation a fit-for-purpose, accessible home in the centre of the city. With a new city centre home, both organisations would be able to support the musical ambitions of children and young people from every corner of the city.

19. Outside the city centre, a further £17m Levelling Up Fund will build on the work the Council has shaped in the Attercliffe area over recent years. It will join up investment in leading-edge employment, travel and quality of life to transform perceptions of Attercliffe, placing it once again at the centre of Sheffield's most exciting developments.

20. At the heart of this is the development of the Centre for Child Health Technology at the Sheffield Olympic Legacy Park; bringing together medical professionals, patients, and families to deliver the world's most advanced integrated health care system for children.

21. This will be supported by investment in wider regeneration initiatives in Attercliffe including improving links between Sheffield Olympic Legacy Park and the High Street. Creating a more welcoming environment and street scene and refurbishing historic buildings in the area to provide a cultural hub and event space on the high street, strengthening Attercliffe's sense of community and pride in their local area.

22. The regeneration of Attercliffe will help to stimulate investment and make Attercliffe a better place to live, work and visit.

23. 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.

24. We also want people to be able to choose how they travel about the city, whether by bus, tram, cycling or walking.

25. 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.

26. As well as making Sheffield a better place to live in, all of this helps 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.

27. 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.

28. As a local authority, we also provide several 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.

29. The portfolio spends around £317m 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.

30. The remainder (approximately £126.7m) comes from the Council's General Fund. Of this support, around (73%) 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.

31. The remaining amount of around £34m supports the rest of the vast range of services which Place provides. We spend approximately £170m providing these services and the gap is made up by charging the (internal and external) users for the service.

32. In 2022/23, we propose to implement mitigations of £7.1 million to meet the reduced central government funding, inflationary and demand pressures.

33. 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.

34. One of the significant impacts of the pandemic has been on the leisure sector and consequently, 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.

35. 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.

36. 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.

37. Through this programme we aim to preserve public facing services, without reducing service standards.

38. 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.

39. 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

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Business Change & Information Solutions	16,367	(374)	15,993
Contract Rebates & Discounts	0	(451)	(451)
Customer Services	6,563	(1,717)	4,846
Finance & Commercial Services	57,289	(41,676)	15,612
Human Resources	6,248	(1,384)	4,864
Legal & Governance	7,665	(3,485)	4,180
Resources Management & Planning	291	0	291
	94,423	(49,087)	45,335
Central Costs	15,161	(20,146)	(4,984)
Other Central Costs - Capita	2,107	0	2,107
Housing Benefit	230,465	(230,309)	156
	247,734	(250,455)	(2,721)
	342,156	**(299,542)**	**42,614**

Resources Portfolio Revenue Spend Plan

1. We have a number of corporate services which support Sheffield residents in their day to day lives. Our teams include the largest and broadest customer-facing services in the Council through the Council's Customer Service function, our service for assessing and paying benefits, and collecting Council Tax and Business Rates. Our teams also deliver the democratic processes of elections and electoral registration and the wide range of public facing meetings and take the organisational lead in public engagement.

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 statutory compliance and that 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 portfolio have pulled out some Council-wide issues and also reviewed recent policy decisions; these are to be reviewed alongside existing activity in order to help deliver savings across the Council by changing the way the Council works. In 2022/23 directors from this portfolio will prioritise support for the Council's One Year Plan and subsequent 3-5 Year Corporate Plan. These initiatives include:

    - taking a whole organisation approach to designing support services;
    - reviewing investments alongside existing business;
    - responding positively to VER/VS requests and manage vacancies which will result in staffing reductions;
    - reducing ICT spend through consolidation of applications and licensing;
    - realising the savings generated from the new HR system implementation and other contracts savings;
    - reviewing the operating model of the Communications service.

4. For 2022/23, each service has looked at a 10% reduction plus containing pressures. The VER/VS scheme is a pragmatic way to effect change quickly. This approach does not resolve service impacts necessarily, so Directors have aimed to minimise impacts on both external and internal customers, but some impact is unavoidable. Customer Services has been prioritised and a 10% staffing reduction will not be applied to this area; this is to ensure we can focus on performance improvement in this area. Savings have been found in other areas to cover this.

5. The Council will be changing its Governance system from May 2022, and this will have an impact on the way we all work across the Council. Governance systems can be changed without much impact, but Sheffield is doing this in response to a call from the public to change the way it operates, and we have committed to reshaping our services to face and respond to our communities. This will require changes to the way we deliver services and could mean increased demand on services, at least in the short term. There is a specific requirement for change within the Legal & Governance Team the detail of which is currently being developed.

6. Local Area Committees (LACs) were introduced in 2021 in response to a demand from the public for decisions to be made closer to communities. The staffing structures created in support of this initiative were presented as temporary appointments. Carrying these forward to 2022/23 presents a cost pressure for democratic services that will be calculated as part of the overall cost of supporting the Committee system.

7. There are no significant income proposals. Internal income does not change the Council's overall financial position. Attempts have been made to trade external services in the area with most potential (Legal Services), but the efficacy of this approach is finely balanced.

Policy, Performance & Communications

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Policy, Performance & Communications	5,269	(3,020)	2,249
Public Health (PPC)	1,511	(1,646)	(135)
	6,780	(4,666)	2,114

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, and communications support. It is also responsible for supporting the Council's statutory Scrutiny function (until the introduction of the committee system in May 2022) and for 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 local, parliamentary and regional elections and referenda.

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 additional income to support services, including through external trading and the management of the Council's external advertising contracts.

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.

2. This Reserves Strategy therefore needs to be considered and agreed by the Council in setting its 2022/23 budget, capital programme and council tax. 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 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.

4. 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 not available to support future years.
    - they are most suited to covering one off, unexpected costs and emergencies or costs that are likely to be incurred in the future, but the timing is uncertain.
    - 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.

5. 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.

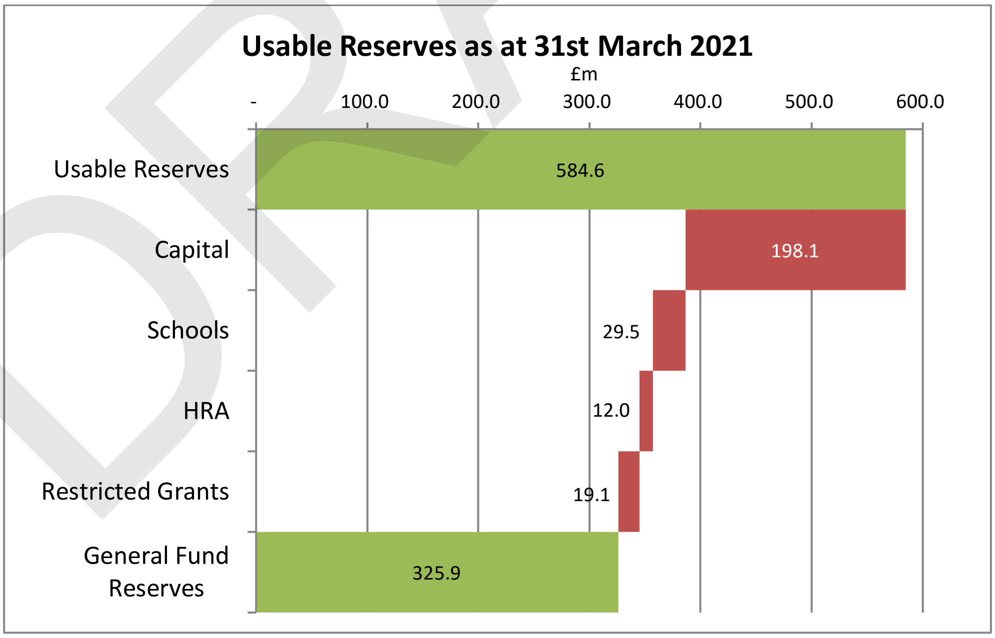
Total Reserves

6. The Council's Statement of Accounts for 2020-21 shows a figure for "usable" reserves in the balance sheet on page 33 of £584.6m as at 31st March 2021. However, this figure is a technical accounting one and is not relevant for the purposes of setting the General Fund revenue budget.

7. The Council's total spending and reserves is separated in to five 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;
- Restricted Grants – funding received for specific projects;
- General Fund - spend on all other services not in the above four categories, funded from government grants, the local share of business rates and council tax.

8. For the purposes of setting the budget and this reserves strategy, £258.7m of the "usable reserves" are irrelevant as below:



9. This leaves around £325.9m of General Fund reserves as at 31st March 2021. However, as part of the assessment of the adequacy of reserves referred to above, a number of reserves are "earmarked" i.e. committed to cover liabilities for expenditure which is already committed but not yet paid for.

Estimate of reserves going forward

10. The table below highlights the split of earmarked and non-earmarked reserves forecast at 31st March 2022 and 31st March 2023.

11. Between March 2021 and March 2022 General Fund reserves are forecast to fall by £52.6m from £325.9m to £273.3m, in line with our forecast in last year's budget book. This is primarily due to an expected £42.2m reduction in the Collection Fund reserve due to the year-end accounting in relation to the business retail relief discounts.

12. Of the £273.3m total reserves forecast as at 31 March 2022, all but £12.9m is set aside as earmarked reserves for future liabilities.

13. Reserves levels are planned to decrease by a further £32.5m during 2022/23. This is primarily due to a £12.2m reduction in the Collection Fund Reserve and the £14.5m planned use of reserves to fund the Council's budget gap. The Collection Fund draw from reserves is due to an accounting adjustment in relation to retail discount grant from Government that will be carried forward at year end to be spent in 2022/23. A further £11.5m is due to planned re-payments in relation to PFI and Major Sporting Facilities.

Estimate of reserves at 31 March 2022 & 31 March 2023

Description	**Balance at 31/03/22 £000**	***Movement in 2022/23 £000***	**Balance at 31/03/23 £000**
Non-earmarked Reserves			
General Fund Reserve	12,851	0	12,851
	12,851	**0**	**12,851**
Earmarked Reserves			
PFI Reserve	29,100	(5,194)	23,906
Invest to Save	600	1,616	2,216
Insurance Fund	8,969	0	8,969
New Homes Bonus	20,398	0	20,398
Major Sporting Facilities	34,187	(6,261)	27,926
Public Health	1,151	0	1,151
Collection Fund	39,548	(12,165)	27,383
Service Area Reserves	22,640	500	23,140
Other earmarked	103,871	(11,000)	92,870
Total Earmarked Reserves	**260,464**	**(32,504)**	**227,959**
Total Revenue Reserves	**273,315**	**(32,504)**	**240,810**

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.

15. Non-earmarked General Fund Reserves are estimated to be £12.9m at 31 March 2022, representing 3.2% of the 2022/23 budget (at the maximum net budget requirement of £404.3m).

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 2022 meets this benchmark.

18. The table below shows that Sheffield had a relatively low level of General Fund reserves as at 31 March 2021 as a percentage of its 2021/22 net revenue budget when compared to similar councils.

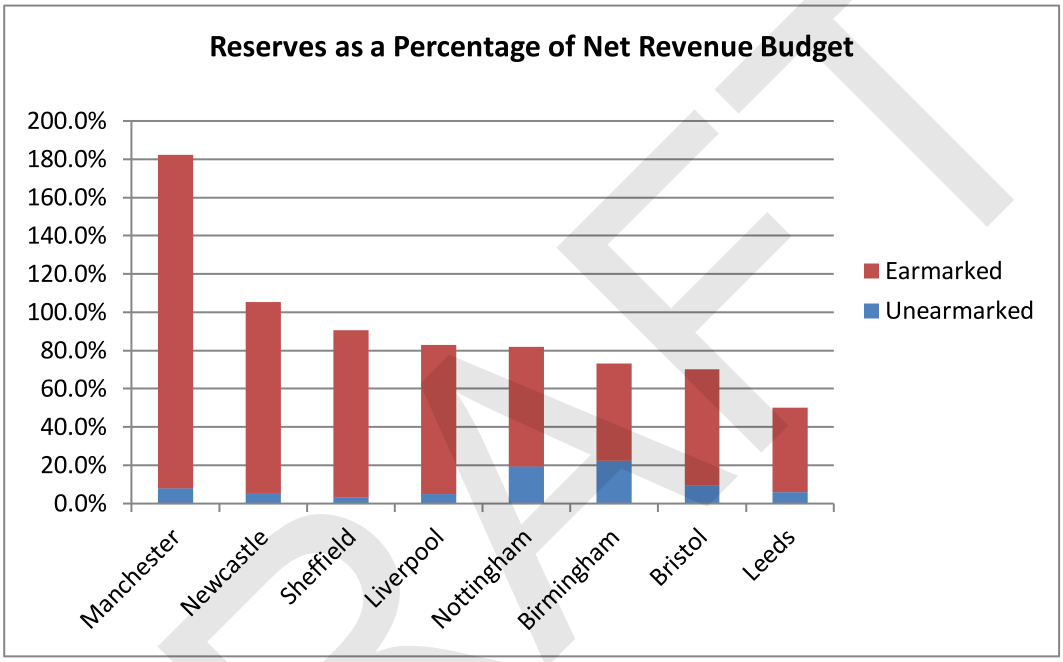
	Unearmarked Reserves at 31/3/21, (£m)*	Unearmarked Reserves as % of Net Revenue Budget 2021/22, (£m)**
Birmingham	197.7	22.3%
Nottingham	49.1	19.5%
Bristol	35.7	9.8%
Manchester	26.8	8.1%
Leeds	27.8	6.1%
Newcastle	10.1	5.1%
Liverpool	17.4	5.0%
Sheffield	12.9	3.4%

* Based on 2020-21 Statement of Accounts (some un-audited)

** Based on 2021-22 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;

20. This graph highlights a relatively healthy level of reserves as at 31st March 2021. However, as set out in the attached budget report, the Council is forecasting to use up to £70m of reserves to fund the 2022/23 budget gap and anticipated 2021/22 & 2022/23 budget overspends. This is the maximum amount the Council's Section 151 Officer has deemed to be available for budget support.



N.B Reserve levels based on 2020-21 Statement of Accounts (some un-audited) and NRB based on 2021-22 RA data

Earmarked Reserves

21. A list of earmarked reserves, their purpose and proposed use are set out below. Figures in brackets represent their anticipated balance at 31/3/22.

22. 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 (£29.1m)

23. 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.

24. The PFI reserve balance is forecast at £29.1m as at 31st March 2022 and is expected to reduce by £5.2m over the course of 2022/23 in line with the established PFI spend profile.

Invest to Save Projects (£0.6m)

25. The Council has delivered a number of core infrastructure and business transformation projects that are essential to the future success of the Council's business operations, and which have been used to help offset budget pressures over the last few years.

26. The Council will continue to support delivery of future savings identified, including a number of strategic reviews, so this reserve will be bolstered by £1.6m in 2022/23.

Insurance Fund (£9.0m)

27. 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 (£20.4m)

28. 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) (£34.2m)

29. The remaining funds are required for the future costs of the Major Sporting Facilities debt (Ponds Forge, Hillsborough Leisure Centre, etc.) and for investment in the leisure strategy. £6.3m will be used in 2022/23 to service these aims. The remaining balance will reduce over the remaining life of the contract ending in 2023/24.

Collection Fund (£39.5m)

30. This reserve is required to cover potential reductions in Business Rates and Council Tax income. £12.2m of this is expected to be carried forward on the 31st March 2022 in an accounting adjustment in relation to retail discount grant from Government to be spent in 2022/23.

Service Area Reserves (£22.6m)

31. 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 (£103.9m)

32. This includes various specific earmarked reserves including:

- contingencies for potential budget deficits;
- pension deficit payments;
- children's and adults social care;
- redundancies;
- capital investment;

£14.5m of the budget contingency reserve is planned to be used to fund the Council's 2022/23 budget gap.

Assessment of levels of reserves

33. 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.

34. The Executive Director of Resources recommended during the 2022/23 budget process that:

- The General Fund Balance be maintained at around £12.9m, 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 impacts on the collection fund, primarily due to Business Rates pressures.
- 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.

Appendix 5 (the Council tax Determination) will be completed following formal approval of Parish and Preceptor Council Tax Levels for 2022/23, and will appear here.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement And The Annual Ethical Investment Strategy For 2022/2023

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 2022/23 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 deems 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 Points:

Treasury Management fulfils a number of key roles that link the Revenue Budget and the Capital Programme. In line with the CIPFA definition of Treasury Management, these roles include:-

- **ensuring that cash flow is adequately planned for and cash is available when needed**
- **investing surplus funds in line with the authority's risk appetite**
- **the funding of the Council's capital programme**
- **the effective control of the risks associated with those activities**

1.1 The Council operates a balanced revenue budget, which should mean that cash raised will meet its cash requirements; over the medium term. A key role of the treasury management operation is to ensure that cash flow is adequately planned for and available when needed. Surplus cash is invested in low risk counterparties and instruments in alignment with the Council's risk appetite. The security and liquidity of the portfolio of investments are our primary concerns before considering investment return (yield).

1.2 Another primary function of the treasury management service is the funding of the Council's capital programme. The capital plans provide a guide to the borrowing needs of the Council, informing longer term cash flow planning to ensure that the Council can meet its capital spending obligations. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any loans or credit liabilities previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

"*The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*"

1.3 Accordingly, the document provide a strategic framework for the achievement of the following objectives:

Borrowing:

- Proposed levels of borrowing are sustainable and affordable
- The expected costs are well-matched to the relevant revenue streams to maximise budgetary certainty

- Financing is readily available when required for major capital expenditure
- The most economical sources of borrowing for a given situation are identified and made use of.

Investments:

- Security: Public funds are not lost
- Liquidity: Cash is available when required for essential expenditure
- Yield: Returns are maximised to maintain, so far as the above constraints allow, the spending power of public funds held by the Authority.

Effective Balance Sheet Management:

- A sustainable and prudent balance is struck between the use of cash balances in lieu of external borrowing and any potential risks of refinancing

1.4 The Council is currently required to receive and approve a number of reports each year, incorporating a variety of policies, estimates and actuals.

These reports include:

- Prudential and treasury indicators and treasury strategy (this report) which covers Capital and Treasury Management issues (see 2.1/2.2 below):
- A mid-year treasury management report – This will update members with the progress, amending prudential indicators as necessary, and advise whether any policies require revision.
- Annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Cabinet Member for Finance.

Section 2 - The 2020/21 Treasury Management Strategy Statement (TMSS)

Key Points:

The TMSS covers both capital issues and treasury management issues as required by the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

This section also reports on the Council's response to requirements under the above codes in relation to training and the use of Treasury Management Consultants.

2.1 The TMSS covers capital issues:

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy

2.2 The TMSS covers treasury management issues:

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- creditworthiness policy; and
- the Council's policy on use of external service providers

2.3 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training. This especially applies to members responsible for scrutiny.

The Cabinet Member for Resources and Finance and the Audit and Scrutiny Committee has been provided with treasury management training from officers during the year. Further internal and external training will be considered as necessary.

The training needs of treasury management officers are also periodically reviewed. During the year officers attended workshops, seminars and conferences provided by CIPFA, the Council's treasury management consultants and other relevant organisations.

The Council's Treasury Manager holds a qualification in international treasury management awarded by the Association of Corporate Treasurers as well as being a CCAB qualified accountant.

2.4 The Council uses Link Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

<u>Section 3 – Capital Prudential Indicators</u>

<u>Key Points:</u>

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 Actual £'m	2020.21 Forecast £'m	2021.22 Budget £'m	2022.23 Estimate £'m	2023.24 Estimate £'m	2024.25 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 Points:

The Council's Capital Financing Requirement (CFR), the second Prudential Indicator, is the total historic capital expenditure that has not yet been paid for; either from revenue or capital resources and is a measure of the Council's underlying need for borrowing.

Any new capital expenditure not immediately paid for, from grants, capital receipts or revenue contributions, will increase the Council's overall CFR.

The Council's 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**
Movement in CFR represented by:						
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 Points:

Each year the Council sets out its Minimum Revenue Provision (MRP) policy, which outlines how the Council will set aside some of its revenue resources as a provision for reducing the underlying need to borrow (as identified by the CFR). The core requirement is that:

- **The Council has an approved policy for calculating MRP (this policy)**
- **The Council sets aside an amount which is deems 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 2022 the total VRP overpayments were £0.3m.

Where revenue funds are identified as being available to make VRP payments by a service, advice is to use the surplus to offset in year capital expenditure if possible, before allocating funds to reduce existing MRP costs.

Section 6 - Application of Resources

Key Points:

The Council uses resources other than borrowing temporarily to finance capital expenditure. This allows the Council to remain "under borrowed" - meaning that we have not 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 reduce the amount of cash we invest in counterparties (i.e. banks and pension funds) Following the financial crash in 2008, we remain cautious about where we invest.

6.4 Whilst an under-borrowed position has yielded significant savings over the past few years, it does expose us to a level of risk around interest rates changes. Should interest rates increase markedly from the current, historically low, levels, then we might regret not taking out fixed interest borrowing now. As a counter-incentive, increasing our borrowing before we would use the resulting cash would incur significant interest costs. Ultimately this is a judgement call.

Accordingly, it is important that we continue to manage this risk, and retain exposure at a level we think is appropriate. To provide a balanced approach to this risk, and to keep the under borrowing position at a sustainable level, the Council intends to take sufficient additional loans over the forecast period to bring enough cash into the Council to offset the outflows principally associated with our programme of capital investments 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.

<u>Section 7 - Current Debt Portfolio</u>
<u>Key Points:</u>
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 Points:
The Treasury Indicators assess the affordability of planned capital expenditure and it 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 fall 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 Points:

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 forcast for a number of relevant interest rates.

9.5 The Municipal Bond Agency is aiming to issue bonds for local authorities in the near future and borrowing rates shoud be lower than those offered by the Public Works Loan Board. The Council may consider making use of this new source of borrowing; as and when appropriate.

Section 10 - Treasury Limits on Activity

Key points:

This section highlights the boundaries and limits imposed in relation to variable rate exposure and maturity profiles.

10.1 There are three debt related treasury activity limits. The purpose of these 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 the majority of its loans to mature in the medium term, supporting the HRA business plan and aligning maturities to our CFR profiles to avoid over-borrowing situations.

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 in excess of 40 years.

10.5 The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

10.6 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

<u>Section 11 - Debt Rescheduling</u>
<u>Key Points:</u>
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.

<u>Section 12 Annual Ethical Investment Strategy</u>
<u>Key points:</u>
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 Points:

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 Coucil will continue to use the uncompounded 3 month LIBID rate as a benchmark for its investment returns.

13.7 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

Note1 – Economic Backdrop

- **UK.** 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.

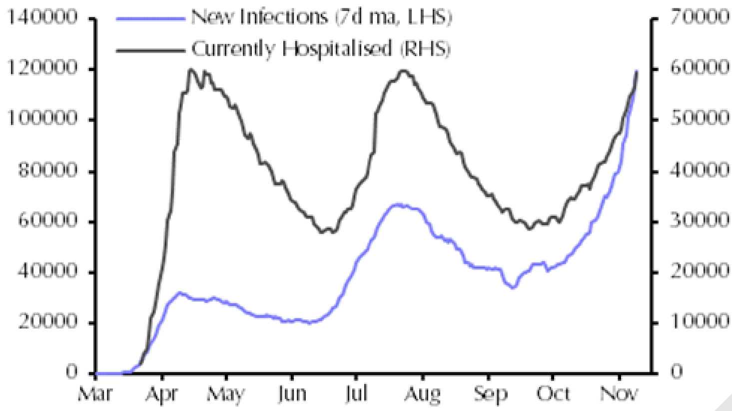
- Capital Economics have not revised their forecasts for Bank Rate or gilt yields after this major revision of their forecasts for the speed of recovery of economic growth, as they are also forecasting that inflation is unlikely to be a significant threat and so gilt yields are unlikely to rise significantly 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.

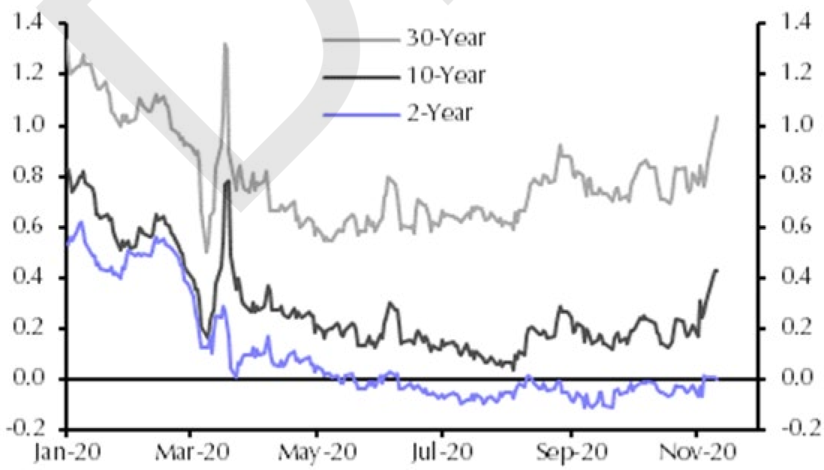
World growth. While Latin America and India have, until recently, been hotspots for virus infections, infection rates have begun to stabilise. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed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

So 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.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-

austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.

- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but 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 No Colour		12 months 12 months 6 months 100 days Not for use

	* Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max Maturity Period
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use

NON-SPECIFIED INVESTMENTS:

These are any investments which do not meet the specified investment criteria. Non-specified investments are typically viewed as being riskier than specified investments. A maximum of £30m will be held in aggregate in non-specified investment

A variety of investment instruments are outlined below. The Council has selected these instruments based on their high credit quality.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	* Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
UK Government gilts	UK sovereign rating	100%	5 years
UK Government Treasury blls	UK sovereign rating	100%	5 years
Local authorities	N/A	100%	5 years
Gilt funds	UK sovereign rating	100%	5 years
Banks	Purple Yellow	100% 100%	2 years 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 stableNet 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 & Poors.

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 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 Exit Costs – Voluntary Early Retirement / Voluntary Severance

17. The financial criteria for release under VER/VS is as follows:

    Pay back within 2 years
    Pay back extended to 2.5 years in exceptional circumstances

18. Decisions on whether to approve VER/VS in individual cases are made by a Chief Officer Panel acting under the authority of the Director of Finance, Director of Legal and Governance and Director of HR & Customer Services.

19. When making decisions this Panel will have regard to the ‘Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 and supplementary Guidance, which was issued in 2013.

Policy on Remunerating the Lowest Paid in the Workforce

20. 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 2021 to March 2022).

21. 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.

22. From April 2022 this will increase to £9.90 per hour. The payment will be made as a supplement which will be reviewed on an annual basis.

23. Pay rates are increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.

Remuneration ratios

24. 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 (£27,741) is 7.26:1. This demonstrates the authority’s commitment to a fair approach to pay.

Approval of Salary Packages in Excess of £100k

25. 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

26. 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

27. As the policy covers the period April 2022 to the end of March 2023, 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 Executive Member for Finance and Resources for recommendation to the Council.

Policy for Future Years

28. 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 2022

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 1/4/22 using the Chief Officer pay scale as of 1/4/22. Any pay award during 22/23 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	107,600	
	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 Operational Services	154,322	
	Executive Director City Futures	147,619	
	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 Integrated Commissioning	87,603	
	Director of Communities	90,815	

	Director Parks Amenities & Business Improvement	90,815	
	Director of Education and Skills	89,641	
	Director of Human Resources and Customer Services	90,815	
	Director of Finance and Commercial Services	99,919	
	Director of Business Change and Information Solutions		This post is currently vacant
Chief Officers (those who report to Non Statutory Chief Officers) which in Sheffield City Council are the posts of:	Director Housing Services	99,919	
	Director Street Scene and Regulations	90,815	
	Director Economic Development	87,603	
	Director Direct Services	87,603	The post is currently vacant
	Director Investment and Climate Change	87,603	The post is currently vacant
	Director City Centre and Central Area Development		The post is currently vacant
	Head of Business Strategy and Change	76,176	
	Head of Communications (CEX)	61,821	
	Head of Policy and Partnerships (CEX)	63,293	

Annex 2 - Chief Officer Grading Structure

Grade Desc	Spinal Pt	01/04/2022
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 Number - 1128

Part A - Introductory Information

Proposal Name

Cumulative Budget EIA - 2022 23

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

The purpose of the Revenue Budget report is to:

- Approve the City Council's revenue budget for 2022/23, including the position on reserves and balances.
- Approve a 2022/23 Council Tax for the City Council.
- Note the levies and precepts made on the City Council by other authorities.

Proposal type

● Budget ○ non-Budget

If Budget, is it Entered on Q Tier?

○ Yes ○ No

If yes, what is the Q Tier reference: No

Year of proposal (s)

○ 21/22	● 23/23	○ 23/24	○ 24/25	○ other

Decision Type

○ Coop Exec
○ Committee (e.g., Health Committee) which committee
○ Leader
○ Individual Coop Exec Member
○ Executive Director/Director
○ Officer Decisions (Non-Key)
● Council (e.g., Budget and Housing Revenue Account)
○ Regulatory Committees (e.g., Licensing Committee)

Lead Member

Cllr Terry Fox

Lead Director for Proposal

Eugene Walker

Lead Person completing the EIA

Adele Robinson

EIA start date 31/01/2022

Equality Lead Officer

- ● Adele Robinson
- ○ Annemarie Johnston
- ○ Bashir Khan
- ○ Beverley Law
- ○ Ed Sexton
- ○ Louise Nunn

Lead Equality Objective (see for detail)

● Understanding Communities	● Workforce Diversity	● Leading the city in celebrating & promoting inclusion	● Break the cycle and improve life chances

Portfolio, Service and Team

Is this Cross-Portfolio

● Yes ○ No

Portfolio

All

Is the EIA joint with another organisation (e.g. NHS)?

○ Yes ● No

Consultation

Is consultation required (Read the guidance in relation to this area)

● 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

Some consultation has taken place see attached document, further service level consultation will take place before implementation of any proposals.

Initial Impact

Under the Public Sector Equality Duty we must pay due regard to the need to:

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

For a range of people who share protected characteristics, more information is available on the Council website including the Community Knowledge Profiles.

Identify Impacts which characteristic the proposal has an impact on tick all that apply

● Health	○ Transgender
● Age	● Carers
● Disability	● Voluntary/Community & Faith Sectors
● Pregnancy/Maternity	● Cohesion
● Race	○ Partners
○ Religion/Belief	● Poverty & Financial Inclusion
● Sex	○ Armed Forces
○ Sexual Orientation	● Other Workforce
● Cumulative	

Cumulative Impact

Does the Proposal have a cumulative impact?

● Yes ○ No

● Year on Year	● Across a Community of Identity/Interest
○ Geographical Area	○ Other

If yes, details of impact

- As in previous years, we have paid due regard to the cumulative impact of changes from recent years to inform our decision making this year. Whilst there are more negative implications this year due to the significant budget gap there are still important investments in key services like social care for adults and children and youth services. We have used reserves to make sure the most vulnerable are protected. However, we also should recognise the terrible impact that almost a decade of austerity and the pandemic has had on communities and public services.

- We are using contract reductions, raising fees and charges and service transformations, to the best effect to try to mitigate the negative impact of budget reductions and increased cost pressures, however this has still meant that we have had to make some very difficult choices. For example, in Children and Families services they are currently seeing significant and growing demand, outstripping the resources (people and finances) available to meet the growing need. Despite additional funding made available to plug the gap and successful targeted prevention activities such as Early Help and Inclusion, there is still insufficient resource to meet demand in 2022/23.

- In service transformations we are reducing levels of staffing across the council and although we try to do this where there is likely to be less impact on customers, people may face increase in waiting times for services and see service changes. This also has an impact on the pressures that remaining staff feel, which in turn may impact on sickness levels. We have seen this occurring over the past year. The Council must decide where to do or provide support less.
- The groups which are impacted across EIA's and portfolios are the same as last year as these are the groups most likely to use services, such as disabled people, older and young people, women, carers and people on low incomes.
- Some people who due to the impact of Covid over the past 18 months may have had a service for the first time or have had a service increased may find that this has to be reassessed to see if the same level of service is required. Although this will always be based on individual assessments there will be some people who previously received a service may receive a changed or reduced service, or no service, as we focus services on those most in need.
- Subject to Council approval, the Council Tax rate will increase by 2.99%, comprising 1.99% for the Core Council Tax and 1% for the Adult Social Care Precept. Many dwellings in the Council's area are Band A, and as such will see an increase the equivalent to 65p per week. A 1% increase in the Social Care precept is around 22p a week for most households in the city. This will be mitigated by the increase in hardship funding which has again risen by a further £200,000.
- Also due to low income, some groups are also more likely to be cumulatively impacted, these are disabled people, carers, some Black, Asian and Minority Ethnic communities, young people and some groups of women, such as lone parents and female pensioners.
- The reduction in universal provision or increases in fees and charges is likely to impact on those who are not in the greatest need, but who are still struggling financially and may find it difficult to pay for alternative provision.
- This year with the rise in national insurance, increased inflation, energy and food price rises, the impact of COVID etc the impact on people who are living in poverty or who are struggling financially is more acute. There are likely to be more people in this position than before from across the city. The budget consultation both as a percentage of responses and in the free text boxes is telling us that although people agree to a rise in Council tax to protect services, this is fewer than before, and people are worried about the ability to pay any increase. See the consultation section. People are more likely to support the social care precept an increase that specifically goes to this area.

Proposal has geographical impact across Sheffield

○ Yes ● No

If Yes, details of geographical impact across Sheffield

Proposals are across Sheffield, and this is the Cumulative EIA

Local Area Committee Area(s) impacted

● All ○ Specific

If Specific, name of Local Committee Area(s) impacted:

Initial Impact Overview

Based on the information about the proposal what will the overall equality impact?

- We have undertaken an initial EIA on every proposal but only undertake a full one when it is indicated that the proposal will have a significant impact (more than minor). 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.
- Consequently, 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.

Is a Full impact Assessment required at this stage? ● Yes ● No

If the impact is more than minor, in that it will impact on a particular protected characteristic you must complete a full impact assessment below.

Initial Impact Sign Off

EIAs must be agreed and signed off by the Equality Lead Officer in your Portfolio or corporately. Has this been signed off?

● Yes ○ No

Date agreed 31/01/2022 **Name of EIA lead officer** Adele Robinson

Part B - Full Impact Assessment

Health

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

● Yes ○ No *if Yes, complete section below*

Staff

● Yes ○ No

Customers

● Yes ○ No

Details of Impact

People - Children and Young People

- Ceasing Children's Involvement could negatively impact on the longer-term health outcomes of a very vulnerable cohort of young people alongside the stress and anxiety on not being heard in the short term.
- A Managing Employee Reduction (MER) can be very stressful for staff affected and there could be workload stress in other teams causing employee relations issues in more than one team.
- The No Recourse to Public Funds is likely to negatively impacts on the health of vulnerable children and people and more likely to impact on women.
- Reductions to Youth Justice could result in a range of negative health related impacts for staff and for young people currently supported, with service reductions adding to the negative health impacts that offending and reoffending can cause in the short and longer term.
- Staffing reductions such as the Voluntary Employee led reductions in Education Skills could add to pressures and stress for remaining staff.
- Any loss of mental health and wellbeing support to young people would have negative impacts on the health and wellbeing of young person and their family as well as potential longer term negative impacts. Also, there would be negative affect or mitigating the Covid impacts on children and young people.
- Staffing reductions such as those of Business Support reductions could negatively affect the health of affected staff. Also, the Voluntary Employee led reductions in Children and Families could add to pressures and stress for remaining staff.

People - Adults

- Enablement Service - This is expected to have an overall positive health impact for hospital patients, providing quicker access to support and rehabilitation at home and opportunities to regain independence than might not be as possible through home care.
- Equipment and Adaptations this also impacts on age and disability as well. This will support people to continue living independent lives at home, with associated positive health and wellbeing impacts.

- Mental Health Social Work -This is exploring ways to align the management and operation of the mental health social worker role more closely with other areas in AHSC. Impacts are expected to be positive, full procedures (e.g., consultation) would need to be followed as necessary.

- In Safeguarding, Mental Health and Domestic Abuse review options are being considered for developing the service model, potentially under a new team. This is expected to be positive, although any impact on people's health and wellbeing problems (and on staff) will need monitoring.

- Social work strength-based reviews is to hold personalised conversation-based reviews with more people, focusing on individual strengths and the prevention principles of the Care Act.

- Integration of Continuing Health Care Services - Joint commissioning with CCG, joint work to improve system processes and costs and potentially increased access to CHC funding is expected to have an overall positive health impact.

- Accommodation Strategy. This proposal is expected to benefit the health, wellbeing and inclusion of older people and people with learning disabilities.

- Direct Payments Service see more detail under Disability, Age and Carers below. This proposal is likely to have some benefit, supporting people to make positive health and wellbeing decisions and reducing any anxiety that may be associated with managing Direct Payments.

- Review of Befriending, Short Breaks and Day Activity Services is expected to have positive benefits for disabled people, older people and carers.

- Improved Transitions planning is potentially having longer-term health benefits after young people reach adulthood, in so far as better planning aims to prepare for an adult life not only with access to healthcare but also with wider health and wellbeing benefits associated with greater independence and inclusion. There may be some short-term negative impacts as young people and families/carers adjust to different support arrangements.

- Home Care arranged or increased during Covid

- Other support put in place during Covid

- Complex Care LD Review Team

- These proposals follow an established business planning approach over recent years of anticipating a net overall financial reduction as AHSC seeks to maximise independence and adhere to the prevention principles of the Care Act through reviewing packages of care and support.

- In 2022-23, it is complicated by the short-term escalation in care package sizes and costs because of the Covid-19 pandemic. The aim is to return packages closer to pre-Covid levels where appropriate. In the context of Covid, there is potentially a heightened risk that some people experience anxiety or other negative health outcomes if their support package is reduced.

- This overall neutral impact assessment is on the basis that reviews are driven by individual circumstances/need and the promotion of prevention/wellbeing. It recognises that people may feel positive or negative impacts following reviews and assumes that any reductions would be managed/phased where appropriate to help individuals adjust.

Comprehensive Health Impact Assessment being completed

○ Yes ● No

Please attach health impact assessment as a supporting document below.

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

○ Yes ● No

Name of Health Lead Officer

Age

Impact on Staff

○ **Yes** ● No

Impact on Customers

● **Yes** ○ **No**

Details of impact

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.

People - Children and Young people

- Reducing or removing the Audit Team Function would result in reduced capacity to effectively progress improvement of policy and practice which would a disproportionate negative impact on vulnerable children and young people due to a reduced quality of service.
- Any cessation or reduction of funding for the New EAL & Arrivals - Roma project fund would impact on some of our most vulnerable pupils.
- A reduction of element 3 Locality Funding to schools would be a reduction in inclusive practice and possible negative increased numbers of children going into special schools.
- A Cancellation of Children's University special projects with AESSEAL will negatively impact on children and young people from disadvantaged backgrounds, potentially lead to gaps in their learning and the development of the essential life skills they need to succeed.
- Ceasing Delivery of Early Help would remove a key mitigation against longer term and the wider negative impacts of higher-level interventions for children, young people and their families. It would also reduce some of the mitigations on the impacts of the pandemic which would have impacted more on the more vulnerable children and families.
- A reduced or ceased provision of Children's Involvement Team Service would reduce or remove advocacy and would negatively impact on an already vulnerable group of children and young people and their families. There would be longer term implications on the child/young person if this support is removed.
- Changes to No Recourse to Public Funds through the delivery of accommodation via housing/communities would be a mitigation on negative impacts.
- A reduction to the Youth Justice Service would see reduced service, a negative impact on success of interventions/ re-offending rate with potential longer. Possible greater negative longer impacts by sex and ethnicity.
- The conversion of £1.7 million of the Business Support budget into support worker roles to support the statutory delivery of social work delivery will a positive impact on vulnerable children and young people as well as their families.

- A reduction of the incentives on Apprentice 100 would make the Scheme less attractive to employers, impact upon the take up on the programme which would impact on employers in need of apprentices and impact on young people accessing Apprentice 100 if less employers access the Scheme.
- Additional Dedicated Schools Grant (DSG) funding to reflect increased demand due to the increased numbers of SEND pupil numbers.
- The creation of Aspire 3 as a 5 residential beds unit within Council provision will deliver the third phase of the programme to keep up to 40 adolescents at home and where it is possible for them to avoid entering the care system.
- The proposed development of 6 independent flats for care leavers at Carfield will positively impact on a small number of care leavers as they will be able to access independent flats to live in.
- The creation of a second 12 bed secure home based on Aldine House to meet national need for secure places will help create a surplus and additional revenue would be invested in local services benefitting local children, young people and their families.
- The creation of bespoke 1 or 2 bed placements for children with exceptionally complex needs will help meets both the placement demand and supply issues with more placement choice and more local placements.
- Ceasing contribution to CAMHS for the provision of specialist mental health therapeutic support for children and young people without being able to secure additional contribution from health for council services has a potential to have a negative impact. Increased contribution from Health is the mitigation for this.
- Several children in semi-independent placements will be transferred into Council accommodation as soon as council accommodation and workers to support transition to semi-independent living become available. Inevitably given the ongoing Covid-19 situation, this impacts on resources to support young people in their journey to independence. The young people will be supported throughout the move into Council accommodation.
- In Place the revenue spend on improving air quality and meeting the transport objectives should benefit all ages, but in particular younger and older people, due to the disproportionate impact poor air quality has on the health and wellbeing of these age groups.
- By improving the Income Recovery for Temporary Accommodation, the 25 to 55 age group benefit
- Most taxi drivers are male, from a Black or Asian ethnicity and over 50 years old. Therefore, charging for vehicles that are non-compliant may have a disproportionate impact on this group. For drivers that will pay charges to enter the Clean Air Zone, support will be available in the form of loans or grants towards the cost of upgrading or retrofitting a vehicle.

- **People Adults** - 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.
- Across all Portfolios impacts on age have been identified; however, for older people the impacts are largely in People Services. 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.
- Improved Transitions planning- See under Disability below. This proposal aims to prepare young people earlier for a more independent and inclusive adult life, with the prospect of positive impacts on health and wellbeing and other areas. There may be some negative impacts as young people and families/carers adjust to different support arrangements.
- Social work strength-based reviews. This proposal focuses mainly on older people. This is exploring ways to align the management and operation of the mental health social worker role more closely with other areas in Adult Health and Social Care.
- Mental Health Social work strength-based reviews is holding personalised conversation-based reviews with more people, focusing on individual strengths and the prevention principles of the Care Act. The impact is expected to be positive, including for older people and younger people.
- Safeguarding, Mental Health and Domestic Abuse service review, the impact of a review and potential for bringing functions together in a single team would be expected to be positive, but full impacts would need assessing.
- Enablement Service, this will significantly benefit older people who are many hospital inpatients.
- Equipment and Adaptations, this will support people to continue living independent lives at home. It will significantly benefit older people, the largest group of people in social care. It supports positive impacts, including those associated with better health, wellbeing, independence, social inclusion and financial security.
- Review of Befriending, Short Breaks and Day Activity Services, this aims to make service improvements and will potentially include coproduction with people currently accessing support. Impacts are expected to be positive but will need monitoring.
- Direct Payments Service, this proposal is expected to offer benefit so some older people, including on health and wellbeing and social inclusion. Positive impacts are limited as older represent only represent a small proportion of current DP recipients. The equality assessment is on the basis that it will be led by the choices and preferences of people.

- Income and Payments, this proposal aims to ensure older people have their maximum entitlement to benefit income and are better able to keep on top of financial contributions to care and support. Although is primarily an AHSC income-generating proposal, it is assessed as a positive in equality terms as, overall, people are likely to have net financial gains from benefit maximisation, would potentially be better informed about contributions to care and less likely to acquire debt with its consequences on wellbeing.
- Home Care arranged or increased during Covid
- Other support put in place during Covid
- Family Centres restructure impacts on young people are expected to be limited but would need monitoring.
- Regulation of fee uplifts - An option of limiting the annual fee increase to AHSC providers could have a knock-on effect on older people who use the providers' services, causing disruption and other negative impacts and/or inhibiting choice.
- In **Resources and PPC**, there are mainly none to low impacts in relation to age, 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.
- 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 helping 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.
- 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 fund has increased steadily each year and is 2 million now in 2022/23.

Disability

Impact on Staff **Impact on Customers**

○ Yes ● No ● Yes ○ No

Details of impact

- 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.
- 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 - Children and Young People

- The reduction of element 3 Locality Funding to schools and exceptional needs would have a reduction in inclusive practice and possible negative impacts and increased numbers of children going into special schools.
- A reduction in the Inclusion and Schools Commissioning supporting sufficiency work would impact on the ability to deliver the sufficiency for mainstream and SEND places in the city which is a statutory duty.
- The proposed conversion of a further short break home into a 6-bed home for disabled children in care will reduce the need for more expensive beds costing and will have a positive impact on LAC with disabilities but requires mitigations, e.g. community based short breaks offer, to the made for the changes to Short Breaks.
- The Employee Reduction scheme is likely to see more older employees making use of it and this could impact on the disabled workforce profile as more older employees are likely to have a disability. Mitigations include staff feel able to declare any disabilities that they have so that they can receive the correct support they require.
- Any loss of mental health and wellbeing support to young people would have negative impacts including longer term impacts. It would negatively affect mitigating the Covid impacts on children and young people.

Place

- Clean Air Zone (CAZ) Charging - As we are not intending to implement a CAZ D which would involve charging for private cars, there should not be implications for disabled drivers with Blue Badges. Community minibus and foreign disabled person's vehicles will be exempt for a year after the launch of the CAZ. Health and emergency services vehicles will be exempt permanently.

- The revenue will be used to support achieving strategic aims to improve availability and access to public transport, where barrier may exist for lack of access to private transportation. All improvements on air quality should have a positive impact for disabled people.
- By improving Income Recovery for Temporary Accommodation there will be a positive impact on residents who are disabled.
- The Clean Air charging zone could reduce the number of accessible black taxis. Sheffield's taxi fleet is 100% accessible to disabled people and we are committed to maintaining this standard as we support taxi drivers and companies to upgrade their vehicles to clean alternatives (LPG or electric). This commitment will therefore shape the choice and availability of replacement clean vehicles, and this may therefore impact on the timescale in which taxi drivers buy a clean vehicle.

People - Adults

- Social work strength-based reviews, this will affect disabled adults of all ages and the aim is to hold personalised conversation-based reviews with more people, focusing on individual strengths and the prevention principles of the Care Act.
- Mental Health Social Work, the impact is expected to have positive impacts for people who need mental health support.
- Safeguarding, Mental Health and Domestic Abuse review. The impact of a review and potential for bringing functions together in a single team would be expected to be positive, but full impacts would need assessing.
- Enablement Service, this will significantly benefit disabled people who are the large majority of hospital inpatients
- Integration of Continuing Health Care Services -See under Health above..
- Equipment and Adaptations This will support people to continue living independent lives at home, including disabled adults of all ages. It supports positive impacts, including those associated with better health, wellbeing, independence, social inclusion and financial security.
- Review of Befriending, Short Breaks and Day Activity Services, this aims to make improvements in service/support and will potentially include coproduction with people. It is focused on disabled people, although may also affect older people and carers.
- Income and Payments, this aims to ensure disabled people have their maximum entitlement to benefit income and are better able to keep on top of financial contributions to care and support. Overall, people are likely to have net financial gains from benefit maximisation, would potentially be better informed about contributions to care and less likely to acquire debt with its consequences on wellbeing.

- Direct Payments Service, this proposal is expected to offer people more support and options in the use of Direct Payments. It particularly applies to disabled people, who are the largest cohort of DP recipients. This proposal is likely to have positive benefits in areas of people's lives, including choice and control, health and wellbeing and social inclusion. The equality assessment is on the basis that it will be led by the choices and preferences of people.

- Accommodation Strategy, includes plans to make available purpose-built accommodation for people with learning disabilities and complex needs, offering support that promotes independent living skills. It is expected to have a positive impact on health, wellbeing and inclusion in comparison to potentially more restrictive care settings.

- Improved Transitions planning, this proposal aims to prepare young people with disabilities earlier for an adult life and the different choices, expectations, risks and opportunities that exist. It potentially has longer-term benefits, enabling young people and families to plan and raise aspirations.

- Preparing for a more independent and inclusive life offers the prospect of positive impacts on wider health and wellbeing, financial inclusion and community involvement and other areas. There may be some short-term negative impacts as young people and families/carers adjust to different support arrangements.

- Supported Living TUPE payments

- Vacancies and Voids costs, these proposals affect supported living providers. It is expected that any impact on people with learning disabilities (e.g. on quality/continuity of care) would be indirect and limited but this would need monitoring.

- Regulation of fee uplifts, see under Partners below. An option of limiting the annual fee increase to AHSC providers would have a knock-on effect on disabled people who use the providers' services – causing disruption and other negative impacts and/or inhibiting choice.

- 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 more than 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.

- 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.

- Previous 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.

Sex and Pregnancy/Maternity

Impact on Staff

● Yes ○ No

Impact on Customers

● Yes ○ No

Details of impact

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.

People Children and Young People

- The No Recourse to Public Funds changes are more likely to impact on women and are being mitigate through the delivery of accommodation via housing/communities.
- The Early Help proposals would have more disproportionate negative impacts on women in particular; increased social care demand if the family's needs escalate to the point that some children become LAC.
- Increasing the number of Support Workers will have a positive impact on vulnerable families and especially women. There are likely to be positive impact for staff getting the Support Worker roles which are more likely to be filled by women.
- There are negative impacts on Business Support staff who are affected and would be subject to a MER process and more female staff are more likely to be impacted upon.

Place

- Clean Air Zone charging - There is a high number of males that work in the travel industry within the city, this includes taxi drivers, bus drivers and coach operators. Therefore, charging for vehicles that are non-compliant may have a disproportionate impact on this group. For drivers that will pay charges to enter the CAZ, support will be available in the form of loans or grants towards the cost of upgrading or retrofitting a vehicle.
- The revenue spend on improving air quality and meeting the transport objectives should benefit both sexes.

People Adults

- Safeguarding, Mental Health and Domestic Abuse review, the impact of a review and potential for bringing functions together in a single team would be expected to be positive, but full impacts would need assessing.
- Domestic Abuse Refuge funding, the proposal is to utilise grant funding to maintain current financial support. There is no additional resource, however demand has increased so the proposal is therefore assessed as neutral.

- No other proposals that have a primary impact on grounds of Sex or Pregnancy/Maternity. There are secondary impacts across the range of Adult Health & Social Care proposals (see under Health, Age, Disability, Carers and Partners). There may be limited secondary impacts across the range of community safety proposals (see under Cohesion).

- 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.

Race

Impact on Staff

○ Yes ● No

Impact on Customers

● Yes ○ No

Details of impact

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. 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.

- 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.
- In **People - Adults**, 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 no reductions. We will monitor the position closely throughout the year ahead. There were no proposals identified that have a primary impact on Race. There are secondary impacts across the range of Adult Health & Social Care proposals (see under Health, Age, Disability, Carers and Partners).
- **People - Children and Young People**, the EAL & Arrivals - Roma project directly supports Roma learners and their families, ceasing this will impact on some of our most vulnerable pupils.
- Youth Justice reductions would have delivery impacts on young people through potential greater negative longer impacts on ethnicity and potentially more costly/damaging in the longer run- e.g. more serious reoffending.
- Proposals with staffing impacts will have to take steps to ensure that BME staff are not disproportionately impacted upon, e.g., with caseload increases; potential compulsory redundancy as well as other employee relations issue that are almost certain to arise around grievance, possibly conduct, potentially performance.
- Other proposals could have positive staffing impacts for BME, e.g., Support Worker roles supporting the statutory delivery of social work are more likely to be filled by BME. Staffing changes will also have positive impacts on more recently recruited staff, some of whom will be younger or from a BME background. This could help further with workforce diversity and succession planning.

Place

- There is a high number of Black and Asian and minority ethnic people that work in the travel industry within the city, this includes taxi drivers, bus drivers and coach operators. For example, most taxi drivers are male, from a black or Asian ethnicity and are over 50 years old. Therefore, charging for vehicles that are non-compliant may have a disproportionate impact on this group. For drivers that will pay charges to enter the CAZ, support will be available in the form of loans or grants towards the cost of upgrading or retrofitting a vehicle.
- Clean Air Zone charging - The spend on improving air quality and meeting the transport objectives should benefit everyone, but in particular Black, Asian or Minority Ethnic communities, due to the disproportionate impact poor air quality has on the health and wellbeing of these communities.
- Temporary Accommodation - improving income recovery will also enable resources to be better utilised for the homelessness services for vulnerable.

Religion/Belief

Impact on Staff

○ Yes ● No

Impact on Customers

○ Yes ● No

Details of impact

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.

Sexual Orientation

Impact on Staff

○ Yes ● No

Impact on Customers

○ Yes ○ No

Details of impact

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.

- Overall, across the Council, **in People, 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.
- 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 because of their sexual orientation.

Gender Reassignment (Transgender)

Impact on Staff

○ Yes ○ No

Impact on Customers

○ Yes ○ No

Details of impact

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.

- Overall, across the Council in People Place, Resources or PPC we do not think there will be negative disproportionate impact on trans people. However, we do not have enough 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.

Carers

Impact on Staff ○ Yes ● No

Impact on Customers ● Yes ○ No

Details of impact

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.

- 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. As a result of Covid-19, many people have faced 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.

People- Children and Young People

- Reviewing our most high-cost and complex placements to identify alternative packages will see a more local approach which would be positive for the parent and or Carer.
- The proposed creation of bespoke 1 or 2 bed placements for children with exceptionally complex needs will increase the number of young people being placed locally, this would be better for them and their families.
- People Adults Enablement Service this proposal is expected to have an overall positive health impact for hospital patients and their carers, providing quicker access to support and rehabilitation at home and opportunities to regain independence than might not be as possible through home care.
- Integration of Continuing Health Care Services, these proposals are likely to have knock-on benefits for carers of older people or disabled people.
- Equipment and Adaptations This proposal will support people to continue living independent lives at home. It supports positive impacts, including those associated with better health, wellbeing, independence, social inclusion and financial security.
- Direct Payments Service, this proposal is likely to have some benefit to carers, potentially reducing the burden and anxiety that may be associated with helping someone manage a Direct Payment.
- Improved Transitions planning, this proposal aims to prepare young disabled people earlier for a more independent and inclusive adult life. It has the potential to be very supportive and reassuring for families/carers. Positive impacts on wider health and wellbeing, financial inclusion, community involvement and other areas would be expected, although there may be some short-term negative impacts as young people and families/carers adjust to different support arrangements.

- Social work strength-based reviews, this will affect Carers of older people or disabled people. This proposal is to hold personalized conversation-based reviews with more people, focusing on individual strengths and the prevention principles of the Care Act.
- Review of Befriending, Short Breaks and Day Activity Services, this aims to make improvements in service/support and will potentially include coproduction with people. It is focused on disabled people, although may also affect older people and carers.
- Home Care arranged or increased during Covid and other support put in place during Covid and the changes to the Complex Care LD Review Team are likely to be neutral but this will need monitoring.
- 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 original 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.

Poverty & Financial Inclusion

Impact on Staff ● Yes ○ No

Impact on Customers ● Yes ○ No

Please explain the impact

External factors such as the increase in gas prices, food, national insurance etc have already had a significant impact on households, especially those most vulnerable. We have had to increase Council Tax and the Social Care precept, increase other fees and charges across the Council like for parking, for bereavement and registry office services, bring in the Clean Air Zone charge etc all to help us support services. In mitigation we have increased the hardship fund again to 2 million overall to protect those on the lowest incomes, however struggling households will still be impacted by these changes.

People- Children and Young People

- Reducing or ceasing the Children's Involvement Team would have longer term impacts for a very vulnerable cohort including financial inclusion and not being in poverty.
- No Recourse to Public Funds Teams works with some of the most financially excluded.

- Cancellation of the Children's University special projects with AESSEAL which engages children and young people from disadvantaged backgrounds will be negatively impacted potentially leading to gaps in their learning and the development of the essential life skills they need to succeed.
- There are potential negative financial impacts on staff who are made redundant through the MER or end up in lower paid or no employment.
- There are potential increased negative financial inclusion and poverty impacts on young people in the longer term due to offending/reoffending on account of reduced interaction with Youth Justice Services.
- There are likely to be positive financial impact for staff getting the Support Worker roles which are more likely to be filled by women/BME.
- A reduction in the incentives on Apprentice 100 could potentially impact on young people entering and progressing within the labour market if less employers access the Scheme.

Place

- The revenue spend on improving air quality and meeting the transport objectives should benefit everyone, but in particular those living in poorer areas, due to the disproportionate impact poor air quality has on the health and wellbeing of these communities.
- Temporary Accommodation - by ensuring that we are actioning customers housing benefit claims for Temporary Accommodation (TA) at the earliest possible opportunity and at a greater volume we anticipate that fewer TA customers will fall into arrears for their TA accommodation. This has net benefits to customers when they are seeking long term housing and minimising customer exposure to debt is linked to improved mental and physical wellbeing outcomes.
- Increase fees in relation to cremation, burial and memorial services - Funerals are known to be a difficult expense for many bereaved families. Increasing fees could make this financial pressure greater. People on certain benefits can apply for a Funeral Expenses Payment to help cover some of the funeral costs therefore this increase may particularly affect those on low income where there is no Estate. Increasing fees may limit what some people are able to afford.
- Charging for vehicles that are non-compliant may have a detrimental financial impact. For drivers that will pay charges to enter the CAZ, support will be available in the form of loans or grants towards the cost of upgrading or retrofitting a vehicle.
- Increase in fees and charges Parking Services however the increase is low in line with the retail price index.

Resources

- There are currently approximately 46,600 households who receive Council Tax Support, and of these approximately 27,900 are of working age.

- 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), to continue to help 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.

- 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.

Cohesion

Staff

● Yes ○ No

Customers

● Yes ○ No

Details of impact

People – Children and Young People

- Staffing changes resulting in reduced capacity for case holding social workers/ managers would have reduced staff cohesion. A Managing Employee Reduction (MER) can be very stressful for staff affected and contribute to reduced workplace cohesion. In addition, workload tensions may increase in other teams causing employee relations issues in more than one team.
- Proposed reduction or cessation of the Children's Involvement Team could adversely impact upon the longer-term outcomes of an already very vulnerable cohort to be an integrated member of society in the future.
- There are potential negative cohesion impacts on young people in the longer term if their interaction with Youth Justice Services had reduced success rates following the changes and they remain in offending.
- An MER can be negative for workplace cohesion and negative impact could have an indirect impact of workload of other teams causing employee relations issues there too.
- As a result of the VER/VS Scheme in Education and Skills, there could be negative impacts on cohesion, due to reduced skilled staffing resource; dissatisfaction due to VR/VER requests not being agreed; more stress/workloads for the remaining staff.
- As a result of the VER/VS Scheme in Education and Skills, there could be negative impacts on cohesion, due to reduced skilled staffing resource; dissatisfaction due to VR/VER requests not being agreed; more stress/workloads for the remaining staff.

Partners

Impact on Staff

○ Yes ● No

Impact on Customers

● Yes ○ No

Details of impact

- In **People - Adults** we will secure a future working relationship with the new NHS structures, founded in our vision to deliver excellent health and care services in all our communities across Sheffield, reduce health inequalities, integrate care and put public delivery at the heart of health and care. We are asking our health partners to pay more contributions where we feel this is fair. Within Integration of Continuing Health Care Services, we are joint commissioning with the Clinical Commissioning Group (CCG soon to change to Integrated Care Board), joint work to improve system processes and costs and potentially increased access to CHC funding is expected to have an overall positive health impact.
- TUPE payments, this seeks to negotiate and reduce payments for staff costs incurred by organisations when staff were transferred to their employment. It is expected that any impact on people with learning disabilities (e.g., on quality/continuity of care) would be indirect and limited but this would need monitoring. However, this would need monitoring closely.
- Vacancies and Voids costs, this proposal aims to end agreements with providers to cover the cost of vacancies in supported living and nursing care. It is expected that any impact on people with learning disabilities (e.g., on quality/continuity of care) would be indirect and limited but this would need monitoring. However, this would need monitoring closely.
- Reduced liability for contract void charges, this proposal may have a limited negative impact on a small number of not-for-profit organisations. Impact is assessed as neutral but would need monitoring.
- Regulation of fee uplifts, this is an option of limiting the annual fee increase to AHSC providers is being considered. If this is agreed, there would be negative impacts on organisations, their sustainability, and their ability to pay, retain and attract staff. It would affect the overall market and well as individual organisations.
- It would be likely to result in increased staff turnover and decreased service quality and safety. Some providers may need to stop operating, affecting staff employment and wellbeing.
- This in turn would have a knock-on effect on older people and disabled people who use the providers' services – causing disruption and other negative impacts and/or inhibiting choice.

People – Children and Young People

- The school sector is unlikely to be receptive to a reduction in element 3 Locality Funding to schools.
- A cancellation of Children's University special projects with AESSEAL would impact on school partners and there could be negative impacts on key relationship with partners such as with High Sherriff and local businesses.

- Reduced Youth Justice capacity could result in service quality decrease with increased short- and longer-term costs or reoffending including more serious or long-term reoffending which would have impacts on our partners.
- A reduction of the incentives on Apprentice 100 would make the Scheme less attractive to employers and could possibly impact upon the take up on the programme which would impact on employers in need of apprentices.

Place

- Clean Air Zone charging - All non-compliant buses, HGVs, taxis and LGVs will be subject to a charge, and this will have implications for vehicle fleets and supply chains of partners in the city (including SCC's vehicle fleet). Whilst we are proposing that some vehicles will be exempt (e.g., emergency services vehicles, military vehicles), other non-compliant vehicles will be subject to the charge. Through the consultation, we will need to consider the implications of the CAZ proposals for key partners in the city, including NHS, Police and Fire and businesses.
- The spend on improving air quality and meeting the transport objectives should benefit partner organisations in the city who have significant workforces. clean car purchase schemes, bus season tickets).

Armed Forces

Impact on Staff

○ Yes ● No

Impact on Customers

○ Yes ● No

Details of impact

No identified impacts.

VCF Sector

Impact on Staff

● Yes ● No

Impact on Customers

● Yes ○ No

Details of impact

- Across SCC 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 2022-23.
- On the 13th of January 2022, we again had a conversation with a range of representatives from Sheffield's VCF sector at the VCS Forum. They emphasized collaborative working, where we can work stronger together to find solutions for the city but also connect to/access external resource (e.g., from Government). How we can better understand and consider impacts of budget proposals and service reviews on communities including by better evidence. They also wanted more certainty, while recognising the uncertainty of local government finances. However, there is an opportunity to support VCF organisations by providing greater certainty earlier in the year
- 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 to ensure that it continues to be fit for purpose.

Other

Please specify….

Workforce

Impact on Staff

● Yes ○No

Impact on Customers

● Yes ● No

Details of impact

The graph below demonstrates the differing workforce diversity in 2021/22

Portfolio	Proportion of Female Employees	proportions of BAME employees	proportions of Disabled employees	proportions of LGB+ employees	proportions of Unpaid Carer employees
People	77.3%	19.5%	12.4%	4.9%	15.7%
Place	41.5%	11.8%	10.1%	3.2%	12.7%
Resources	64.8%	14.6%	13.2%	5.4%	13.7%
SCC	60.8%	15.7%	11.6%	4.3%	14.2%

Resources includes Chief Executives Office and PPC*

The main differences in each Portfolio are:

People forms 44.8% (3682 employees) of our workforce. This Portfolio has the highest proportion of female employees, disabled employees, employees who are carers 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 41.4% (3,396 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 13.8% (1,134 employees) of our workforce and has slightly higher proportions of employees who are disabled, LGB+, women and therefore lower proportions of employees who are male and carers.

- In all Portfolios the budget proposals include some reduction on staffing budgets. There has been a significant impact on the Council's workforce over the last decade due to restructuring and reductions. The Managing Employee Reduction programme this year is aimed at facilitating the departure of around 146 Full Time Equivalent 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. The vast majority of these are voluntary early retirements (VER) and voluntary severances (VS).

- Consultation is ongoing 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. We also aim to take on a significant number of apprentices as well.
- There is a Council wide EIA the process and the project will also help us to address an imbalance in our workforce profile. We are not meeting our targets of having a workforce that reflects the population of the city of Sheffield. The project aims to facilitate some employees to leave but also includes a target of introducing 100 new apprenticeships. By monitoring the impact of the leavers on the workforce profile we can also target the subsequent recruitment to close the gaps in the workforce profile.
- This project aims to allow those who wish to leave both to retire or to move on to do so in a planned and managed way. The project is over a 2–3-year period allowing some of the skills and experience to be passed on. This requires a recruitment campaign to ensure inclusivity. A representative, diverse workforce will help us deliver our services ensuring SCC is in touch with issues affecting the residents of Sheffield, is accessible and appropriate and help to use to reduce inequalities in our city.
- We also 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. For others, COVID 19 has meant long hours and a severe impact on work and home life balance.

People – Children and Young People

- Reducing or removing Audit Team would see existing workers and managers picking up the maintenance of up-to-date policy and procedure documents which could lead to increased pressures on existing staff. The reduced capacity to not be able to effectively progress improvement of policy and practice would negatively impact and lead to reduced quality of service.
- Reducing Consultant Social Worker Role would result in reduced capacity for case holding social workers/ managers. There could be wider staff related negative impacts which could be difficult to mitigate.
- Reducing or ceasing the Children's Involvement Team would require a Managing Employee Reduction (MER) and potential compulsory redundancy if posts are being deleted. Mitigations include releasing the currently frozen Talent Pool. There could be an indirect impact of workload of other teams causing employee relations issues in more than one team.
- The anticipated reduction over the next 6 months of 280 Children in Need (CIN) cases will lead to a corresponding reduction in Child Protection cases and a reduction in Agency Social Workers.
- It is proposed to refresh the Residential Workforce Strategy and have a relocation of staff between residential homes which will allow us to remove agency staffing cover and generate savings.

Place

- There are lots of service changes which may lead to an opportunity to increase workforce diversity in the areas that are currently underrepresented.

Action Plan and Supporting Evidence

Supporting Evidence

Budget engagement 2022-23.docx

Key findings from the PHE report "COVID-19: review of disparities in risks and outcomes", published 2nd June 2020

- 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 proximity in which people live and work.

Evidence: what we already know – Sheffield demographics

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 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.
- 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 is 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 in the south and west.

- 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.
- 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 disproportionally 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 (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.

What actions will you take, include an Action Plan including timescales

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 Act 2010	Individual proposals have had detailed EIAs and specific mitigation has been devised wherever possible. These will contain the detail of the actions required monitored as appropriate. In some cases, as proposals are further and implemented alongside consultation, some impact assessments be revisited or updated. Continued focus on applying corporate priorities, the Fairness Framework Randomly sample 10% of EIAs in the across portfolios to assess progress and effectiveness.	Service Managers within Portfolios as noted in EIAs. Performance monitoring within Portfolios - Directors of Business Strategy. 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.
Poverty and financial	Analyse, assess and monitor: • 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.	The Sheffield Equality Partnership to develop further monitoring and analysis arrangements which seek to assess the issues highlighted
Workforce	The corporate workforce EIAs will be monitored annually.	Director of HR, annually at the Strategic Equality and Inclusion Board.

Detail any changes made because of the EIA

The shape of the proposals including what have been accepted will be made as a result of the individual EIAs.

Following mitigation is there still significant risk of impact on a protected characteristic.

○ Yes ● No

If yes, the EIA will need corporate escalation? Please explain below

Sign Off

EIAs must be agreed and signed off by the Equality lead Officer in your Portfolio or corporately. Has this been signed off?

○ Yes ○ No

Date agreed	31/01/2022	Name of EIA lead officer	Adele Robinson
Date agreed	31/01/2022	Name of Lead officer	James Henderson

Review Date	01/07/2022

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 2022/23 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	Also 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 (CFR)	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, NNDR 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 15th January, taking account of various factors, including reliefs and discounts awarded to date, payments received to date, the likely level of arrears and provision for bad debts. Any estimated surplus on the Fund must be distributed to the billing authority (the Council) and all major precepting authorities (Police, Fire and MHCLG) in the following financial year. Conversely, any estimated deficit on the Fund must be reclaimed from the parties.
Contingency	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within the Council's control.
Council Tax	A banded property tax that is levied on domestic properties. The banding is based on assessed property values at 1st April 1991, and ranges from Band A to Band H. Around 60% of domestic properties in Sheffield fall into Band A. Band D has historically been used as the standard for comparing council tax levels between and across local authorities, as this measure is not affected by the varying distribution of properties in bands that can be found across authorities.
Council Tax Support (CTS)	Support given by local authorities to low income households as a discount on the amount of Council Tax they have to pay, often to nothing. Each local authority is responsible for devising its own scheme designed to protect the vulnerable. CTS replaced the nationally administered Council Tax Benefit.
Credit Risk	The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
Debt (Bad/ Doubtful)	A Bad Debt is a debt that the Council has written off and has deemed uncollectable. A Doubtful Debt is a debt the Council expects to become a bad debt.

Department for Levelling Up, Housing and Communities (DLUHC)	This is the new name for what was the Department for Communities and Local Government (DCLG), which became MHCLG post Jan 2018. DLUHC is the levelling up rebrand (September 2021).
Designated Areas	These are specific parts of the city referred to as the New Development Deal and Enterprise Zone. They are significant because any growth in business rates above the “baseline” established in 2013/14 can be retained in full locally, rather than half being repaid to Government.
Equality Impact Assessment (EIA)	A process designed to ensure that a policy, project or scheme does not discriminate against people who are categorised as being disadvantaged or vulnerable within society.
Full Time Equivalent (FTE)	FTE refers to a unit that measures the workload of an employee. 1.0 FTE is equivalent to a full-time employee.
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.
Looked After Children (LAC)	Children in public care, who are placed with foster carers, in residential homes or with parents or other relatives.
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.
Minimum Revenue Provision (MRP)	The minimum amount charged to an Authority's revenue account each year and set aside as provision for credit liabilities, required by the Local Government & 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 from decisions causing anticipated expenditure to be 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 to provide a standard level of service.

Specific Government Grants	These are designed to aid 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	DLUHC 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. NB: in a press release from the Chartered Institute of Public Finance & Accountancy (CIPFA), re the Local Government Finance Settlement, CIPFA made the following notable comment: "*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 several special grants that authorities are free to spend as they wish. In contrast DCLG's measure also includes Public Health Grant (which can only be spent on public health matters) and the Better Care Fund (which is largely NHS money or budgets that local authorities have pooled with the NHS, and can only be spent on priorities agreed with local NHS managers).*"
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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CAPITAL STRATEGY

and **BUDGET BOOK**

2022- 2052

Sheffield City Council

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CONTENTS

A1 EXECUTIVE SUMMARY AND RECOMMENDATIONS

A succinct summary of priority areas and recommendations for approval

1.1 Headline summary of priorities

2021 has been another year of tremendous change and challenge. The COVID-19 pandemic has again had a significant impact on our city, and although it's been really encouraging to see how Sheffield has bounced back, we are not yet out of the woods. Climate change is accelerating and the window for us to effect meaningful change continues to diminish.

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. The council will respond swiftly and with flexibility to emerging needs and trends to support the city and its communities in their recovery. As ever, we will strive to deliver the best possible value to the taxpayer.

What is 'capital' spending?

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.

Snapshot of our position

The Council is currently in an extremely challenging financial position, particularly on the revenue budget. This impacts on our capital position.

Wherever we can, we will invest capital monies to avoid recurring revenue expenditure elsewhere in the Council. This should help our budget position in the longer term.

But our capital funds are also limited. Our Corporate Investment Fund (CIF) is a finite pot of money and calls on these funds vastly exceed the sum available.

And the scale of the challenge is immense. We are an ambitious Council: ambitious to do our bit to tackle climate change, ambitious for good jobs and opportunities for our citizens, ambitious to build a destination city where everyone can thrive. We need to carefully prioritise our activities, using our 'One Year Plan' as a springboard to building back better.

We have been successful in securing several programme-specific grants, such as those to invest in our communities and to address climate change. To take advantage of these funds, we will accelerate the development of ‘oven-ready’ schemes, so we are able to respond swiftly to funding opportunities.

But there are several key areas of activity the Council wishes to develop where a lack of funding and/or final agreement on the way forward has prevented progress for some time:

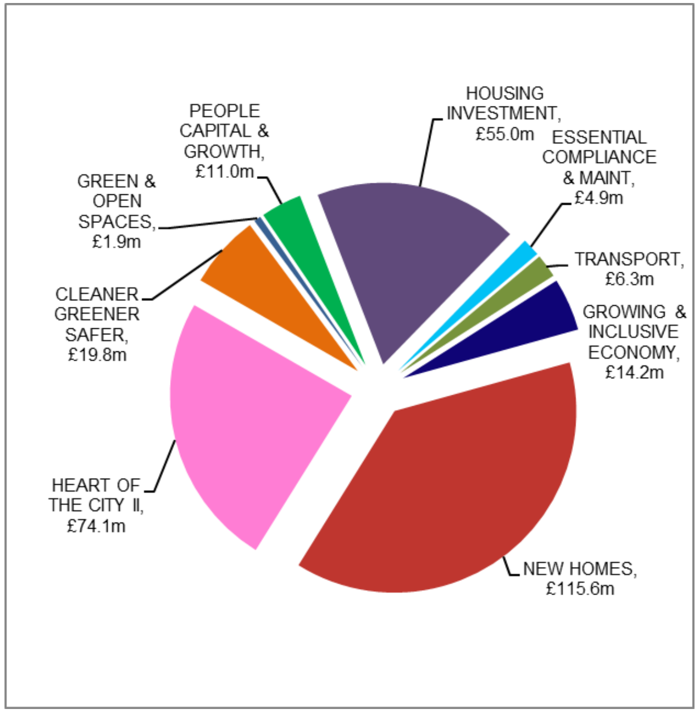
- City Centre Strategy
- Housing Growth
- Education & Special Educational Needs and Disabilities (SEND)
- Our wider corporate estate

This includes projects on landmark buildings such as the Town Hall and the Central Library/Graves Art Gallery. The Capital Strategy details the refocussed approach we will apply to these key initiatives, explaining how we will develop a cohesive plan to move forwards on each of these areas at section A3.

We need to maximise every funding opportunity we have to deliver the very best for the people of Sheffield.

Capital Programme strategic priorities | 2022/23 | £302.7m

Growing and inclusive economy	£14.2m
Transport	£6.3m
New homes	£115.6m
Housing investment	£55m
Cleaner greener safer	£19.8m
Green and open spaces	£1.9m
People: capital and growth	£11m
Heart of the city II	£74.1m
Essential Compliance	£4.9m



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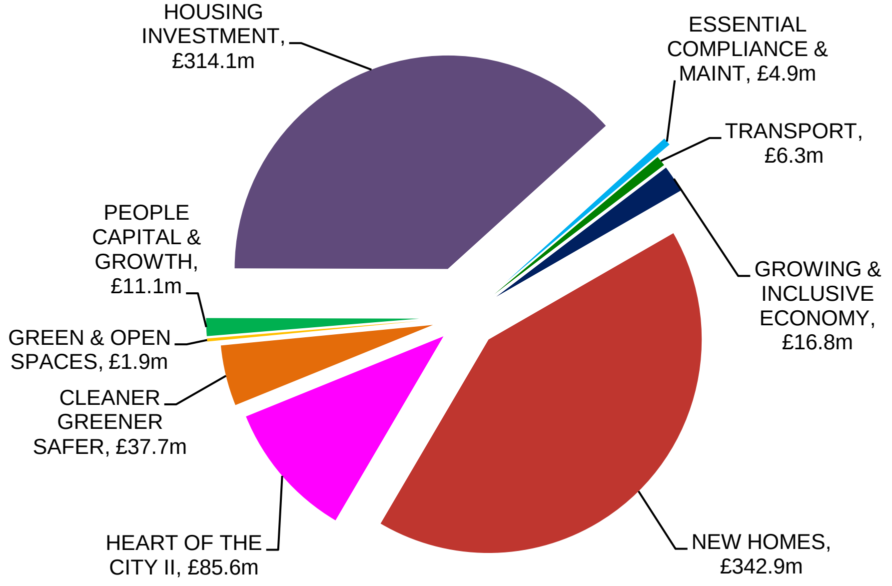
Capital Programme strategic priorities
2022/23 to 2026/27 | £821.2m

Growing and inclusive economy	£16.8m
Transport	£6.3m
New homes	£342.9m
Housing investment	£314.1m
Cleaner greener safer	£37.7m
Green and open spaces	£1.9m
People: capital and growth	£11.1m
Heart of the City II	£85.6m
Essential Compliance	£4.9m



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 A2:	sets out the background to the Capital Programme, including its size, shape and how it is funded.
Section A3:	sets out our overarching approach to sustainability and climate change; a cross-cutting priority which impacts every project we undertake.
Sections B1 – 9:	set out the key investment priority principles for each of the priority areas, together with the highest value existing projects and potential 'investment pipeline projects' – some of which may be brought forward for approval following feasibility and consultation. These sections also set out potential developments over the next 30 years, together with some key challenges faced by each priority area and how we are addressing them.
Appendix C1:	provides background information relating to Corporate Investment Fund, together with our investment proposals.
Appendix C2:	sets out a full list of projects in the Capital Programme for approval.

1.3 The priority areas in more detail

This section takes each of the priority areas (contained at sections B1-9) in turn, for the period 2022-2052.

1.3.1 Growing and inclusive economy: £16.8m

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. And we want to see not only a thriving city centre, but also thriving district centres – ensuring everyone is proud to live in their community.

1.3.2 Transport: £6.3m

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 – 'active travel' will support our climate change objectives. We must 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: £342.9m

Sheffield needs a housing market that delivers choice, quality, and affordability in every part of the city. The Government's Department for Levelling Up, Housing and Communities (DLUHC) has set a challenging housing target of 53,000 homes to be delivered across the city by 2038. 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: £314.1m

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: £37.7m

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.

1.3.6 Green and open spaces: £1.9m

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: £11.1m

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. 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: £85.6m

Heart of the City II is one of Sheffield's key economic projects. Backed by Sheffield City Council alongside its strategic delivery partner Queensbury, the scheme will contribute positively in both 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 effectively manage the risks arising from a development of this scale in this challenging climate.

1.3.9 Essential compliance and maintenance: £4.9m

This priority tackles the Council's built assets – which includes buildings and other sites such as cemeteries. An ongoing programme of maintenance is required to ensure our assets are safe for members of the public and our employees. We also need to tackle works that will address the decarbonisation agenda wherever possible. The challenging financial climate will not make this easy. But we will do the best we can.

The five-year Fleet investment programme began in 2019/20. By the end of 2021/22 we will have replaced more than a third of our fleet with 397 cleaner more efficient vehicles, including 27 fully electric vehicles. This has been a significant challenge during 2020/21 due to COVID-19 related supply chain issues. In the 4th year of the programme, we are looking to replace more items of vehicles and plant to further reduce our emissions and maintenance costs.

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. Over £200m of projects in our capital programme have a direct or indirect impact on the City's sustainability, resilience, and carbon impact.

  Whether delivering electric vehicle charging points, promoting active travel or further improving the environmental performance of our built assets, consideration of each project's impacts on 'net zero' is now embedded in our business cases. We're mindful of our environmental impact 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 current and anticipated specific projects included in the years 2022 to 2027, together with an overview of anticipated developments and challenges up to 2052;

- Set out the overall shape of the current Capital Programme for the 5 years to 2027 (at Appendix C2) for approval. 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 C1.

Councillor Cate McDonald
Co-Operative Executive Member for Finance and Resources
January 2022

A2 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.

CIPFAs requirements have also changed in the last year. In response, this Strategy now takes a 30-year view of capital investment. As before, we have the 5-year Capital Programme. But, rather than a general list of potential projects, we now have a 10-year investment pipeline, setting out potential projects which we should prioritise seeking funding for. This is supplemented by a 30-year 'horizon scan' which, although largely speculative, provides some key pointers on the city's direction of travel over the coming decades.

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 and accelerate.

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). This may come at the expense of some funding for 'place-making' and regeneration, with potential impacts upon our city centre. We anticipate that the Sheffield City Region Mayoral Combined Authority 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 at a time when our ambitions to build new council housing and improve the environmental performance of existing stock are increasing. 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 over £200m of projects are directly or indirectly 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 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 over the next 12 months, launching environmental impact assessments. 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 One Year Plan, 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 Combined 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 revenue 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;
- 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 (2022-27) shows a broadly balanced position, with proposed expenditure totalling £821.2m. The full programme is set out at Appendix C2.

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 £675.7m (82.3 %) of the overall programme value.

The 2021/22 programme was set in March 2021, and at the time totalled £191.7m. This has been revised in-year. The effect of outturn slippage from 2020/21, in-year additions, variations slippage and re-profiles result in a current approved programme for 2021/22 of £267m (as at 31 December 2021). The Council's current anticipated capital investment profile for existing commitments (excluding potential pipeline projects) is:

	Priority	**2022/23 (£m)**	**2023/24 (£m)**	**2024/25 (£m)**	**2025/27 (£m)**	**TOTAL (£m)**
1	Growing and inclusive economy	14.2	2.5	0.0	0.0	16.8
2	Transport	6.3	0.0	0.0	0.0	6.3
3	New homes	115.6	89.0	73.5	64.8	342.9
4	Housing investment	55.0	56.6	65.1	137.4	314.1
5	Cleaner greener safer	19.8	17.9	0.0	0.0	37.7
6	Green and open spaces and sport	1.9	0.0	0.0	0.0	1.9
7	People: capital and growth	11.0	0.0	0.0	0.0	11.1
8	Heart of the City II	74.1	11.5	0.0	0.0	85.6
9	Essential compliance and maintenance	4.9	0.0	0.0	0.0	4.9
	TOTAL	**302.7**	**177.6**	**138.6**	**202.3**	**821.2**

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	2022/23		2023/24		2024/25		2025/27		Total	
		£m	%	£m	%	£m	%	£m	%	£m	%
1	HRA contribution to capital	-53.1	17.5	-55.4	31.2	-63.8	46.0	-135.8	67.2	-308.1	37.5
2	Prudential Borrowing	-174.2	57.5	-94.9	53.4	-53.2	38.4	-45.3	22.4	-367.6	44.8
3	Government Grants	-32.5	10.7	-13.0	7.3	-7.1	5.1	-6.0	3.0	-58.6	7.1
4	Capital receipts	-21.0	6.9	-0.1	0.0	0.0	0.0	0.0	0.0	-21.2	2.6
5	Other grants and contributions	-19.6	6.5	-14.2	8.0	-14.6	10.5	-15.0	7.4	-63.4	7.7
6	C.I.L.	-2.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	-2.4	0.3
7	Overall total	**-302.7**	**100.0**	**-177.6**	**100.0**	**-138.6**	**100.0**	**-202.2**	**100.0**	**-821.2**	**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 £308.1m. In addition, £2.6m has been allocated from revenue budgets to support non-housing projects, relating mostly to the replacement of cremators at City Road, an agreed contribution to essential corporate maintenance and a contribution from schools revenue funding towards an increase of Special Educational Needs Places.

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) because of the borrowing.

Included within the 22/23 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	£72,691 *(£62.896)*	Major sporting facilities financing	£16,599 *(£15,570)*
New Council housing	£82,207 (£35,521)	Transport fleet	£2,477
Hillsborough Park developments	£0.227		
TOTAL	**£174,160 *(£113,987)***		
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 Transport Fleet reflects the slippage of currently approved purchases into 22/23 Hillsborough Park Developments will be repaid from increased events income			

Any amendments to these limits will be approved by Co-Operative Executive 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 Co-Operative Executive 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. In the last 12 months we have been successful in securing funds to improve the energy efficiency of council housing and our corporate buildings, together with investment into Attercliffe and a number of interventions in the city centre, amongst others. 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 C1. 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 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% 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 Co-Operative Executive 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 because 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 DLUHC 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 Co-Operative Executive 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 Co-Operative Executive.

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 C1).

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 2024/25 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 2021/22 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 £320m in the next 5 years (22/23 to 26/27) 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, before projects formally enter the Investment Pipeline.
- Individual consultation and endorsement of relevant Executive Member at 'outline business case' stage.
- Formal approval at Co-Operative Executive.

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.

The introduction of the new Committee-based governance system later in the year will impact upon this. Detailed proposals are currently being developed to ensure that democratic scrutiny is maintained and enhanced.

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 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 and dynamic purchasing systems whenever we can to maximise the benefits of our spend to the Sheffield City and Yorkshire regions (whilst minimising both our internal costs and the administrative burden on contractors). We want to make it easy for local companies to do business with us, and we continually challenge how we do things to minimise the barriers they may face.

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 particularly want to support local small to medium sized enterprises (SMEs) and social interest companies who contribute so much to the fabric of our city.

We have contributed 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 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. And we will ramp up on focus on delivering social value so our spending powers delivers real, quantifiable benefits back to our communities.

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 Co-Operative Executive

Every capital project will be brought to Co-Operative Executive (or delegated processes) for consideration and approval. Officers will consult with Co-Operative Executive 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 Co-Operative Executive 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 2021, the value of net slippage approved to date is £2.3m. This relates to the delay in year 3 of the Transport Fleet replacement programme due to increasing issues with supply chains.

£5.1m of allocations have been re-profiled - i.e. moved from current year into future years for schemes not yet in the delivery phase. These relate to delays on the Council Housing Roofing Programme Scheme.

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 up to £80m 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 £385m 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 £3.85m 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, Co-Operative Executive.

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.

A3 KEY CHALLENGES AND STRATEGIC DECISIONS

Key projects which require strategic decisions over the next 12 months

1 Background and context

The need for a new vision and strategy for Sheffield's City Centre has been identified as part of our wider recovery plans following the impact of the COVID pandemic. However, the City Centre is one of several key areas where a lack of funding and/or agreement on the way forward has prevented progress for some time, for example in relation to the Town Hall and the Central Library / Graves Art Gallery.

Decisions are required in the following areas:

- City Centre Strategy
- Housing Growth
- Education and SEND
- Our wider corporate estate

All these areas, to a greater or lesser extent, require some support from our own funding. We therefore need to look at these issues in the round so we can plan ahead, decide on our overall funding strategy and develop full a feasibility for each scheme. This will establish the funding envelope for the delivery of the City Centre Strategy Vision, progress on which was reported to the Co-operative Executive on 26th October 2021.

The strategy needs to cover a 'spine' of various Sheffield locations, running from Castlegate, Fitzalan Square and High Street onto Fargate, carrying on along Pinstone Street and down through The Moor.

Key projects we need to address (where funding such as the Levelling Up Fund and Future High Streets Fund has now been secured) include Castlegate, High Street and Fargate.

Further work and consultation are required to develop proposals for the former John Lewis building, the Town Hall, Central Library and Graves Art Gallery, The Moor and Moorfoot.

The City Centre Strategic Vision will look at how areas of the centre can be defined by several neighbourhoods, including Castlegate and Moorfoot. We will also define some new housing sites, acting as catalysts for medium to long term housing-led regeneration. The sustainability of all activity along the key streets from Castlegate to Moorfoot will then be supported by a resident and working population.

The City Centre will be a place for all the people of Sheffield and the region. A place where they can meet, socialise, play, collaborate and work together. Therefore, accessibility and connectivity to the city centre is important. The strategy will also reference the Clean Air Zone proposals as a pre-requisite for further city centre development. Sheffield is a fantastic place with a lot to offer. The strategy will seek to build on this whilst addressing the following issues:

- A better balance of residential, office, retail and civic uses, including how we manage potential conflict between uses in the city centre.
- Having housing options for all, in high quality homes linked to wider planning and environmental policy.
- New workplaces: offices and space for innovation and collaboration that are adaptive to flexible working.
- A reduction in the importance of retail space, with a better mix between national brands, homegrown brands, leisure, and culture, that makes the city centre the place for socialising and exchange of ideas rather than just shopping.
- We need to think more about young people from children to young adults and what offers are meaningful for them in a digital age. We also need to address how we cater for an elderly population.
- Providing enhanced public realm that can support a more flexible use of active outside space, particularly streets, for markets, events, seating, play, and other activities.
- Higher quality infrastructure to encourage active travel, with dedicated space for cycling and 'healthier' streets for people, along with a bus and tram network that is more reliable, faster, cleaner, and supports better interchange and connections in the city centre, to reduce the number of private car trips. This includes how we will use Pinstone Street at the heart of the city centre.
- Achieving this development in a low and net zero carbon way.

The Council's resources are limited. This overall vision can only progress if we are successful in securing external funding. Agreeing a general way forward is important so we can carry out feasibility work. This enables us to properly cost the projects under consideration - a necessary step so we can bid for grants, additional Government funding etc.

2 Projects to be reviewed in 2022/23

In 2022/23 we will therefore review the following projects to determine our order of priorities. Some of these are identified in the relevant parts of Section B of the Capital Strategy as potential pipeline projects, which have not yet received approval. Others are emerging proposals, some of which are currently out to consultation, where the potential projects still need to be fully scoped before proposals are brought forward for consideration by members.

City Centre Strategy

Town Hall	Agreeing long-term proposals for this landmark building
Graves Art Gallery/Central Library	Explore options to create a nationally significant cultural offer in Sheffield
Moorfoot	Consider our long term plans for the future of this building
John Lewis Site	Consider our long-term plans for the future of this building

Sheaf Valley & Midland Station	Consider how we facilitate a transformed Sheffield Station with new public green spaces, better homes, leisure, and business space

Housing Growth

Site Enabling Works	Identifying where we will intervene to release small sites for development as well as delivering our Stock Increase Programme
Park Hill Phase 5	Working with the developer as appropriate to act as a catalyst for wider regeneration in the area

Education & SEND

Schools Condition	Maintaining our schools to create an environment suitable for our children and young people to learn
Schools Expansion	Sufficient school places for our anticipated pupil numbers, reducing pupil movement across the city
Special Educational Needs & Disabilities	Sufficient SEND places for our anticipated pupil numbers

Wider Corporate Estate

A review of our wider Corporate Estate	Essential Compliance & Maintenance Corporate Asset Rationalisation / Workplace of the Future/ Local Area Offices Future of/investment in Manor Lane / Olive Grove / Staniforth Road Depots

This collective approach will ensure we are able to deliver the City Centre Strategic Vision, whilst also addressing these other key areas. It will be a major focus for the Council during 2022/23.

A4 SUSTAINABILITY AND CLIMATE CHANGE

How we will navigate our way towards ‘net zero’

1 Background and context

The Council has declared both a climate emergency and a nature emergency. Our ‘Pathways to Decarbonisation’ report - released earlier this year - sets out the scale of the challenge we face to meet our ambition of becoming a ‘net zero’ city by 2030. The report sets out the level of carbon emissions reductions required in our homes, commercial and industrial buildings, transport, energy generation and land use.

It also sets out the scale of investment required. The estimated cost of our transition to net zero as a city runs in to the billions. Sheffield City Council simply does not have the resources to finance all the changes we need. But we are ambitious to play our part to reduce our own emissions. And we pledge to do what we can to enable change across the city through our investments. Deprived communities stand to suffer the most from the effects of climate change and we cannot allow this to worsen our city’s inequalities.

Under this Capital Strategy, we will continue to bring projects forward which help us meet the dual challenges of recovery from the COVID-19 pandemic and responding to the climate emergency. We will focus on the wider positive benefits, increasing our resilience as a city and helping all our citizens to adapt and thrive.

Future generations deserve nothing less.

2 Where we are now

Over £200m of projects in our capital programme have a direct or indirect impact on the City’s sustainability and resilience. We’re mindful of our environmental footprint and have been investing for several years to begin to mitigate this. We have made a start.

But there is so much more to do.

Our ‘10 Point Plan for Climate Action’ - produced in response to the ‘Pathways to Decarbonisation’ report - lays out a framework for how the Council proposes to work with the wider city to address the shared challenge of the climate crisis. The high-level plan includes both internal measures to enable and support Council Officers and Members to deliver on our commitments, and external measures to facilitate action across the city.

Within the Council, we are introducing climate impact assessments on all our decisions. This will embed consideration of sustainability implications at all stages of the process – from the initial project mandate through to the ultimate project delivery and monitoring. We will assess the impact of our capital projects on carbon emissions from:

- building construction and use
- renewable energy generation and energy efficiency
- use of resources
- production of waste
- climate resilience and adaptation
- demand for and type of transport
- potential for climate awareness raising
- products and services
- land use and biodiversity
- impacts on sustainable businesses and green skills development.

The Council's financial position is extremely challenging. The resources we have available within our existing budgets to drive this forward are limited, to say the least. So we are proactively engaging and exploring innovative funding options to close this gap. This includes a combination of central governments funds, the UK Infrastructure Bank and the private sector, to resource our ambitions.

Our Investment Strategy will help us to prioritise and identify funding and investment routes for our decarbonisation programme. We will continue to develop outline business cases so that we are ready to respond to funding opportunities at pace as they arise. We will also work creatively to package up 'investible propositions', partnering with other places and 'core cities' to access investment from both public and private sectors.

3 A snapshot of key projects

We are delivering retrofit schemes to 800 council homes to improve the energy efficiency of our housing stock, together with installing solar panels and battery storage on our high-rise buildings. We're also working with partners and the private sector to improve the energy efficiency of the city's wider housing stock. Ands we're creating decarbonisation plans for non-domestic buildings in the Council's wider corporate estate.

Our 'Connecting Sheffield' programme is delivering a £50m+ programme of active travel and public transport improvements across the city. We're also installing charging points for electric vehicles to encourage air quality improvements.

We're identifying land across the city which is suitable for renewable energy generation and battery storage infrastructure. And we're working closely with Northern Power Grid on grid capacity requirements.

And we are working with the Government's Department of Business, Energy and Industrial Strategy (BEIS) on a Heat Network Zoning Pilot Programme. This will identify areas where existing or new heat networks can provide the lowest cost, lowest carbon form of heat to large domestic, industrial and commercial and public sector buildings. Sheffield was a pioneer of district energy networks some decades ago – both in the city centre and on many of our council housing estates. We need to scope their potential for carbon reductions in future years.

4 How we will engage with the wider city

Sheffield is blessed with people and organisations with a wealth of skills, knowledge, experience, and passion for acting on climate change. Many more want to act but may not have the skills or confidence.

We have already held an initial climate summit in March 2021 to launch our ‘Pathways to Zero’ report. Over 200 citizens attended to share their ideas and input into developing our approach to the climate challenge.

We now want to involve more people, businesses, and organisations as we develop our delivery plans and interventions. We will enable, support, and celebrate others to act together in this shared challenge – one of the most important that we face.

B1 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

Our ambition is for Sheffield to be a flourishing, sustainable and inclusive city economy which creates opportunity, good jobs and better jobs for Sheffielders. As a strong partner alongside businesses, we want a city with a dynamic environment for development and enterprise with a culture of businesses able to start-up, scale up and innovate here in Sheffield.

The last 18 months have been extremely challenging. The pandemic and associated measures to control the spread of COVID-19 impact on jobs, businesses and livelihoods. As well as the immediate impacts, the pandemic has also accelerated changes that were already underway, such as the shift to digital in work and in retail, and increased automation. It has also created new trends, such as the rapid shift to home working for some sectors of the economy. These developments create new opportunities, but also have the potential to exacerbate existing inequalities and bring significant uncertainty to different sectors in our economy.

We had already begun the process of addressing some of these trends prior to the pandemic, with major innovation assets focused on advanced manufacturing and life sciences. Work was underway to reinvigorate the city centre and diversify its offer by focusing on culture and entertainment as well as retail and work. This must now accelerate.

We declared a climate emergency in 2019 and a nature emergency in 2021. We have published an independent assessment of the steps needed to get to Net Zero by 2030, much of which is concerned with the fundamentals of our economy. Responding to the climate emergency gives new and unique opportunities for innovation – in manufacturing businesses, in energy generation, in quality of housing and transformation of our transport systems – on a city scale. By creating a more sustainable economy we will support our city and its businesses to thrive. We can create community wealth by accelerating the business and economic opportunities that will arise from the move towards a low carbon future, including renewable energy, sustainable transport, smart technologies, research, and development.

Sheffield has significant assets that will continue to provide opportunities for development, investment, and growth to produce sustainable economic activity to support the city and region. We will be working with partners to create investable propositions around these assets:

- The developing innovation assets in the Advanced Manufacturing Innovation District, including The University of Sheffield's Advanced Manufacturing Research Centre (AMRC) and Sheffield Hallam University's Advanced Wellbeing Research Centre (AWRC)

- The developing City Centre Strategy, to create a thriving city centre, with a strong focus on housing-led growth in the city centre, alongside catalytic employment projects like West Bar and Castlegate, and the ongoing development of Heart of the City II
- The city's burgeoning digital and tech sectors
- The vibrancy of the city's culture sector
- District centres and communities
- Sheffield's unique offer as 'The Outdoor City', sitting within the Peak District National Park.

We will work alongside Sheffield City Region in delivering their Strategic Economic Plan and Renewal Action Plan. We will also seek to partner with the public and private sector partners, including the Sheffield Property Association, Chamber of Commerce, University of Sheffield, Sheffield Hallam University and Homes England. This will maximise our effectiveness and ability to unlock funding opportunities.

2 How does this Priority contribute to 'net zero'?

Reducing the impacts of climate change will help stabilise and mitigate significant impacts on our local economy. Supporting efforts that recognise the valuable contribution the natural environment makes will help our local economy.

Analysis shows that in 2017 the emissions from the commercial and industry sector contributed 801ktCO_2, equivalent to 35% of Sheffield's emissions. Commercial buildings accounted for 54% of these emissions, whilst industrial buildings accounted for 46%. 92% of EPCs for non-domestic buildings in the city are below level B, with 57% at D or below.

To address this, our buildings and new developments will improve insulation and use more efficient appliances, as well as decarbonising heat (including through increasing connections to the district heat network and the installation of heat pumps). Business and industry will need to increase the energy efficiency of their processes. Materials will need to become more sustainable. These changes are not unique to Sheffield. But we are ambitious to lead in how future cities are developed.

There are opportunities to create a growing green sector. By embracing sustainable development, we create demand for businesses and skills in the green economy, as well as making our developments and businesses more attractive and resilient.

3 Projects completed in 2021/22

	Project and value	Impact
1	Future High Streets Fund (FHSF) Events Space (Purchase only) (£1.8m)	Facilitates the design and delivery the FHSF 'Events Central' intervention.
2	Three Brooks Flood Scheme (£0.1m)	Focused on Kirkbridge Dike and Car Brook in the east of the city to better protect 28 households through channel and culvert improvements. The scheme is integrated with sustainable drainage of Manor and Arbourthorne areas taking pressure off the sewerage system, reducing upgrade costs and stopping pollution as well as creating urban blue-green corridors revitalising local watercourses protecting Darnall and Manor Park from flooding.

4 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	£9.2m	18/19-22/23	No	Sheffield City Region Investment Fund (SCRIF) Environment Agency CIL	Comprehensive linear flood defence to three discrete flood 'cells' within an area at high risk of flooding on the River Loxley (a tributary of the River Don) and at the confluence of the Loxley and the River Don.	63 homes and 152 commercial properties will have much reduced likelihood of flooding £30.179 million of damages avoided £8.657 million in Gross Value Added (GVA) that would otherwise be lost to the local economy over a 10-year appraisal period due to flood risk disruption to businesses (estimated using the Frontier Methodology) At least £18.1 million GVA in potential growth due to the removal of one of the key constraints to business development and job creation in the flood risk area Potential generation of 98 Full Time Equivalent jobs to the local economy 12.5 Full Time Equivalent construction job years 1,900 jobs in the area will benefit from reduced flood risk (calculated using the Frontier Methodology) 2 A roads protected (A61 and A 6101) 2 Tram routes protected – city centre routes through to Malin Bridge and Middlewood

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
2	Future High Streets Fund Public Realm	£8.8m	2020/21 – 2023/24	No	Future High Streets Fund, Corporate Resources	23,000m2 of improved public realm	City centre workers and visitors will benefit from a better quality of place and public realm, supported by events and activities geared to a wide range of interests. Businesses and retailers will benefit from increased footfall, more visitors, and more people living in or near the city centre. This will support new jobs and business opportunities. Community and cultural organisations will benefit from the use of the new space to stage outdoor performances and events. This is particularly important in enabling the cultural sector to recover from the impacts of COVID-19. Property owners and investors will benefit from an improved public realm and digital infrastructure and events to animate space, supporting and enhancing land values. Existing and prospective city centre residents will benefit from an exciting mix of cultural activities; a less polluted environment, action to tackle crime, and new homes and infrastructure.
3	Future High Streets Fund Front Door Scheme	£5.2m	2020/21 – 2023/24	No	Future High Streets Fund, Corporate Resources	7,900m2 of commercial space 70 new homes	Landowners to benefit from grant assistance to repurpose vacant/underused space for new work and residential accommodation. The public investment will secure £26.1m of private sector investment for improvements to existing buildings on Fargate and High Street. It is estimated this investment will support the creation of 227 jobs for local people.
4	Future High Streets Fund Events Central	£5m	2021/22	No	Future High Streets Fund	2,100m2 of cultural, arts, community and commercial space	A new cultural venue that will host up to 184 events annually, attracting a total of 55,600 attendees
5	Grey To Green 2 (Angel Street)	£0.8m	2020/21 – 2021/22	No	ERDF SCR	Public realm improved. 1 SUD scheme	Safer and more sustainable transport through segregated cycling and footpaths Sustainable Urban Drainage (SUD) Enhanced public spaces

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
6	Town Hall Square and Fargate	£3.8m	2022 – 2023/24	No	Get Building Fund SCR (TBC)	White boxing and pop up activity Animation of Town hall square with pop up spaces and digital screen	Providing vibrancy and footfall in the area around Fargate and Town Hall ahead of future building developments
7	West Bar	£0.65m SCR £1m JESSICA £3m CIF	2021-2024	No	SCR Jessica and Brownfield Housing Fund	200,000ft2 commercial space 360 new homes	New city centre mixed use neighbourhood with offices, homes, leisure uses and high-quality public realm. Improved pedestrian routes to/from the city centre and neighbourhoods at Kelham and Burngreave
8	Attercliffe - Centre for Child health technology	£8.8m LUF	2022-2024	No	Levelling Up Fund	4100 m2 Floorspace, 100+ jobs, healthcare facility	World leading child health centre combining Innovation space, industry, academia, clinicians and patients
9	Attercliffe - Connection and Movement	£4 m LUF	2022-2024	No	Levelling Up Fund Transforming cities fund	2 Improved tram stops 5km of highway improved Secure storage for 100 bikes Site preparation for Innovation centre	Enhanced streetscape and wayfinding
10	Attercliffe - Adelphi Square	£4.2m LUF	2022-2024	No	Levelling Up Fund	1200m2 Floorspace improved 2 heritage buildings saved	Increased footfall on the high street
11	Castlegate – Castle Site	£15.7m LUIF	2022-2024	No	Levelling Up Fund	Site preparation 8120sq m public realm	Deculverted river, interpretation of castle site
12	Castlegate – S1 Artspace	£1.6m LUF	2022-2024	No	Levelling Up Fund	Floorspace, jobs, healthcare facility 30 workshops 9 live work flats 1040 people trained	Five new art galleries Learning studio Sculpture park 80,000 annual visitors

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
13	Castlegate Harmony Works	£1.7m LUF	2022-2024	No	Levelling Up Fund	1160 m2 teaching space 350 m2 performance space 200m2 commercial space	Collaborative music and education centre
14	Stocksbridge Towns Fund	£26.0m	2021 - 2025	No	Towns Fund SYMCA	30,000 sq. ft. Community hub containing a modernised library service. 400 sq. meters of new public realm and public spaces Improved accessibility to high street services and a wayfinding scheme New cycle and walking trails including over 1.5km of over road provision A new local Bus service Post-16/ Adult education facility An all-weather 3G pitch and new cricket pavilion and improvement infrastructure at the Football and Rugby Club. A hydrotherapy centre. A new skate park and an improved footpath network, connecting the leisure centre directly to the park. Improved resilience and biodiversity of the little don river.	Improved access to high street services Better health and wellbeing facilities New post 16/ adult education facility Improved physical environment Improved commercial and retail environment A new modern library building New, modern flexible office/ Community space Improved health and leisure infrastructure Improved river management and greater flood resilience and improved river biodiversity.

5 Investment pipeline for the next 10 years

Our pipeline of capital activity is regularly reviewed to reflect Council priorities, economic circumstances, and availability of funding. On the back of the One Year Plan there is a renewed focus on Climate Change, Economy and Development. In the context of the Growing and Inclusive economy key areas include:

- Creating a flourishing, sustainable and inclusive city economy with good jobs and better jobs.

- Thriving City Centre and district centres
- Innovation ecosystem (Advanced Manufacturing Innovation District) that support Innovation driven enterprise and creates opportunities for our communities
- Raise the profile of the city nationally and internationally to attract new business, investment and talent to the city
- City vibrancy – stimulating demand – animating and creating experiences through our culture, tourism, events and place making and marketing.

The COVID-19 pandemic has led to significant changes to the landscape and investment will be required to underpin the future vision and drive economic growth within the city. There are strong overlaps with transport, infrastructure, and sustainability as well as housing growth and green and open spaces.

The pipeline is further guided by the COVID-19 Business Recovery Plan (locally) and the South Yorkshire Strategic Economic Plan (regionally). This will require a Place Based Plan – outlining key projects for future economic change.

The list below is the Investment Pipeline at a particular point in time and reflects both specific projects and programmes that are currently in development. Some are in the early stage of feasibility work. Others are more advanced with funding sources identified. The pipeline will be regularly reviewed to ensure it meets the priorities of the city, with activity added as appropriate and likewise others removed if they are no longer required or become undeliverable.

- Central Area Strategy - John Lewis, Moorfoot, Graves Building, Sheaf Valley and Sheffield Midland Station Masterplan, Devonshire Quarter, Castlegate, Wicker Riverside
- Parkwood
- Sheffield Housing Zone North
- Advanced Manufacturing Innovation District including
- Olympic Legacy Park and Attercliffe
- Stocksbridge
- Place Making – Lower Don Valley Art Project
- Catalyst Housing Sites (See Housing Growth)
- City Hall and Ponds Forge - covered in Leisure Renewal but important to the Central Area Strategy.

The broad nature of activity reflects the necessary investment in the city to enable it to recover from the COVID-19 led recession and grow for the benefit of all residents and businesses of the city wherever they might be located.

6 Our forward look to the 2050s

With a population set to increase to over 600,000 by 2043, it is important that the city fulfils its role as an economic driver for the City Region, presenting opportunities for growth and renewal. Sheffield should be seen as the place to live, work and play with a successful city centre and vibrant and thriving district centres serving their local communities. Across the city there will be a need to accommodate a wide range of activities and amenities which encourage footfall and provide a reason for people to visit the city centre and their district centres.

The city centre itself will become an important driver of housing growth. Bringing more people into city centres - and creating city centre neighbourhoods - will support other components that will develop as city centres transform from places traditionally associated with employment and retail into a broader offer to benefit the wider economy.

Delivering this strategic vision will not happen if we rely solely on market forces. Public sector intervention will be needed, working alongside strategic partners and key stakeholders. Key areas of investment in transforming the city will include:

- Placemaking, public realm and grey to green type initiatives
- Providing a diversified city centre offering
- Creating sustainable communities across the city
- Infrastructure
- Transport and active travel
- Homes of a variety of types and tenures
- New office developments and places to work
- Culture, arts and leisure
- City centre animation and Outdoor City.

7 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.

B2 TRANSPORT

Safe, well-maintained streets which do not restrict the city's ongoing development. An attractive public transport offer and active travel 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 and implementation, 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 - whether this be to the local shops or for journeys to work. Working closely with our communities, the third sector, and the wider public and private sector, a strong basis for achieving our sustainable transport ambition can be developed, and ultimately delivered.

The Council wants to support the transformation of local areas through this ambition to promote sustainable forms of transport. Making the change away from private car ownership will tackle congestion, improve physical and mental health through mobility and support local economies – whilst also being a fundamental cornerstone to achieving local and national climate change resilience. Specifically, capital delivery of an improved and seamlessly connected active travel network will see employers benefit from a healthier workforce, simultaneously creating more opportunities by delivering thriving streets which are made more accessible with reduced severance caused by car movements.

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, specifically amongst businesses, communities, and individuals.

2 How does this Priority contribute to 'net zero'?

Transformation of our transport system to achieve net zero emissions mobility is one of the most significant challenges the city and the country faces. But transformation is required to prevent extreme climate change and achieve environmental sustainability objectives. Transport decarbonisation offers us a powerful opportunity to achieve positive change at a global scale. And improving the quality of mobility for all is an outcome we should pursue as part of decarbonisation.

This has been clearly recognised in the 'Pathways to Zero' report, but also more strategically through the Department for Transport and Transport for the North Decarbonisation Plans.

We are developing strategies to support alternatives to individual motorised journeys. The 'Connecting Sheffield' investment programme is seeking the design and delivery of public realm enhancements with a movement strategy that improves integration of transport modes and supports the behavioural shifts needed to encourage more people to travel using sustainable modes. This will inherently alter how we use carbon in the transport system.

The decarbonisation agenda creates a fantastic opportunity to drive other beneficial outcomes - from better connected communities, to cleaner air for Sheffield. Transport is becoming a flywheel for change, not only within the transport sector itself, but by catalysing wider change in energy systems and other operational functions of the Council. This includes the roll-out of electric vehicles for the in-house fleet, but also how charging points are deployed across the Council's estate, such as housing provision, car parks and the highway itself.

Transport decarbonisation is about far more than vehicle choice and modal mix. System-wide decarbonisation is also about the carbon implications of transport infrastructure design, construction, and operation. Minimising embodied carbon in both infrastructure and vehicles must be tackled to achieve credible, comprehensive transport decarbonisation - as is operational emission reduction across supply chains

3 Projects completed in 2021/22

	Project and total value	Impact
1	Clean Bus Technology (£4.9m)	Improved Air Quality
2	Electric Van Trial Scheme (Van Purchase) (£0.9m)	Business confidence in electric vehicles has been radically improved, encouraging the transition away from diesel and petrol powered vans. Start of 2 year trial.
3	Electric Taxi Trial Scheme (Taxi Purchase) (£0.5m)	Taxi industry confidence in electric vehicles has been radically improved, encouraging the transition away from diesel and petrol powered vans. Start of 2 year trial.
4	Station Road / Halfway Crossing (£0.3m)	Improved access to the local area and improvement in road safety
5	Sheaf Valley Cycle Route (Phase 1) (£0.4m)	The first stage of a shift towards increasing active travel use along one of the core routes into the city
6	20MPH Zone (£0.3m)	Road safety and enhancement and reduced highway severance at 3 locations
7	Pedestrian Crossing Enhancements (£0.3m)	Improved access to the local area and improvement in road safety at 4 locations
8	Nether Edge & Crookes Active Travel Neighbourhoods (Phase 1) (£0.1m)	Improved access to the local area and improvement in road safety
9	Completion of legacy cycle scheme works (£0.5m)	Improved access to the local area and improvement in road safety
10	School Streets (£0.3m)	Improved access to the schools

4 Current projects already in delivery

Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
Broadfield Road junction	£3.7m	2018/19 – 2022/23	No	NPIF LTP PTE Better Buses	Remodelled junction to improve bus journey times and reliability	Bus journey time improvements; bus journey time reliability
Clean Air Zone Implementation	£3.8m	2019/20 – 2022/23	No	NO2 Plan Implementatio n 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.
City centre Connecting Sheffield	£14m	2019 – 2021/24	No	Transforming Cities Fund	Improved Cycle Connectivity across city centre including major public realm enhancement. Improved bus infrastructure	Improved Bus journey time improvements; bus journey time reliability through the implementation of bus gates and priority. Enhanced access to the city core for walking and cycling, including the creation of usable space for events and leisure purposes.
Neepsend Kelham Parking Scheme	£0.6m	2021/22 – 2022/23	Yes	Section 106 Future Parking Income	Regulated parking improvements	Improved traffic flow and creation of highway quality street scene.
City centre Bike Hub	£0.3m	2021/22- 2022/23	No	Active Travel Fund	Secure cycle parking facility	Improved cycle offer supporting the infrastructure changes across the Connecting Sheffield programme
Kelham Island and Neepsend Connecting Sheffield	£11m	2020/21 – 2023/24	No	Transforming Cities Fund	Bus and Active Travel improvements	Bus journey time improvements; bus journey time reliability and local accessibility improvements

Attercliffe to Darnall Connecting Sheffield	£18m	2020/21 – 2023/24	No	Transforming Cities Fund	Bus and Active Travel improvements	Bus journey time improvements; bus journey time reliability and local accessibility improvements
South West Bus Corridors Connecting Sheffield	£1.4m	2020/21 – 2023/24	No	Transforming Cities Fund	Bus and Active Travel improvements	Bus journey time improvements; bus journey time reliability and local accessibility improvements
Magna Tinsley Connecting Sheffield	£5.4m	2020/21 – 2023/24	No	Transforming Cities Fund	Creation of a joined-up cycle network from Meadowhall to Rotherham via Tinsley. Also, access to new tram stop at Magna.	Improved accessibility and connectivity.
Nether Edge Connecting Sheffield	£12.5m	2020/21 – 2023/24	No	Transforming Cities Fund	Creation of a cycle route from Sharrow Lane Crossroads to the city centre and the Broomhall	Improved accessibility and connectivity.
Road Safety Fund Programme Connecting Sheffield	£4m	2020/21 – 2022/23	No	Road Safety Fund	Infrastructure to support local movement and address road safety issues	Improved traffic flow, increased mobility and road safety improvements.
Other Local Transport Plan	£1.5m	2021/22	No	SYMCA Integrated Transport Block	Local transport interventions	Improved traffic flow, increased mobility and road safety improvements.
Shalesmoor Gateway	£22.5m	2021/22 – 2024/25	No	Major Road Network (TfN/DfT) – subject to competitive funding award	Remodelled junction to improve bus journey times and reliability and introduce access improvements to the wider area. NB revenue spend only to date as project scoped	Improved traffic flow, increased mobility and road safety improvements.
SCR Innovation Corridor	£170m	2017/18 - TBC	No	TBC – subject to competitive funding award	New access to be created to the AMID area from Meadowhall to Catcliffe. NB revenue spend only to date as project scoped	Improved traffic flow, increased mobility and road safety improvements.
Barrow Hill Line and Waverley Station	£10m	2021/22 – 2022/23	No	Restoring Your Railways Fund	Reinstatement of passenger train services on the Barrow Line. New stations at Waverley, Beighton and Killamarsh	Improved rail connectivity. N.B. This is not an SCC project, but a partnership with MCA and Derbyshire County Council. A Strategic Outline Business Case has

						been submitted and approved by the Department for Transport and a full OBC is now being prepared.
Electric Vehicle Charging Points	£0.5m	2021/22 – 2022/23	No	Get Britain Building Fund	Provision of electric vehicle charging infrastructure	Improved access to the public charging network.
Mass Transit	£400m	2019 - 2024	No	DfT	Essential maintenance of Supertram network	Continuation of operation – again, this is not an SCC project, but partnership with MCA; OBC business case submitted to DfT and this is under ongoing development.

5 Investment pipeline for the next 10 years

The transport investment landscape is changing radically. Department for Transport guidance specifically highlights the need for a step change in both active travel provision and bus priority. Funding criteria are moving away from the old 'predict and provide' ethos of road capacity enhancements, with a clear focus on how highway schemes must demonstrate a benefit for public transport and provide improvements to pedestrian and cycling facilities. This follows the backdrop of the need to manage the demand of private car trips, related to the decarbonisation and environmental initiatives.

The 'Levelling Up' agenda also places transport and connectivity at the heart of post COVID-19 economic recovery. The focus of the next 10 years of pipeline transport projects is on how interventions can support the city's regeneration. This is linked to the emerging Local Plan objectives and centres on areas where congestion and modal shift is currently restricting growth. Improved 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 - are critical outcomes to be achieved.

The design of new transport schemes will seek to introduce a safer approach to scheme implementation from the outset. This will follow the 'Safe Systems Approach' which is being proposed by the South Yorkshire Safer Roads Partnership. The standards for providing the correct type of infrastructure are established, with new guidance now in place from the Department for Transport. This will contribute towards an inclusive transport network and improve health outcomes.

There is a need for greater monitoring and evaluation following scheme implementation. This will ensure the benefits of investment in transport infrastructure continue year after year. We will seek to understand the impacts of the project, as well as highlight where retrospective improvements can be made. This will also include how we plan for the introduction of alternative fuel and automotive technologies where appropriate.

Priority	Impacts

1	City Region Sustainable Transport Settlement (CRSTS)	The CRSTS is the capital funding allocation for all transport spend. The allocation and settlement will contain the next 5 years allocation of the Integrated Transport Block, as well as the final year instalment of the Transforming Cities Fund and the future 5-year major scheme transport funding. This fund will therefore deliver the day-to-day improvements on the local network, as well as provide the funding for larger scale strategic interventions. This will build upon the work currently in progress to further develop a joined up and seamless network.
2	Active Travel Fund and 'Mini Holland'	The Active Travel Fund and Mini Holland schemes will deliver the national commitment to effect behavioural change at a local level. Active Travel is a regional priority through the South Yorkshire Mayor and the Active Travel Commissioner. The impacts of this will be providing the correct infrastructure, with supporting revenue activity to promote walking and cycling as an attractive travel alternative.
3	Electric Vehicle Charging	There are some outstanding issues related to the delivery and management of electric vehicle charging infrastructure. Challenges around third-party ventures, including private sector mobilisation are yet to be understood, as well as some of the practical issues like cables on the highway and the management of kerbside availability. The impact of when these details are clear, will be a programme of work which seeks to ensure that Sheffield isn't left behind in this revolution and there will be a network across the city that serves the needs of the population.
5	Infrastructure investment	Continued investment in the maintenance of the transport system will ensure its safe and secure purpose. The other element to this is making sure that effective monitoring and evaluation takes place to inform future schemes and develops a strong case for further investment through local, regional and national funding sources.
6	Improving Air Quality and supporting the decarbonisation of the transport system	Decarbonisation and moving towards a sustainable city are very much at the forefront of funding decisions. Schemes have to contribute towards both reducing carbon through design as well as delivering schemes that support the transition to a low carbon future. The impact of this will inevitably be a cleaner, greener, and more efficient living environment that supports the needs of local residents and business.

6 Our forward look to the 2050s

By 2050, the transport network is predicted to be a very different offer. 'Innovate UK' have recently published a paper regarding how the transport system could look in 2050 and what investment needs to take place to get there. There is much uncertainty regarding the transport system given the changing behaviours driven by COVID-19. Travel habits have altered substantially through different working patterns and consumer habits.

The 2050 vision of the transport enables the movement of people and goods from one location to another through seamless, safe, net zero, connected, cost effective, accessible, and reliable means. However, there are attitudinal, technical, and economic challenges to be addressed. Understanding these will be paramount to delivering progress.

The way people travel and behave will change. This will be accelerated by advances in technology that will improve transport services, reduce costs, and revolutionise business models. We expect to see an increase in the use of most travel modes (despite the impact of the COVID-19 pandemic), a push for travel reduction, and a trend towards alternative forms of mobility. There will be some shifts in travel use between modes, such as less bus use and more use of shared services. We envisage some shift from road and rail freight to short-sea shipping. Walking and cycling is expected to grow, as is the use of electric bicycles and scooters.

However, it is difficult to predict transport use beyond 2025 because of the large number of variables in future scenarios. The growth in transport is a challenge to plans to reduce carbon emissions. We expect to see efforts directed towards demand reduction, zero emission technologies, and a shift away from more polluting modes of transport.

Improved communicators and data connectivity will create opportunities for greater efficiency, new services for travellers (access to information, fares and ticketing), and new business products and amenities. We expect all road vehicles to be capable of fully cooperative driving by 2050. Road maintenance, traffic planning and routing, traffic management, refuelling systems, freight operations, train operations and air traffic management will all benefit significantly.

The move to net zero by 2050 will require a complete shift from fossil fuels to sustainably produced electricity, hydrogen, and other alternatives. Fossil fuels will still be the dominant energy source in 2025, and even 2030. However, electricity will need to be dominant by 2050 if we are to achieve net zero. We also expect hydrogen to be a significant fuel for heavy goods vehicles, buses, and aircraft by 2050.

Autonomy will make road vehicles smarter, create opportunities for new services (such as 'last-mile' delivery by drone) and deliver fully autonomous urban transport. We anticipate that the urban transport system, air transport, rail freight and 90% of motorway HGVs will be fully autonomous by 2050.

Advances in technology and new government policies will transform business models and lead to bundling of services, better use of resources and mass customisation. The growth of online retail, improved logistics, use of drones, greater understanding of insurance and risk and improved connectivity will all have an impact on business models.

Regionally, the implications of investment taken - or not taken - by national bodies in the Sheffield area will have major bearing over the next 20 years. Recent announcements from the Department for Transport on the Integrated Rail Plan for the North have concluded with a poor rail offer for the city. Minimal investment in inter-regional rail connectivity for Sheffield is envisaged. This is a further strategic setback for rail provision. The likely impact will be the retention of private cars trips for journeys to Leeds, Manchester and the Midlands.

On a more local level, the Amey PFI contract will have expired and decisions around future highway maintenance will need to be resolved. This is large undertaking and has the discharge of many statutory functions attached to the decision. Although there are many more years left on the contract, it would be prudent to begin exploring the implications of this so we can plan accordingly.

The continued operation of Supertram is a key risk over the coming years. The asset replacement programme of £400m is yet to be approved, casting doubt over future operation franchises. Supertram is clearly an asset for the city and the wider region, and the potential failure to operate is a major economic, social, and environmental risk. To help address this, the city is seeking to work with the South Yorkshire Mayoral Combined Authority to outline a support package. This needs to cover not only how the capital costs for asset renewal can be funded, but also how future extensions and operating models can be developed.

The bus network is undergoing fundamental change following the introduction of the Bus Service Act (2017) and the requirement for a change of operating model. Enhanced Partnerships are currently being explored, but with commercial revenue risk of bus operations falling to private bus companies, there is the potential for systemic changes to the bus network. It is too early at this point to fully understand all the implications of this.

The resilience of the transport network - particularly in relation to flooding and the environmental challenges of climate change - is a major feature for 2050. How we design, maintain, and operate transport functions in response to these implications will need consideration. This is already happening to some extent, with schemes like Grey 2 Green and the proposed 'Connecting Sheffield' work. Highway designers are looking how greenery, biodiversity and sustainable drainage can be integrated into design solutions. These changes will deliver an extra level of protection of the highway and improve resilience for our citizens.

7 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. This has a 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	HS2 and the Integrated Rail Plan for the North (IRP)	The IRP has published several future rail investments that do not include the transformational improvements for Sheffield. The commitments in the IRP are still yet to be fully understood, however, the challenge is how to reverse some of these omissions from the IRP and secure rail improvements for the city.
6	Post COVID-19 bus and tram market recovery and operating model	The impact of the removal of the Bus Recovery Fund is potentially going to result in reduced bus services. This will need to be brought into the spotlight and highlighted in respect of other improvements to the bus offer, including our existing capital investment. Continued engagement in the BSIP development will be critical to understand the local authority commitments as well as how we can harness SYMCA funding for these projects. This will feed into discussions with the operators around their investment packages to support the capital investment. The SYMCA budget setting process for 2022/23 needs to consider these funding risks as a key issue. SYPTE 2020/21 budget earmarked c.£7m reserves which, along with the potential reduction in concessionary funding support (c.£5m), provided a c.£12m “fighting fund” to mitigate some of the impacts of the £22m funding gap for tram and bus. It is unclear if some of this has fund has been used already, for initiatives such as the discounts for 18-21year olds and the summer 25% off Travelmaster range.
7	Ceasing operation of Supertram	There is an immediate focus to work with the other South Yorkshire Local Authorities on the funding position and how to mitigate the risk of not renewing the Supertram asset. In the first instance a commitment to the £400m Department for Transport business case will be critical, and in the longer term a ‘vision piece’ around future expansion is critical for wider partner buy in.

B3 NEW HOMES

Increasing the City's stock of new housing – for both rent and sale - through delivery by the Council, the Council's Joint Venture, Registered Providers or private developers

1 Background and context

Sheffield is England's fourth biggest city. In mid-2018, around 583,000 people lived in the city and by 2043 this is projected to increase to around 648,000. Over 60,000 students now live in the city. In common with other UK cities, there are very significant disparities in housing market. The city offers some of the highest quality and most affluent neighbourhoods in the country, but it also has some of the most deprived areas: 8 wards fall into the 10% most deprived in the U.K.

The Council is currently preparing a new Local Plan. This will set out the housing requirements for the city and how these will be delivered. The Government's Department for Levelling Up, Housing and Communities (DLUHC) has set a challenging housing target of 53,000 homes to be delivered across the city by 2038. Developing new homes in the city is not without challenge: an industrial past combined with topographical challenges and segmented land ownership can mean development - particularly on brownfield sites - will not come forward through market forces alone.

By working together partners can develop more, better homes to meet the city's current and future needs. The Council, Homes England, Sheffield Property Association, and representatives of housing associations have agreed to establish a new Sheffield Housing Growth Board. Chaired by the Council's Chief Executive, this new Growth Board will focus efforts on achieving housing targets and implement key placemaking, environmental, and carbon reduction principles. The Board will be supported by a Joint Delivery Team, who will prepare a Land Development Pipeline and an Integrated Affordable Housing Programme.

Homes England and DLUHC are now actively considering how the Agency can best play a stronger role in securing new homes, regeneration and placemaking. They are also considering what sorts of long term, working partnerships with local authorities would be most effective. In Sheffield, closer collaboration is already underway. We hope that in due course, this will lead to a significant increase in Homes England and other public sector partners' investments in Sheffield. Many of these developments will involve the Council.

The Council is committed to meeting the need for more affordable housing, and to enabling the development of housing for sale and private rent in all market sectors. The 'Homes for All Delivery Plan' (approved by Cabinet in November 2018) set an ambitious target of 28,000 new homes in Sheffield to meet the growing need in the city across all tenures. The commitment to prioritising housing growth was originally set out in the Council's Housing Strategy 2013-2023.

The 2020 Strategic Housing Market Assessment that informs this strategy and programme advised that around 900 of the total new homes target each year should be "affordable" to meet the shortfall of homes for rent and sale in the city. The Council is working in partnership with the public and private sector to deliver this objective, using a wide mixture of measures. We are also utilising Government Grant Funding Programmes to increase the supply of new homes.

The Housing Growth target for the Stock Increase Programme is to build and acquire 3,100 units over the lifetime of the current programme (to 2029). This forms part of the projected total number of new homes across the city. 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 boost 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.

In addition, some forty Housing Associations manage almost 19,000 homes in the city. They have concluded that they should mount larger programmes in Sheffield and across South Yorkshire. The associations have established a Housing Providers' Forum. To set out their ambitions, Housing Associations across South Yorkshire are working with local authorities to prepare a South Yorkshire Housing Prospectus which will inform the work of the new Sheffield Housing Growth Board.

2 How does this Priority contribute to 'net zero'?

The Council will encourage high quality construction and architecturally sound designs in new developments. We also support the retrofit of existing buildings where conversion and reuse is considered. Encouraging higher density developments - both in the city centre and beyond - and investing in infrastructure and place-based design will encourage lifestyles that are less carbon-intensive.

New homes built through the Council's own stock increase programme help move Sheffield City Council along the path to carbon neutrality. We ensure the thermal efficiency of dwellings is far better than required by Part L of the Building Regulations. We also meet Planning requirements for the use of 10% renewable energy, by using a 'fabric first' strategy of construction techniques. In addition to being very well insulated, the houses will be fitted with mechanical ventilation and heat recovery (MVHR) units. These recover heat from outgoing stale ventilation air and use it to warm incoming fresh air, saving energy by doing so.

The proposed houses are to be further future proofed by designing the roofs so that the predominate roof plane of each house faces south or south-west. This will allow easy and effective future fitment of photovoltaic (solar) panels to generate solar power for each dwelling.

3 Projects completed in 2021/22

	Project	Impacts
1	Council Housing Stock General Acquisitions	Acquisition of approximately 78 existing properties into council housing stock, increasing supply of homes at affordable rent.
2	Council Housing Stock New Build Acquisitions	Acquisition of approximately 9 new build properties into council housing stock, increasing supply of homes for temporary accommodation
3	SCC New Build – Daresbury and Berners	23 New build completions for affordable rent for general needs.
4	SCC New Build Specialist – Meersbrook Park Road	8 Remodelled units for temporary accommodation

4 Current projects in delivery

These are existing projects which have already received Council approval. Their delivery spans several years.

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	General Acquisitions Programme	£22.2m (£4.9m for remaining to 28/29)	2022/23-2026/27	N	Housing Revenue Account, RTB 141	160 in programme to 26/27 – 200 in total to the end of programme 2028/29	Increased council housing stock to address housing register demand

2	SCC Housing Stock New Build Acquisitions	£16.3m	2021/22 to 2023/24	N	Housing Revenue Account, S106, Capital receipts, HE. SO receipts	101 units - Owlthorpe 54 (39 TA and 15 SO) and SHC Corker Bottoms 47 (GN)	Increase council housing for specialist TA 39, general needs 47 and 15 home ownership
3	SCC New Build	£114.6m	2021-24	N	Capital receipts, Housing Revenue Account, borrowing, Section 106	555 – 140 Adlington (132 OPIL 8 LD), 36 GN Bole Hill View, 50 Daresbury and Berners GN, 30 Gaunt GN, 81 Hemsworth OPIL, 77 Newstead GN, 141 Newstead OPIL	Increase council housing for specialist OPIL 354 units, 8 LD, 193 general needs
4	Allen Street	£546,000	2021-22	N	MCA Brownfield Housing Fund	Site acquired and prepared for private sector housing redevelopment	
5	Devonshire Quarter	£5m	2021-2031	N	CIF, Capital receipts	Site assembly and acquisition for private sector housing delivery Ha land acquired/prepared	TBC
6	SCC Brownfield Housing Fund	£10m	2021-02031	N	CIF and Capital receipts	Site assembly and acquisition for private sector housing delivery Ha land acquired/prepared	TBC
7	Porter Brook	£350,000	2021-22	N	MCA Brownfield Housing Fund	Demolition and site preparation to facilitate private sector housing delivery	TBC
8	Attercliffe Waterside	£ 2.3m	2021-2027	N	MCA Brownfield Housing Fund	Site assembly, site preparation and infrastructure (bridge) for private sector housing delivery Ha land acquired/prepared	750 units

5 Investment pipeline for the next 10 years

Sheffield needs the housing stock to meet the needs of all residents. The city centre has a new role to play in providing a place for people to live through the creation of distinctive new mixed-use neighbourhoods and the provision of housing stock of a range of types and tenures. We want to encourage more people - especially families, couples and 'empty nesters' - to live there.

However, over the past decade, many brownfield residential sites have required some form of public sector intervention. A recent report by Homes England has highlighted that there are systemic failures in Sheffield land markets. There will therefore be a need for intervention across the city centre and in other 'regeneration' areas for the foreseeable future if Sheffield is to meet housing need.

Furthermore, attracting private investment will hinge on the public sector (the Council, Homes England, DLUHC, and other government departments) working together to unlock key sites.

To meet the housing needs of the city, a clear housing pipeline will be required. The more immediate planned investments in the Council's own stock increase programme are identified below along with interventions to address market failure. More will be added as the pipeline is further developed and investment from other public sources is secured.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Land acquisition to increase pipeline of affordable housing	Tbc as land acquired	2024/25 to 2028/29	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	TBC	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	Housing Revenue Account	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	Temporary Accommodation New Build	£8.4m	2021-2025	Housing Revenue Account	40 units to provide temporary	Accommodation provided funded by SCC to support vulnerable people.

					accommodation for families and single people	
6	Viking Lea	£18.1m	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
7	Algar	£24.7m	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
8	Scowerdons Shared Ownership	£10m	2021 - 2024	Housing Revenue Account	56 council shared ownership units	Increase affordable ownership within the city
9	Scowerdons General needs	£28.8m	2022/23 – 2025/26	Housing Revenue Account	136 council general needs units	Increase affordable housing and within the city
10	SCC New Build TBC	£108.7m	2021/22-2028/29	Housing Revenue Account	440 TBC	Increase affordable housing and within the city
11	SCC New Build Acquisitions TBC	£15.8m	2021/22-2028/29	Housing Revenue Account	155 TBC	Increase affordable housing and within the city
12	Central Area Strategy Catalyst Housing Sites: • Moorfoot • Neepsend Gateway • Furnace Hill • Wicker Riverside	TBC	2022-2030	MCA Brownfield Housing Fund/Homes England	Site assembly and preparation to enable delivery of private sector housing c 400 units TBC	Increase affordable housing and within the city

6 Our forward look to the 2050s

To provide input to the new Local Plan, the Council has commissioned Deloitte to prepare a City Centre Strategic Vision. This sets out how the creation of new neighbourhoods in the city centre could deliver some 20,000 homes over the planned period. The Strategic Vision seeks to re-populate the city centre through the creation of distinctive new mixed-use neighbourhoods to make it the place to live, work and play – and, importantly, increase the number of people who permanently live in the city centre.

By encouraging the delivery of new homes in and around the city centre, the Strategy also helps to minimise the need to build new homes in the green spaces around the city fringe, preserving the city's green heritage.

Long term, the ambition of the city is to create neighbourhoods that are of mixed types and tenures, that provide well-designed, high quality new homes catering for all segments of the community including young professionals, families, the elderly, and downsizers. This will create a more balanced, diversified residential population and achieve vibrant, sustainable communities. The investment in housing should be coupled with the provision of supporting services, facilities, and amenities to support local communities.

The affordable housing need across the city will continue well into the future. The Council are ambitious to continue the programme post 2028/29 and are well underway with the delivery of the current Stock Increase Programme. The Council are playing an important role in addressing the increasing need but needs to continue to work actively with Registered Providers, partners, and private sectors developers to creatively influence and deliver additional affordable homes for rent and sale in the city.

7 Key challenges and how we are addressing them

	Challenge	Actions to address
1	**Future design challenges** Reducing Embodied Carbon in Design, Future Homes Standard Government implementation 2025 via Building Regulations update, Sheffield's Climate Emergency Declaration – Carbon Neutral City by 2030, Balancing political priorities, budgets and legislation with strategic housing requirements	Continue with New Build Carbon Assessments at early development stage to inform decisions and outcomes. Design team already working on new ideas to reduce embodied carbon in design and specification. Consult with different frameworks and contractors to assess and find the most efficient ways to deliver the programme incorporating the Future Homes Standard. Current SCC new build standard already partly way to delivering the required standard. On top of the above actions, work with Transport Planners to deliver sustainable transport and EV charging strategies for Housing in line with government guidance. Review design and space standards for all types of new build to ensure correct standard is achieved that matched strategic priorities and Local Plan aspirations.
2	**New funding challenges** RTB 141 spending rules changes Homes England Affordable Housing Programme funding restrictions,	Close monitoring of legislation changes with ability to quickly model the impact and flex programme accordingly

	Introduction of First Homes Initiative	
3	**Other funding challenges** Responding to declaration of Climate Emergency and meeting requirements of Future Homes Standards Building Regulations changes, Sourcing, obtaining, appropriating, and purchasing land required to maintain delivery of affordable homes Maintaining strategic requirements and statutory obligations i.e. NDSS, adaptability, specialist and supported accommodation Meeting political desire to increase number of SCC units whilst balancing HRA Borrowing versus income and associated risks Absorbing changes in construction market conditions – price increases	As covered in point 1 above. Continue with ongoing land assessments and work with Property to identify SCC land opportunities initially and pick up market opportunities. Covered in point 1 above Close monitoring of programme, financial reporting suit and funding matrix Include current industry inflation models in SIP refresh and HRA Business Plan, update models when new tenders take place and continue to work on discovering and using efficient delivery models as per point 1 above

B4 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 that are safe and decent which will 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 safe, warm, secure, and modern properties in attractive neighbourhoods. These overarching principles inform our investment priorities. Keeping our residents safe, we are putting in place over the next five years a number of fire prevention and fire safety measures for high rise blocks and high-risk properties, and upgrading electrics within our homes. We will start to install fire suppression systems on four blocks in 2021/22 and be consulting on fire safety works to the remaining high-rise blocks during 2022/23. This will include closing waste chutes in tower blocks and providing modern day waste facilities.

We will continue planned work programmes already identified as priorities with tenants, such as roofing, windows and doors, kitchens and bathrooms and heating. These activities contribute towards maintaining homes to the government decent homes standard. The social housing white paper commissioned a review of the decent homes standard, and when this is published we will need to revisit our level of compliance against any new decency standards and check that our investment plans are fit for purpose.

We will also continue to increase the number of homes in the Council's stock and develop a clear plan for neighbourhood 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. Our current funded investment plans aim to bring all homes to EPC level C by 2030, we have been partially successful in obtaining grant funding to support this target.

2 How does this Priority contribute towards 'net zero'?

Currently within the 5-year housing investment plan 2022 to 2027 there is £53m funding that will contribute to reducing carbon emissions and improving the energy efficiency in the council stock. When compared with other peer social landlords, the energy efficiency of the council stock is very good, but we know we need to do more. Our plans include bringing the estimated 6900 homes that are below EPC level C up to a minimum of EPC level C by 2030. Sheffield is going beyond the government guidance on this, which is that all social housing must meet this standard by 2035. The housing service can support carbon reduction through:

- Improving the fabric of homes
- Reducing energy consumption in homes

- Removing fossil fuels
- Providing advice to customers
- Generating renewable electricity
- Deliver zero carbon new build council homes

Each of the above actions are being adopted in varying scales. The most significant areas of investment with developed delivery plans are several external wall insulation projects, these homes are some of our worst performing homes that also require remedial works to the structure. We will continue to prioritise other investment in energy efficiency homes on a ‘worst first’ basis.

Across the council housing stock, 99% of homes have their heating and hot water supplied by gas boilers. Since 2008, we have installed ‘A-rated’ energy efficient boilers in approximately 32,000 homes. In addition, we have 130 community heating boiler schemes powered by gas that in the next 5 years will need replacing. These are currently less efficient than new products on the market. We have identified a number of community heating sites that require boiler updates, and the proposals will reduce carbon emissions at those sites.

The investment we have made has already made in heating has led to a significant reduction in emissions. We are now revisiting our heating strategies. We recognise the need to reduce our reliance on gas, but we do anticipate that gas boiler replacement will still figure in some way in any revised heating plans for at least the next 5 years. The obsolescence within the housing stock will require replacement before technologies – such as hydrogen - are able to deliver viable solutions. There are also technical and spatial reasons why gas will still be the most viable solution for some sites. But we will ensure that any new gas boilers have higher levels of efficiency, and are combined with other measures so that a net reduction in carbon emissions is still achieved.

For each project we bring forward we will look at all options and weigh up the social, financial, and net zero issues and benefits. For example, nationally an important concern amongst social landlords is that the switch to electric heating at this time will place additional financial burdens on those already in fuel poverty. Our future plans for net zero need to ensure that proposals do not increase fuel poverty amongst council tenants through the works that may be proposed.

Estimates of the cost of the net zero challenge for the housing stock indicate that it cannot be funded from a balanced HRA business plan. External grant funding or increases in income will be needed to support further investment beyond the current plans. To partially offset the cost, we are gearing resources up to maximise bids to government for external funding to support our plans to address the worst performing stock. Current government grant regimes do not support homes that are already at EPC level C. As 82% of our homes are EPC level C or above, the amount of grant income we can secure is constrained.

We have commissioned a piece of work to provide a road map to net zero for the council housing stock. This will provide a blueprint for the stock improvements. The road map will propose the most effective step by step technical solutions for the stock, as well as refine cost estimates and estimates of carbon reduction benefits. This work will inform next year’s investment planning cycle and customer engagement.

3 Projects completed in 2021/22

	Project and value (all years)	Impact
1	Electrical Upgrades Phase 1	574 properties upgraded
2	Barnsley Road Refurbishment (£0.5m)	1 property refurbished providing 11 temporary accommodation units
3	Adaptations (old) (£1m in-year)	Approximately 115 properties adapted to meet accessibility requirements (including 3 extensions)
4	Robertshaw Tower Block Roofing (£0.2m)	1 Tower Block Roof replaced.
5	Kitchens & Bathrooms (old Elementals)	10 high value void properties refurbished
6	Short Leasehold Sundries	15 short term leaseholds acquired
7	14A Collegiate Crescent	1 property refurbished providing 4 temporary accommodation units
8	Local Authority Decarbonisation Grant Works (£3.5m)	502 Council homes, 255 Private homes (Non HRA) benefitting from energy efficiency work

4 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. 6,000 properties.	Safe, water-tight, structurally sound properties.
2	Electrical Upgrades Phase 2	£21.8m	2021-24	Yes	HRA	18,000 properties included for electrical rewiring	Safe homes which are compliant with electrical safety regulations and meet modern day standards

3	Adaptations (ongoing programme)	£8.9m	22-25	Yes	HRA	2,400 properties anticipated to receive adaptation works	Accessible and fit for purpose homes
4	Obsolete Heating	£3.5m	22-24	Yes	HRA	3,750 replacement boilers and / or heating systems installed	Warm and energy efficient homes
5	Single Staircase Tower Blocks (SSTB's)	£10.2m	20-24		HRA	4 Tower Blocks Fire and Health & Safety Measures	Safe homes and improved communal spaces
6	EWI Package 2	£10.0m	22-24	Yes	HRA	122 Airey properties refurbished	Structurally sound, warm and energy efficient homes
7	IT Systems Replacement	£7.7m	22-25		HRA	1 replacement system for Housing and Place	Efficient IT system that supports mobile working, better management decision making and digital inclusion
8	Tower Block Flat Roofing Replacement	£3.1m	22-26		HRA	19 Tower Block Roof replacements	Watertight homes and improved insulation
9	EWI Package 3	£4.9m	22-24		HRA	270 non-traditional properties refurbished	Structurally sound, warm and energy efficient homes
10	Elementals 2021-26	£14.4m	22-25		HRA	3399 properties and 552 void properties improved	To maintain decent homes standard
11	Stairlifts (Adaptations)	£1.5m	22-25		HRA	631 stairlifts installed	Accessible homes
12	Heating Breakdowns	£1.4m	21-23		HRA	874 Heating breakdown replacements	Warm and energy efficient homes

5 Investment pipeline for the next 10 years

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 reports if, as and when they are brought forward.

	Project	Value £m	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	External Fabric Upgrades	£8.2	23-26	HRA	Render, improved cladding, roofing / rainwater goods.	Watertight, warm homes

2	Asbestos Works	£1	22- 26	HRA	Surveys and Removal Works	Contribute to a safe environment,
3	Fire Safety – High Rise and OPIL Schemes	£40	23-31	HRA	New sprinkler and fire suppression systems	Safe homes which are compliant with fire safety assessments
4	Laundry Upgrades	£0.3	22-25	HRA	New washers and dryers, new payment system	Improved energy efficiency, reliable service
5	Environmental Works (including Boundary Walls and Fencing)	£7.2	22-28	HRA	Attractive and safe environment around homes	Attractive and safe environment to live.
6	CCTV Upgrades	£0.6m	22-26	HRA	Replace outdated systems	Improved block security for residents
7	Door Entry Upgrades	£1.4	22-25	HRA	Replacement of old systems and door upgrades	Improved block security for residents
8	Community (District) Heating	£10	22-26	HRA	Boiler and Network Upgrades, New radiators and insulation	Warm and energy efficient homes
9	Gleadless Valley Regeneration	£42	2022 - 2032	HRA	A range of work to regenerate housing and HRA owned land. This includes refurbishment, remodelling and replacement housing, environmental and green space improvements	Attractive, well-maintained homes and neighbourhoods, responding to housing need in the valley
10	Lifts	£1.9	22-26	HRA	Replacement Lifts	Safe and reliable facilities and accessible homes
11	Waste Management	£2.1m	22-26	HRA	Accessible and clean waste facilities that support recycling	Contribute to the City's waste management strategy and improved environment for residents
12	Carbon Reduction Projects	£20	22- 26	HRA	Energy efficient homes	Contribute towards the city's net zero Carbon priority and warm, efficient, greener homes

6 Forward look to the 2050s

Investing in stock condition surveys has allowed us to build an asset management database of stock needs beyond 2050. Regular updates to the data will build confidence when further reviews are undertaken. Lifecycle modelling within the database indicates that typically the existing stock of around 38,000 will require annual investment of £50m per annum (unadjusted for inflation) to stand still. To maintain the decent homes standard, investment in elements such as kitchens, doors, bathrooms, heating, windows, and doors will need a significant slice of the investment plan. The new build housing currently in progress will start to require some capital investment.

By 2050 elements of fire safety work currently in progress will need to be replaced as will new heating solutions should we meet the challenges of net zero by 2030. These items of investment are not one-off costs to homes.

Most of the housing stock in 2050 will be 80-110 years old and inevitably will require substantial investment. This may not be sustainable or adequately meet the housing needs of the city. Appraisals of the housing stock at an estate and property type basis will proactively be undertaken and it is likely that regeneration in some areas is the right solution for the city. This will require funding through a structured investment programme.

7 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Impact and implications of the COVID-19 Pandemic	Work with our design consultants, contractors, delivery teams and customers to maintain COVID-Safe working practices and to understand the potential implications on tender timelines, project programmes and costs.
2	Inflation and increase in interest rates	Modelling inflation / interest rates through the asset management database amd Housing Revenue Account (HRA) Business Plan and the effect of changes on the programme. Reviewing levels of contingency and risk at project level
3.	Fire Safety legislation and skills shortages	Work with the Fire Safety Board, government bodies to ensure the fuill implications are understood and planned for. Investment in staff.
4	Social Housing White Paper indicates greater regulation of the social housing sector	Prioritising investment in safety compliance works and decency works. Increasing tenant engagement and scrutiny role.
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.
7	Funding to achieve net zero in housing	Complete roadmap work to have certainty on the funding needed and maximise grant bid submissions for Sheffield homes

8	Lack of trained / accredited personnel and contractors in the field of retrofit work	Investing in staff training and working with government and contractors to develop the skills and knowledge in the sector

B5 CLEANER, GREENER, SAFER

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 clean, green and safe places to live. We will listen to our residents 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 and leisure facilities that are accessible 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 How does this Priority contribute to 'net zero'?

Investment in our leisure facilities will not only improve financial viability and long-term sustainability of our services, ensuring that facilities are up to date, relevant and based on evidenced need. It will also support delivery of the Council's commitment to the climate emergency by improving the environmental sustainability of facilities.

For example, we know that swimming pools utilise a significant amount of energy. The water needs to be constantly heated, circulated and filtered. We will look at options to improve energy efficiency, such as installing systems to control the flow of water through pumps which can help to cut down on the power used. Further detailed work will be undertaken to inform an Environmental Impact Assessment for each site. But we envisage that investment in new facilities will improve energy efficiency and enable more environmentally friendly management.

Furthermore, development of a new Service Specification to select an operator for the sites from 2024 will enable us to develop environmental measures as part of the new contract. We will prioritise the use of local suppliers and services, policies for waste and recycling and green travel plans for staff and users as part of the Council's new Environmental Impact Assessment Process.

The 3 existing cremators at City Road Crematorium are over 25 years old, difficult (and increasingly expensive) to maintain and not meeting the latest environmental regulations. Our commitment to replacing them helps ensure that Sheffield has an appropriate, sustainable cremation service in the city that caters to the needs of bereaved families.

In partnership with the Football Foundation, the Woodbourne Road project will enable us to undertake research into recyclable carpets with organic infill materials. Although a range of materials are available, we have limited experience of them in the UK climate and on pitches with high levels of use. The Woodbourne Road Testbed Project - if approved - will enable us to test the performance, durability, longevity and availability of a range of sustainable pitch surfaces. Investing into a multi-pitch site for the purpose of 'real-life' research of different pitch systems would provide a unique opportunity to gather objective 'live' performance data. The Sheffield Test Hub would provide a platform for innovation and incentivise the industry to push forward with better performing and more environmentally sustainable artificial pitches.

As part of our '10 Point Plan' for climate action, we highlight that district heating is increasingly recognised as having the potential to play a large part in the decarbonisation of the city's heating. We are one of a small number of cities to have such as asset. There is the potential to explore new and innovative ways to source its energy. Its expansion could serve an increased number of both residential and commercial properties.

Through the COVID-19 pandemic, our network of small Household Waste Recycling Centres struggled to provide the capacity for customers to access recycling facilities for excess waste. The space-limited sites have had more and more separate containers added over the years as we continue to identify more separate waste streams for recycling. But our sites are not big enough to accept any commercial waste or offer a re-use shop - which could deliver a genuine reduction in waste being produced. Our current sites mean using steps to deposit waste and recycling, which does present a barrier for some users. We will explore the options and costs of a new multi-operational site, providing not only just a quality recycling offer for households in the city, but also businesses and for the Council's own waste - as well as a reuse shop. The provision of a site for commercial waste should also be a stimulus for reducing fly tipping.

3 Projects completed in 2021/22

	Project and value	Impact
1	Capital Investment into Ponds Forge £1.2m	There has been a significant refurbishment of the leisure pool in Ponds Forge, this has transformed the space which now looks and feels much fresher and will be more inviting to members of the public. In addition, there have been

		improvements to the pumps and filtrations system and the wave machine has been restored to include several additional settings. The leisure pool is due to reopen to members of the public in January 2022. There have also been improvements to the Building Management System and improvements to support ventilation in the building. This will help to support compliance with COVID-19 measures.
2	Essential works to Woodbourn Road football pitch	The site was closed because of the Health and Safety issues. The current health and safety issues at the site have been addressed through a programme of essential works to the pavilion and pitches. The reopening of the football area - along with putting in an experienced operator to run the site – will ensure the facilities continue to provide equality of provision, providing valuable activities for a key demographic area and deliver positive physical and mental health and wellbeing impacts. The opening of the football facility will improve accessibility to improved playing pitches and ancillary facilities for all ages. Children and adults of all abilities and backgrounds will have the greatest possible access to outdoor sports and will therefore experience greater activity and sport opportunities.

4 Current projects already in delivery

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Replacement Cremators City Road	£2.5m	2019/20 – 20/21	Revenue Contribution	Renewed Infrastructure at Crematorium	Improved infrastructure / reduced environmental impacts
2	General Cemetery Phase 2	£3.4m	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 that is a destination site offering insight into Sheffield's heritage
3	City Centre Safety Scheme	£2m	2018/19 - 2022/23	Capital receipts	Permanent measures to improve safety of key city centre sites	Improved safety for workers, residents and visitors to city centre
4	Green and Open Space Improvement Projects (see Green and Open Spaces priority)		2017/18 - 22/23	Public Health Funding, S106, Revenue Contribution, Capital Receipts, Local Fundraising, External Funding Streams	Improvements in green and open spaces	Improved infrastructure, facilities and settings across the city in green and open spaces

5 Investment pipeline for the next 10 years

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 Co-Operative Executive 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	2021-2031	TBC Will include SCC borrowing and external grants / investments	Investment in our Leisure and Entertainment facilities to deliver a balanced and sustainable portfolio of facilities which support the needs of our communities alongside elite sport and events (Investment in the facilities). An opportunity for the Council to review how leisure and entertainment services are delivered in Sheffield and approve the strategy of a Council commissioned (but market driven) approach to appointing an external partner	This is an opportunity to review what our communities will need from our facilities and services in the future, and design new, more efficient and impactful solutions to help our communities to be active and stay healthier for longer. Fit-for-purpose, well maintained and accessible leisure and entertainment offer.
2	Woodbourne Road Football Hub Project	£2m	2022/23 Co-operative Executive report due February 2022	Football Foundation SCC Prudential Borrowing	Option: developing Woodbourne Road Football Facility as the fourth hub site in Sheffield that will mean large scale investment in the site which will secure the long- term future of Woodbourne Road as a community football facility	The reopening of the football facility at Woodbourne Road - and putting an experienced operator to run the site - will ensure the facilities continue to provide equality of provision, providing valuable activities for a key demographic area and deliver positive physical and mental health and wellbeing impacts. The project will provide a platform for innovation and enable the industry to push forward with better performing and more environmentally sustainable artificial pitches.
3	Programme of Sport and Physical Activity Projects currently in development.	TBC	2022-2025	Football Foundation Cruyff Foundation Sport England	Promote greater levels of physical exercise and thus impact on the general health and wellbeing of the community	The poor quality and limited maintenance of many of these facilities has a detrimental effect on both the quality of training and play. The poor facilities are a disincentive to play and therefore a direct limiter to the

	Parson Cross Park Project Stocksbridge Sports Hubs Sports facility and Pitch Improvement Projects			CIL National Governing Sports Bodies Capital Receipts	Increase participation in sport across all age groups from junior level to elite level Increase participation within target groups such as girls and young women Meet increased demand for local sport and recreation facilities as new housing development takes place Retain spend within Stocksbridge and attract external users for the facilities	number of young boys and girls who take part in grassroots sport. We are looking to develop a new model of delivering grassroots facilities in a financially sustainable way. Participants in these sports want better facilities to play on, and the current quality of pitches and their associated facilities is a barrier to both recruiting and retaining players. The very best facilities are an incentive for participation growth.
4	Green and Open Space Improvement Projects (see Green and Open Spaces Priority)	TBC	2022/23 - 2032/33	Public Health Funding, S106, Revenue Contribution, Capital Receipts, Local Fundraising, External Funding Streams, BNG	Improvements in green and open spaces	Improved infrastructure, facilities, and settings across the city in green and open spaces.
5	Refresh / refurbishment of chapel locations (Bereavement Services)	TBC	2023/24 - 2032/33	TBC	Improvements in chapel settings across the cemetery / crematorium estate	Appropriate facilities for a modern Bereavement Services offer
6	Review of (and increase in) body storage capacity	TBC	2022/23 - 2032/33	TBC	Increase in body storage for deceased entering the Coronial system	Dignified, appropriate storage facilities available for the deceased in times of standard death levels and at times of excess deaths (such as a pandemic).
7	District Energy Investment	TBC	2022/23 - 2032/33	BEIS	New pipe to facilitate increased connections and provide greater network resilience. Alternative heat source/ heat store to further decarbonise network.	Access to low carbon heating. Reduced need for gas boilers. Manged demand on electricity grid so not curtailing development of electric car charging infrastructure
8	Waste & Recycling Supersite & Reuse shop	TBC	2022/23 - 2032/33	TBC	Reuse shop More materials segregated for recycling	Level access site making sites easier to use Reuse shop will be an affordable outlet for an array of goods Businesses will have access to affordable and sustainable waste and recycling facilities

9	City Centre Safety	£1m+ per annum	2022/23 – 2025/26	TBC	Continuation of city centre hostile vehicle mitigation measures at a number of city centre sites	Safe and secure city centre; ensuring compliance with new 'Protect' duty and protection of the public in accessible locations (crowded spaces)

6 Forward look to the 2050s

- Replacement of cremators at Sheffield City Council sites (Hutcliffe Wood potentially before 2040 and City Road potentially before 2050) - cremators have an estimated lifespan of 20 – 25 years
- Closed landfill infrastructure – the ongoing requirements to manage our closed landfill sites / leachate are being explored currently
- Refurbishment of infrastructure / facilities within green and open spaces – ongoing investment will be required in sites across the city to ensure that they remain safe, accessible and appropriate for the residents of Sheffield
- Refresh / refurbishment of Medico-Legal Centre – building refurbishment completed in 2017/18
- The integrated waste contract and provision of the energy recovery facility runs to 2038. There will need to be a forward plan for infrastructure to handle the cities residual waste and recycling.
- The Streets Ahead contract for Highway Maintenance runs to 2037. There will need to be a forward plan for the capital elements within the projects from the physical maintenance of our highway asset through to maintenance equipment such as gritters, mowers and vehicles – see also 'Transport' priority.

7 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	Ongoing review of Corporate Investment Fund priorities to ensure investment in development of projects that best fit with strategic priorities
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

B6 GREEN AND OPEN SPACES and SPORT

Parks, green spaces, playgrounds and sports facilities 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 'Cleaner Greener Safer' priority - and the Communities and Neighbourhoods priority from the One Year Plan - with a focus on the ambitions to continue investing in our parks and open spaces, working with communities and Friends Groups. We will also continue to deliver our Trees and Woodland Strategy.

Funded primarily from either s.106 contributions from developers (which must 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, green spaces, and playgrounds. 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 restoring green spaces, enhancing biodiversity, replacing damaged, worn, and dated playground equipment, and promoting accessibility for all our citizens. We do this 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. 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. Record numbers have been seen in many parks and countryside spots. This significantly increased use of local green spaces has continued beyond lockdowns which may indicate a reconnection with green spaces that will last for a generation.

2 How does this Priority contribute towards 'net zero'?

- Quality recreational spaces locally reduced the need to travel further afield to access the great outdoors

- Habitats enhance works within green and open spaces (including tree planting) contributes to carbon capture
- Improved health and wellbeing through access to local natural sites and recreational spaces reduces demands on NHS and Health Service resources
- Active travel is encouraged and where possible supported as part of improvement projects

3 Projects completed in 2021/22

	Project and value	Impact
1	Hillsborough All Wheels Park - £304k	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
2	Shirebrook Visitors Centre - £238k	Provides education and community hub facility to engage local communities with urban countryside - habitats and wildlife.
3	Spider Park (now named Wisewood Park) - £302k	Improved health and wellbeing. Increase in community pride and value. Increased number of users of site. Raise the overall quality of the site.
4	Westfield Playground - £149k	Improved health and wellbeing. Increase in community pride and value. Increased number of users of site. Raise the overall quality of the site.
5	Charlton Brook BMX Track - £15k	Improve health and wellbeing, especially for older children and young adults. Due to contractor programming challenges/weather conditions this project will be completed in May22.
6	Bowman Drive BMX Track - £22k	Improve health and wellbeing, especially for older children and young adults. Due to contractor programming challenges/weather conditions this project will be completed in May22.
7	Oxley Park new playground, gym equipment, entrance and access improvements - £500k	Improved health and wellbeing. Increase in community pride and value. Increased number of users of site. Raise the overall quality of the site.
8	Hillsborough Park AgeUK Café – and restoration of Coach House and Walled Garden Potting Sheds – c. £1.2m (this project is being led by AgeUK Sheffield)	Enhancement of Hillsborough Park as a quality destination site with toilet and café facilities – encouraging a wider range and number of people to visit the park and enjoy its facilities for longer periods of time; thereby contributing significantly to health and wellbeing outcomes.
9	Ponderosa Park, playground improvement works - £50k	Enhanced quality and range of play and exercise opportunities in the park. Increasing number of users and support increased physical activity for all ages.
10	Small scale playground & recreational improvements at approx. 20 sites (Wensley St, Chelsea, Chancet Wood, Millhouses, Upper Hanover St, Mortomley Park, Dore Rec, Worral Rec, Hollinsend, Rundle Road Wolfe Rd, East Glade, Osgathorpe, Exeter Dr, Bolehills, Angram Bank,	Improved health and wellbeing. Increase in community pride and value. Increased number of users of site. Raise the overall quality of the site.

	Ruskin Woodseats, Philadelphia, McKensie Crs . – c.£200k

4 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Forge Dam Pond Restoration	£591k	2020/21-2022/23	No	Section 106, Green Challenge Fund, Friends Group, Local CIL	Enhanced infrastructure to support sustainability of forge dam, access improvements.	Improved quality of site and accessibility infrastructure Heritage infrastructure restoration – support civic pride. Improved opportunities to engage in physical activity to support health and wellbeing
2	Norton Woodseats Cricket Pavilion	£421K	2019/20 – 2022/23	No	S106 & Sport England	Improved sporting facilities	Increased number of users of site; improved health and wellbeing
3	Parkwood Springs Active park	£1.1m	2021/22 – 2022/23	No	S106, British Cycling, NCESM, Revenue Contribution	Improved sporting facilities Improved recreational facilities Toilets and refreshments provision	Improved quality of site and recreational facilities Improved opportunities to engage in physical activity to support health and wellbeing Improved opportunities to use the park through the provision of toilets and refreshments – that are a key accessibility factor
4	Hillsborough Park access and drainage improvements	£420k	2021/22 – 2022/23	No	Revenue Contribution, Prudential Borrowing	Improved path network Improved site drainage	Improved quality of site and accessibility infrastructure (aiming for Green Flag award for 23/24) Increased number of users of site; improved health and wellbeing
5	Ecclesfield Park – Site wide improvements	£240k	21 – 23	No	Public Health S106, CIL	2 x Tennis court provision 1 MUGA reprovision Play improvements	Improved quality of site and recreational facilities Improved opportunities to engage in physical activity to support health and wellbeing

						Café & Toilets	Improved opportunities to use the park through the provision of toilets and refreshments – that are a key accessibility factor
6	General Cemetery – site heritage restoration project	£3.8m	19 - 23	No	S106, Heritage Fund, CRP, revenue contribution.	Restoration of key heritage structures Improved paths and park infrastructure	Improved quality of site and recreational and heritage facilities (aiming for Green Flag award for 2023/24) Improved opportunities to engage in physical activity to support health and wellbeing Improved civic pride – this cemetery is important to the story of Sheffield.
7	Mather Road, play, environmental and sports improvements	£240k	20 - 23	No	Public Health S106, CIL	Provision of play facilities, environmental improvements & sports facilities enhancements	Improved quality of site and recreational facilities Improved opportunities to engage in physical activity to support health and wellbeing
8	Skye Edge Playing Fields	£100k	21-23	No	Public Health S106	Access controls and improvements to make the site feel safe and useable	Improved quality of site including access infrastructure – to encourage informal recreation and physical activity by all ages and abilities – supporting health and wellbeing of the local community

5 Investment pipeline for the next 10 years

There are several initiatives which are currently being considered before business cases are developed and brought forward for consideration for approval. They will be the subject of separate Co-Operative Executive 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 +	2022/25	Various including s.106, external funding including HLF	A 'whole site' approach taken to several sites, including Hillsborough Park, Parson Cross Park, Skye Edge, Graves Park	Sites which, following consultation with local people, are well used by all sections of the local community.

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2	Access and environmental improvements including Biodiversity Net Gain and Nature Recovery investment.	c. £500k	2022/25	s.106 and Public Health Funding	Delivering safe, clean, welcoming and accessible sites at Sky Edge, Arbourthorne Playing Fields, Manor Playing Fields, Gleadless Valley Woodland Complex, plus a range of environmental and habitat improvements in line with development of the Nature Recovery Network (as part of a South Yorkshire scale initiative)	Sites which, following consultation with local people, are well used by all sections of the local community. Significant contribution to health and wellbeing Significant contribution to ecological resilience Significant eco-system service benefits – such as natural flood management
3	New park and new recreational facilities developments	c.£1.5m	22/24	s.106, Public Health and Stocksbridge Towns Fund (and possibly further external funding)	Delivery of sustainable new recreational assets at sites such as Oxley Park (skate park and 3G pitch), 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. Significant contribution to health and wellbeing
4	Better Parks investment – to provide quality P&C services and support income generation targets	£1m - £2m	22/25	Prudential borrowing, LTA, private investment, Sport England plus other external funding.	Delivery of sustainable new assets and services that deliver benefits to green space users (including toilets and cafés) and increase income to support parks and countryside management.	Sites which, following consultation with local people, are well used by all sections of the local community. Significant contribution to health and wellbeing

6 Our forward look to the 2050s

Access to high quality local green space will continue to be important for everyone and a priority for Sheffield. The spaces themselves are likely to change as we meet the challenges presented by both the climate and biodiversity emergencies. Those spaces will also be significant parts of the solution to these emergencies as habitats for wildlife, flood storage and alleviation and carbon sequestration. Ongoing investment in these spaces to meet changing needs will be vital. Maintenance regimes will need be adapted to remain appropriate and responsive.

7 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 2022.	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.

B7 PEOPLE: CAPITAL AND GROWTH

We want all people in Sheffield to feel safe, happy, healthy, and independent: to love living here. We want them to have access to a wide range of educational opportunities to achieve their full potential

1 Background and context

The People Services Portfolio supports children, young people and their families, adults and communities. It has 6 key areas of focus:

- Giving everyone the best start in life
- COVID-19 recovery for children and young people
- An exemplar in children's services and support our Children Looked After to achieve their full potential
- Delivering effective Special Educational Needs and Disabilities (SEND) services
- Reducing exclusion in all its forms
- Enabling adults to live the life that they want to live.

Every single person in Sheffield should be able to achieve their full potential. However not all children and young people have the start in life that they deserve, and there are increasing numbers of vulnerable children and adults whose safety we have serious concerns about. Despite huge strides over recent years, substantial educational inequalities remain in the city and are likely to have been exacerbated by the pandemic – this will be a key focus for our work.

As in the rest of the country, we face a significant and unresolved crisis in both adults' and children's social care, with the complexity and demand for services increasing, an increasingly stretched workforce, and a decade-long underfunding of services by central Government.

In the longer term, we want people to be able to take charge of their wellbeing and support them to stay fit and healthy throughout their lives, so fewer people reach crisis point. That should mean more children able to live safely at home, more older people able to live independently for longer, more children who have had an excellent start in life, more people with physical and learning disabilities able to play a full part in society. This does not mean that we will stop being a council that provides excellent quality care and support for those who need it – that will always be a core part of who we are – but if we are able to make that shift it will result in fewer people needing that intensive support.

A significant element of our Capital and Growth Programme must be prioritised around ensuring the Council meets its statutory duty to provide sufficient good quality school places in environments that are fit for purpose. Over the years we have delivered state of the art education facilities, including Oasis Don Valley, Astrea Academy, Mercia Academy, and the expansion of Ecclesall Primary. These are shining examples of the new education facilities available to Sheffield children.

We have secondary school pressures, particularly within the Southwest of the city, for which we will use £14.7m of Basic Needs funding and require up to £1.5m Council funding to provide permanent and temporary places.

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 remains significant. However, progress is being made 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. The need far outweighs the funding allocated annually and continues to present a significant challenge. The maintenance backlog is estimated at £45m for 66 maintained schools.

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.

There are significant risks associated with the statutory duties placed on the local authority regarding SEND, within the context of rising demand with limited resources. There is a financial shortfall, which is unlikely to be met through additional funding from the Department for Education. Alternative sources of support will be required. Demand for SEND places is forecast to rise by 30% - 50% in the next 5 years - the variation in this forecast is due to different potential scenarios for number of learners supported in mainstream. Whilst there are two new special schools in the pipeline (due September 2022 and 2023), further growth is required.

Sufficiency of local placement remains a priority for the Authority. We need to consider development of our own residential provision. There is a strong business case for expansion of children's social residential estate, including the possibility of income generation from other local authorities, which will rely on Council funding as well as external grants.

2 How does this Priority contribute towards 'net zero'?

The primary environmental impacts of this priority area centre on our key assets – buildings and transport.

The environmental impact of our school estate is a key concern for the Council. However, the high levels of both essential and backlog maintenance mean there is limited funding to also increase environmental performance. We will tackle this by seeking external grant funding wherever possible to supplement our own funds, and by considering whether we can improve the environmental performance of our buildings at the same time as undertaking repairs or planned replacements. The scale of this challenge cannot be underestimated. Further information is contained in the 'Essential compliance and maintenance' priority later in this Strategy.

We are beginning to trial environmental impact assessments for our key decisions. We are aware of the impacts – both environmental and financial - of our significant use of buses and taxis outside the Council's own fleet for transportation for SEND pupils. We will ensure these considerations are considered when scoping new projects (such as the location of new schools).

The new buildings which are required to increase our provision of SEND places and provide mainstream school place sufficiency will be located closer to children's homes and thus reduce travel needs wherever possible. Likewise, new buildings to increase provision of children's social care residential placements within the city will also reduce the need for out-of-city travel. Consideration for best practice heating systems - such as air source heat pumps - will be made in all new buildings, as well as when maintenance and upgrade of existing buildings is undertaken.

3 Key projects completed in 2021/22

	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

4 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

5 Investment pipeline for the next 10 years

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 Co-Operative Executive reports if, as and when they are brought forward.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Statutory Delivery of mainstream school places	£12m +	2021 onwards	ESFA/Council	Permanent and temporary secondary school places within the city, particularly in the South West.	Secondary school places are available locally to Sheffield families
2	Building condition	£45m	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.
3	Special Educational Needs and Disabilities (SEND) Sufficiency	£30m	2021-2026	Capital Grant – Education & Skills Funding Agency (ESFA)	SEND places to meet significantly rising demand. This would mean: • Investment in capital schemes to support mainstream inclusion • expansion of existing special schools • new integrated resources • new special schools • expansion of post 16	Appropriate school places which meet needs are available locally to Sheffield families Reduced travel time to access SEND provision. Improved access to post 16, resulting in better preparation for adulthood.
4	Post 16 places - Sheaf	£250k	2021-2023	ESFA / Council	Further expansion at Sheaf including additional 2 classrooms with disability access to accommodate increasing demand	Appropriate post-16 places are available to meet the needs of young people with special educational needs and disabilities

5	Harmony Works – Canada House	£12.5m	2022 onwards	Levelling up grant/external grant	Restoration of Canada House as a unique centre for music education, rehearsal, and performance in Sheffield, serving the Sheffield City Region.	Harmony Works will be an inspirational centre of musical activity providing educational opportunities for all local young people, balancing inclusivity, accessibility, and the pursuit of excellence, enabling all Sheffield City Region children and young people to be inspired by the very best music education.
6	Thornbridge Outdoors	TBC	2022 onwards	Invest to save / Council	Targeted investment at Thornbridge Outdoors will allow it to capitalise on the post pandemic increased interest in getting outdoors, and reach more children and young people, including those with SEN. Improving and enlarging facilities will enable more use of the centre in the winter months and at weekends, and increasing capacity will enable 3 classes to visit at a time, increasing the potential impact of the centre by 33%.	The purpose of the centre is to offer young people, from every background, the opportunity to have real outdoor adventures in the Peak District. Improving and extending facilities will give more Sheffield children the opportunity to enjoy and have meaningful experiences of the outdoors on their doorstep. The centre currently covers its operating costs through traded income. The investment cost would be paid back through increased traded income in future years.
7	Disabled Facilities Grant (DFG)	£5m	2022-23	External Grant	This grant is available to help make changes to properties to enable people with disabilities to live at home	More Sheffield people with disabilities are able to live at home.
8	Aldine House	£10-£12m		External Grant/Council funding	Maximise revenue potential from other Authorities by creating a second 12 bed secure home based on Aldine House, to meet national need.	Surplus places will provide income to support children's social care within the city.
9	1 Bedroom Residential Homes (2 homes linked to Aspire)	£750k		Council funding	Create bespoke 1 and 2 bed placements for children with exceptionally complex needs to provide more choice and cheaper local placements.	More appropriate accommodation to meet needs of Sheffield children with complex needs.
10	Aspire 3 – Chancet Wood (one 5 bed home)	£1m 50% council match		DFE Grant /Council funding	Third phase of programme to keep up to 40 adolescents at home and avoid entering care.	Up to 40 more Sheffield young people are able remain with their families rather than escalate to needing care.
11	2 Bed Home for children with Learning Difficulties and Disabilities (one home)	£660 k (50 %		DFE Grant/ Council	To support children with Complex Learning difficulties	More appropriate accommodation to meet needs of Sheffield children with complex needs.

		council match)				
12	Sharrow	TBC	2022-23	Council	Relocate 183 staff from temporary accommodation across two sites (Sharrow Community building and Moorfoot building) into the Nursey Infant block and caretakers empty house, providing a fit for purpose working environment. The accommodation is in poor condition and continues to further deteriorate during current COVID-19 restrictions impacting on the ability of staff to carry out their job effectively.	Improved staff morale resulting in a better service provided to children and their families.
13	Loans for Foster Carers	£1m		Council	Under the scheme Foster Carers may apply for a loan to extend or adapt their home to support additional foster placements. Loans are secured as a legal charge for 5 years, after which the loan will not be repaid if conditions have been adhered to. The cost of this measure is anticipated to more than pay for itself within 18 months for each loan placement through savings on the use of IFAs.	This assistance will help increase the supply of available foster placements in the city and thereby reduce the annual cost burden of using Independent Fostering Agencies.
14	Semi-Independent Living	TBC	2022/23	Council	26 young people will shortly transition out of the social care system into independent living post COVID-19, and they will require semi-independent placements in Council accommodation.	Appropriate safe homes in the city for young Sheffield people transitioning out of care, for the best start to their adult lives.

6 Our forward look to the 2050s

- Increasing numbers of children with SEND based on recent trajectory will impact demand on services
- Critical tipping point in building repair reached if a target baseline on mounting backlog of maintenance is not set and achieved
- Increasing number of climate refugees and climate poverty, including food poverty, will impact on demand for services
- Closer integration with Health, with possible legislation
- Government review of how services to children are provided may increase or reduce scope of responsibilities
- Continued Academisation
- Increasing population within the city

7 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 – the allocation for the city is fully committed until 2022/23, with particular pressure on secondary school places expanding in the South West.	An ongoing review of all pupil places. Continue to raise the profile of statutory duties and to lobby national government
2	**Specialist Provision:** Demand for SEND places continues to rise; growth is expected to be between 30% and 50%. Significant capital investment required to manage increase in demand for SEND places	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. There may be further free school bids opportunities through school autism spectrum disorder (ASD) and post 16.
3	**Building Condition:** Backlog maintenance is currently estimated at £45m for 66 maintained schools. Existing resources of around £3m annually are largely absorbed by reactive maintenance and essential programmes such as Fire Risk mitigation. Using current SCA allocation it would take us over 12 years to fully implement lifecycle maintenance. 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.	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.
4	**Children's Social Care:** Post pandemic increase in demand is being evidenced across Children and Families services, with COVID-19 impacting on unemployment, and family debt leading to more domestic violence, substance misuse, emotional and mental health issues. The increase in demand and COVID-19 impact has led to an increase in semi-independent and external residential placements, an increase in costs, alongside reduced supply of placements, we therefore need to develop local residential provision.	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. We need to develop in-house bespoke, local residential provision.

5	**Adult Social Care:** Keeping people out of hospital and accessing the right care in their own homes and communities. Increasing the independence of adults of working age.	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. Work closely with colleagues in Health, Social Care and Housing to ensure the right type of accommodation is available in the right areas.

B8 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 How does this Priority contribute to Net Zero?

Wherever possible the development will be to the lowest environmental impact including the following:

- Retaining as much existing building as possible
- Buildings designed to meet Building Research Establishment Environmental Assessment Method (BREEAM) rating of excellent
- Connection to District Heating network
- Use of photovoltaic arrays at rooftop level
- (H2) office has been designed with technologies that support net zero carbon.

3 Projects completed in 2021/22

	Project and value	Impact
1	John Lewis Partnership Lease Surrender £5m capital receipt	Surrender of lease by John Lewis Partnership following closure of store. Option for the future use of the site to be developed subject to consultation in 22/23
2	Block B Burgess, Athol and Laycock Houses £20.6m	Development of 56 residential units, small office, and ground floor retail. The increased residential offer in the city centre, helping to make a more vibrant city neighbourhood
3	Block C Isaac's Building £20.7m	Increased quality office capacity in the city centre, attracting inward investment. Terms being developed with 2 tenants for leasing of all floors

4 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	£1.0m remaining expenditure	Oct 13 - Mar 24	No	Prudential Borrowing	All land interests secured, and final payments settled.	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. 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. The £1.0m is the remaining forecast expenditure of a £69.3m total budget.
2	HoCII Block A 'Radisson Blu / Gaumont Building'	£47.4mm	Sep 18 - Mar 24	No	Prudential Borrowing, SYMCA Gainshare Grant (subject to	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.

	Project	Budget (£)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
					FBC approval)		
3	HoCII Block E Telephone House	£4.6m	Sep 18 – Mar 22	No	Prudential Borrowing	Asbestos removal and refurbishment of retail units and car park cladding replacement Including final fit out of retail/leisure units including for use as a Bike Hub	Bringing back into life several 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.
4	HoCII Block G 'Pound's Park'	£5.5m	Sep 18 – Jun 22	No	Transforming City Funds & Get Building Fund	Development of a pocket park "Breathing Spaces" funded by GBF Grant	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. Will provide an important link to active travel plans for the city.
5.	HoCII Block G Development Plots	£1.5m	- Mar 23	No	Prudential Borrowing	Remainder of Block G site to be sold as development plots for private development of commercial space	The location next to Pounds Park will make the remainder of the site a 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
6	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 offers in the city in a cutting-edge food hall concept combined with further grade A Zero Carbon office space attracting inward investment and Jobs. Food Hall operator now secured.
8	HoCII Block H1 Leah's Yard	£9.4m	Sep 18 – Mar 23	No	Prudential Borrowing	With stabilisation phase of development of Listed building now complete. Provision of food, leisure, Makers spaces	Bringing back into life an iconic heritage building. Operator now secured.
9	HoCII Infrastructure & Public Realm	£1.5m	Oct 18 – Mar 23	No	Prudential Borrowing	Development wide planning and delivery programme for the infrastructure and public realm	Improved street grid and high-quality public spaces and public art.

5 Investment pipeline for the next 10 years

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 to finalise the design and ascertain the cost of these elements. Once that work is complete, they will be the subject of separate Co-Operative Executive 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	Temporary animation of Cambridge Street/Barkers Pool	£2.2m	Jan 22-Mar 23	South Yorkshire Mayoral Combined Authority Get Building Fund (cash flowed from Prudential Borrowing)	Animation of the JLP building and pop-up spaces to showcase future Cambridge Collective and Leah's Yard operations.	Providing vibrancy and footfall in the area around JLP Building ahead of future building developments
2	JLP Building Asbestos Strip-out and enabling works	£TBC	Jan 22 – Sep 22	Prudential Borrowing/ SYMCA GBF	Stripped out and safe building enabled for future development.	Makes building safe and secure and avoids further blight and risk with the building.
3	JLP Building Future Development	TBC	Jan 22-Mar 23	Prudential Borrowing/ SYMCA GBF / potentially CIF	Comprehensive consultation to take place to determine preferred option of Reuse, Remove or Replace.	A clear vision for the future development of a key focal point in the city centre.

6 Our forward look to the 2050s

Please refer to section 6 of the 'Growing and inclusive economy' priority.

7 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. Diversification of mix of properties as set out in section 6 of the 'New homes' priority.
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 2021, enquiries are already picking up with targeting activity for Q2 2021. Diversification of mix of properties as set out in section 6 of the 'New homes' priority.

B9 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, comply with our statutory obligations and to support our delivery of a wide range of services. 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 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. Although the priority is to ensure buildings are safe, warm, and dry we will also be addressing - where possible - works that will 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 spend effectively. We have already rationalised our corporate estate and, unfortunately, there is more to do. 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 first round of a rolling programme of condition surveys have been completed. This supports us in identifying where we should focus our efforts.

Based on the outcome of the condition surveys, a programme of works has been developed to the value of £8.6m over the next three years (2022-2025). This programme was risk-based following a weighting exercise, which identified the likelihood and severity of any building failure. 2021 was used to analyse the condition data and create the programme of sites and works.

The five-year Fleet investment programme commenced during 2019/20. By the end of 2021/22 we will have replaced more than a third of our fleet with 397 cleaner more efficient vehicles, including 27 fully electric vehicles. This has been a significant challenge during 2020/21 due to COVID-19 related supply chain issues. In the 4th year of the programme, we are looking to replace a further 66 vehicles and 87 items of plant to further reduce our emissions and maintenance costs.

2 How does this Priority contribute towards 'net zero'?

The schemes identified as part of the £8.6m condition programme will be developed on a like for like replacement basis plus a 'most deliverable' green option (based on the funding available) to contribute in the move towards net zero.

The £8.6m was based on indicative costs on a 'like for like' replacement basis. As a result of Brexit and the COVID-19 pandemic, actual material and contractor costs have significantly increased. It is therefore unlikely that the whole identified programme will be delivered for the allocated £8.6m.

Green technologies cannot deliver carbon savings in isolation. A 'whole building' approach is often required to achieve net zero. Due to the age and construction of a significant amount of the estate, there will be occasions where a 'gas for gas' heating replacement will be the greenest option available for the building on the basis that the replacement heating plant will be considerably more efficient than the one being replaced.

3 Projects completed in 2021/22

	Project	Value	Impact
1	Transport Efficiency 21/22	£1.1m	Represents over a 1/3 of total fleet
2	Public Sector Decarbonisation Grant Works	£1.1m	Decarbonisation schemes to improve energy efficiency of 4 Council buildings – completion date March 2022
3	Woodhouse Hub	£0.5m	Replacement of library creating a focal hub for the community
4	Medico Legal Centre	£0.04m	Boiler replacement scheme
5	Paths and Surfacing	£0.2m	Maintenance of paths and hard surfacing in Parks and Cemeteries, mitigating potential injuries and claims from slips, trips and falls
6	FRA Works Red Tape Studios	£0.85m	Improved safety of building

7	Winter Gardens Door Replacement	£0.03m	Improve safety of automatic door operation and improve heat retention
8	FRA Works Stannington Community Centre	£0.04m	Improve safety of building

4 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/—22/23	No	Insurance/ Sports England / Revenue Contribution	Delivery of new bowls pavilion	Fit for purpose recreational facilities
2	Transport Efficiency 21/22	£2.3m	22/23	No	Prudential Borrowing	New vehicles delivering less emissions	Cleaner, greener fleet
3	Town Hall Fire Alarm and Atrium Works	£0.5m	2021/22 – 2022/23	No	Corporate Investment Fund	Compliant and safe building	Fit for purpose and safe public buildings
4	Completion of FRA Works various sites	£0.2m	2022/23	No	Corporate Investment Fund	Compliant and safe building	Fit for purpose and safe public buildings
5	Tinsley Cemetery Lodge Works	£0.2m	2022/23	No	Corporate Investment Fund	Grade 2 listed building, project to make building envelope watertight and prevent further deterioration internally	Fit for purpose and safe public buildings
6	Cemetery Wall – City Road & Shiregreen Cemeteries	£0.2m	2022/23	No	Corporate Investment Fund	Make safe and repair collapsing external walls	Safe space for public use and access

5 Investment priorities for the next 10 years

These are initiatives that have been approved as part of the £8.6m capital programme over the next 3 years. Each project will be developed via business cases and taken through the Capital approval route and represent those minimum essential elements of building maintenance required to keep the Council's estate compliant.

Further rolling, ongoing investment will clearly be required beyond 2025 and programmes will be developed as our condition surveys are continually updated.

Over the wider 10-year period, significant further investment will be required to improve the sustainability and carbon impact of our estate. We will continue to bid for external funding to support this vital work.

	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	Ongoing Repairs	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	23/24 to 24/25	Corporate Investment Fund	Fire precautions, electrical installation, mechanical installation	Safe premises for our customers and staff.

11	Central Library	£9m	23/24 to 24/25	Corporate Investment Fund	Structural Repairs, fire precautions, mechanical installation	Safe premises for our customers and staff.

6 Our forward look to the 2050s

The outcome of the Property Optimisation strategy will identify the buildings that the Council will need in the medium/long term. These are the buildings that will be the focus of the future Capital Programme and future funding opportunities ensuring that these sites are compliant and maintained to a required standard.

These buildings will be the ones that will have the latest green technologies installed and building fabric changes to support the pre and post 2030 net zero target.

With the changes to building use post COVID-19 - and the way SCC employees work and the public access services - the way SCC's estate will be used will be different to how it is now. More shared space with other public bodies and private sector will undoubtably take place and the requirements of those using the space will change. As a result, it is vital that SCC continue to review property requirements and factor this into future Capital Programmes.

7 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Continuing to obtain granular data on the Condition, Utilisation, Suitability and Quality of buildings that make up the Council's estate	We have established an ongoing rolling programme of Condition Surveys and the first round of these have been used to identify the schemes for the first 4 years of the Capital programme. This has continued to progress during 2021 and has provided valuable data to enable the potential projects listed in 4 and 5 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 and Asset Optimisation Strategy.
3	Insufficient funding to adequately maintain the existing corporate estate in a satisfactory condition	Ensure that the current £8.6m funding identified for the current 4-year Capital Programme continues to be maximised to achieve as much improvement works as possible. Continue to identify additional funding and judiciously invest it to maintain the core

		estate in a satisfactory condition, continuing to utilise the data from the Condition Survey programme. Accept that lack of funding will potentially lead to the closure of non-core property due to lack of maintenance investment.
4	Insufficient funding, resource and expertise within SCC to impact on the aim of achieving Net Zero and the decarbonisation of the estate	Utilise the existing and new funding streams and opportunities to maximise the impact on decarbonisation and look to draw down available loan or grant funding if it becomes available. On the shelf Net Zero building schemes to be developed to enable immediate funding applications to be made and improve timescales for delivery.

C1 CORPORATE INVESTMENT FUND (CIF) POLICY

This appendix C1 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 vastly exceeds supply. The CIF currently represents only 4% 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.

The need for a new vision and strategy for Sheffield's City Centre has been identified as part of our wider recovery plans following the impact of the COVID pandemic. However, the City Centre is one of several key areas where a lack of funding and/or agreement on the way forward has prevented progress for some time, for example in relation to the Town Hall and the Central Library/Graves Art Gallery.

Decisions are required in the following areas:

- City Centre Strategy
- Housing Growth
- Education & SEND
- Our wider corporate estate

The Capital Strategy details the refocussed approach we will apply to these key initiatives, explaining how we will develop a cohesive plan to move forwards on each of these areas. This is set out in further detail in Section A3 of the strategy. It is likely that the CIF will need to be used to support the delivery of some of these projects, supplemented wherever possible by external funding.

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, 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.

Co-Operative Executive 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 its second 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'.

When determining our proposed priorities in the future, 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 should dovetail with the Corporate Investment Fund (CIF) priorities for funding as much as possible. All these Plans will be considered as part of the ongoing development of the Council's overarching Capital Strategy. The opportunity to provide an interim list of priority areas for spend linked to CIL funds is to be explored.

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 in October 2021.

An IDP will be required for the Publication Draft Plan (Regulation 19) consultation, due to take place in Autumn 2022.

C2 PROJECT LIST SPLIT BY PRIORITY

This appendix C2 sets out the full list of projects, which have either been approved or approval has been requested, split by priority area

GROWING AND INCLUSIVE ECONOMY

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2022-2023	2023-2024	2024-2025	2025-2027	Expenditure Total
94024, DIGITAL INCUBATOR (NAQNO)	SEP 2016	MAR 2024	Approved - Active	10	22			32
94010, LDV FLOOD DEFENCE WORKS (NAQNO)	JUL 2013	MAR 2022	Approval Requested	143				143
94014, UDV FLOOD SCHEME PHASE 1 (NAQNO)	MAR 2019	MAR 2023	Approval Requested	2,246				2,246
94028, GREY 2 GREEN PH2 (NAQNO)	APR 2017	DEC 2021	Approved - Active	18	18			37
94035, LITTLE KELHAM BRIDGE (NAQNO)	JAN 2009	DEC 2009	Approval Requested	219				219
94037, WEST BAR CPO (NAQNO)	APR 2021	MAR 2026	Approval Requested	1,863				1,863
94042, FHSF PUBLIC REALM & INFRA (NAQNO)	MAY 2021	MAR 2024	Approved - Active	6,052	1,808			7,860
94043, FHSF FRONT DOOR INTERVENTIONS (NAQNO)	APR 2021	MAR 2024	Approved - Active	3,500	690			4,191
94046, STF WALKING & CYCLING TRAILS (NAQNO)	JAN 2009	DEC 2009	Approval Requested	115				115
94047, STF MANCHESTER RD PM (NAQNO)	JAN 2008	JAN 2009	Approval Requested	31				31
93890, BRT NORTH: TINSLEY LINK (WP21 (NAQNO)	DEC 2013	MAR 2023	Approval Requested	24				24
Total				14,221	2,539	-	-	16,760

TRANSPORT

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2022-2023	2023-2024	2024-2025	2025-2027	Expenditure Total
90703, BLACKBURN VALLEY CYCLE ROUTE (NAQNO)	JAN 2009	DEC 2009	Approval Requested	20				20
92886, ULEV RAPID CHARGERS (NAQNO)	NOV 2018	MAR 2023	Approval Requested	315				315
93081, CAZ SIGNAGE (NAQNO)	JAN 2018	MAR 2021	Approval Requested	308				308
93082, CAZ ANPR INFRA (NAQNO)	JAN 2008	JAN 2009	Approval Requested	2,540				2,540
93083, TCF CITY CENTRE (NAQNO)	SEP 2019	MAR 2024	Approval Requested	601				601
93090, TCF HOUSING ZONE NORTH (NAQNO)	SEP 2019	MAR 2023	Approved - Active	377				377
93132, KELHAM NEEPSEND PARKING (NAQNO)	APR 2019	OCT 2022	Approval Requested	507				507
93144, FAIRLEIGH 20 MPH (NAQNO)	APR 2020	MAR 2022	Approval Requested	3				3
93244, HIGHFIELD 20 MPH (NAQNO)	JUL 2021	MAR 2023	Approval Requested	8				8
93247, NORTON LEES 20MPH (NAQNO)	JUL 2021	JAN 2023	Approval Requested	9				9
93248, CARTERKNOWLE 20MPH (NAQNO)	JUL 2021	MAR 2023	Approval Requested	9				9
93249, WESTFIELD 20MPH (NAQNO)	JUL 2021	MAR 2023	Approval Requested	9				9
93250, HERDINGS 20MPH (NAQNO)	JUL 2021	MAR 2023	Approval Requested	8				8
93251, HIGH GREEN 20MPH (NAQNO)	JUL 2021	MAR 2023	Approval Requested	8				8
93252, FULWOOD 20MPH (NAQNO)	JUL 2021	MAR 2023	Approval Requested	16				16
93376, BROADFIELD ROAD JUNCTION (NAQNO)	JAN 2018	MAR 2023	Approval Requested	1,520				1,520
92945, BARKBY ROAD STEPS (NAQNO)	APR 2019	SEP 2022	Approval Requested	73				73
Total				6,332	-	-	-	6,332

NEW HOMES

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2022-2023	2023-2024	2024-2025	2025-2027	Expenditure Total
90033, ASSET ENHANCEMENT GB SITES (NAQNO)	JAN 2016	MAR 2023	Approval Requested	285				285
94029, DEVONSHIRE QUARTER (NAQNO)	APR 2018	MAR 2023	Approval Requested	886				886
94030, BROWNFIELD SITE (NAQNO)	APR 2018	MAR 2023	Approval Requested	2,481				2,481
97497, INTERIM TA REFURBS (NAQNO)	APR 2020	MAR 2023	Approval Requested	450				450
97498, INTERIM TA ACCOMMODATION (NAQNO)	APR 2020	MAR 2023	Approval Requested	3,250				3,250
97551, COUNCIL HSG ACQUISITIONS PROG (Q0067)	APR 2014	MAR 2026	Approval Requested	7,152	1,837	1,888	1,940	12,817
97555, NBCH-P04A-ADLINGTON RD-OPIL (NAQNO)	MAR 2017	OCT 2023	Approval Requested	496				496
97556, NBCH-P04B-ADLINGTON RD-LD (NAQNO)	APR 2016	MAR 2023	Approval Requested	25				25
97559, NBCH-P05-NEWSTEAD-GN (NAQNO)	JAN 2020	MAR 2025	Approval Requested	7,463	6,463	245		14,171
97560, NBCH-P06-NEWSTEAD-OPIL (NAQNO)	JAN 2020	MAR 2026	Approval Requested	7,389	15,035	4,391	390	27,205
97564, NBCH-P10-DARESBURY/BERNERS-GN (NAQNO)	APR 2019	MAR 2023	Approval Requested	3,253				3,253
97566, NBCH-P11-HEMSWORTH-OPIL (NAQNO)	DEC 2019	MAR 2025	Approval Requested	15,022	3,555			18,577
97568, NBCH-P13-SCOWERDONS-GN (NAQNO)	APR 2020	MAR 2026	Approval Requested	57				57
97571, NBCH-P15-GAUNT RD-GN (NAQNO)	APR 2019	MAR 2024	Approval Requested	5,007	1,220			6,227
97572, NBCH-P16-NEWSTEAD-ENABLE (NAQNO)	AUG 2020	MAR 2024	Approval Requested	1,575	24			1,598
97577, NBCH-P17-TITTERTON-GN (NAQNO)	DEC 2020	MAR 2024	Approval Requested	30				30
97578, NBCH-P18-BOLE HILL (NAQNO)	JAN 2021	MAR 2024	Approval Requested	2,905	2,442			5,348
97580, NBCH-P20-OWLTHORPE S106-SO (NAQNO)	JUN 2021	MAR 2024	Approval Requested	623	294			917
97581, NBCH-P21-OWLTHORPE OMV-SO (NAQNO)	MAY 2021	MAR 2024	Approval Requested	1,294	35			1,329
97585, NBCH-P25-CORKER BOTTOMS-GN (NAQNO)	JAN 2022	MAR 2024	Approval Requested	2,164	2,347			4,510
00140591Q0087 STOCK INCREASE (CHS)	APR 2014	MAR 2028	Approval Requested	52,333	55,339	66,632	62,062	236,366
97444, GENERAL/RTB ACQUISITIONS CHS (Q0069)	APR 2015	MAR 2026	Approval Requested	1,450	372	383	393	2,598
Total				115,590	88,962	73,539	64,785	342,876

HOUSING INVESTMENT

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2022-2023	2023-2024	2024-2025	2025-2027	Total
00100000Q0094 HRA REGENERATION	APR 2019	MAR 2027	Approval Requested	500	3,500	3,500	8,913	16,413
90136, CHAUCER SQUARE MAINTENANCE (NAQNO)	JAN 2009	DEC 2030	Approval Requested	18	18	18	36	90
97222, PSH EMPTY PROPERTIES (NAQNO)	JAN 2008	MAR 2027	Approval Requested	120	120	120	240	600
97390, PHS ACTIVITY (NAQNO)	APR 2010	MAR 2027	Approval Requested	25	25	25	50	125
97150, RHB LOANS HAL (NAQNO)	JAN 2008	MAR 2023	Approval Requested	220				220
97162, RYEDALE LANDLORD LOANS (NAQNO)	APR 2020	MAR 2023	Approval Requested	25				25
97166, WAKEFIELD HAL (NAQNO)	APR 2020	MAR 2023	Approval Requested	75				75
97394, HULL - HUMBER SUB REGION HAL (NAQNO)	JAN 2008	MAR 2023	Approval Requested	138				138
97451, REGIONAL ENERGY HAL (NAQNO)	APR 2016	MAR 2023	Approval Requested	120				120
97452, REGIONAL ERL (NAQNO)	APR 2016	MAR 2023	Approval Requested	120				120
97507, SHEFFIELD REPAYMENT LOANS (NAQNO)	APR 2018	MAR 2023	Approval Requested	55				55
97520, KIRKLEES RF FUNDS HAL(2) (NAQNO)	APR 2014	MAR 2023	Approval Requested	119				119
97338, PROGRAMME MANAGEMENT COSTS RTB (NAQNO)	JAN 2008	MAR 2025	Approval Requested	377	377	377	754	1,885
97348, HRA PROGRAMME MANAGEMENT (NAQNO)	JAN 2008	MAR 2027	Approval Requested	250	250	250	500	1,250
97127, OBSOLETE HEATING (NAQNO)	APR 2010	MAR 2023	Approval Requested	1,957				1,957
97131, ASBESTOS SURVEYS (NAQNO)	APR 2010	MAR 2024	Approval Requested	110				110
97148, S H MGMT FEES COMMISSIONED (NAQNO)	APR 2011	MAR 2027	Approval Requested	2,800	2,850	2,900	5,950	14,500
97264, H & S ELECTRICAL REWIRES (NAQNO)	APR 2010	MAR 2027	Approval Requested	33	30	30	60	153
97269, EMERGENCY DEMOLITIONS (NAQNO)	JAN 2008	MAR 2024	Approved - Active	40	40			80
97404, HEATING BREAKDOWNS (Q0069)	APR 2012	MAR 2023	Approval Requested	730				730
97464, ROOFING REPLACEMENTS PROG (NAQNO)	MAY 2019	MAR 2026	Approved - Active	7,750	7,672	7,632	9,491	32,545
97468, DEMOLITION PROGRAMME (NAQNO)	DEC 2019	MAR 2023	Approved - Active	358				358
97469, FIRE SUPPRESSION SYSTEMS (NAQNO)	AUG 2020	MAR 2025	Approval Requested	231	222	222		675
97470, ADAPTATIONS 2020-25 CONTRACT (NAQNO)	JUL 2020	MAR 2025	Approved - Active	2,611	2,823	2,823		8,258
97472, EWI NON-TRADITIONAL 2 (NAQNO)	JAN 2018	MAR 2024	Approval Requested	6,151	3,467			9,619
97473, EWI NON-TRADITIONAL 3 (NAQNO)	JAN 2018	MAR 2025	Approval Requested	2,324	2,324			4,649
97475, ELEMENTAL REFURBS 2021-26 (NAQNO)	SEP 2020	MAR 2027	Approval Requested	2,986	3,236	3,236	4,881	14,340
97476, ADAPTATIONS - STAIRLIFTS (NAQNO)	APR 2021	MAR 2026	Approval Requested	363	362	362	362	1,450
97477, ELECTRICAL UPGRADES PH 2 (NAQNO)	SEP 2020	MAR 2027	Approval Requested	4,369	4,369	4,369	6,554	19,662
97480, CITYWIDE TOWER BLOCKS - FS (NAQNO)	SEP 2019	MAR 2025	Approval Requested	7,233	1,730	54		9,017
97483, TOWER BLOCK FLAT ROOFING (NAQNO)	APR 2021	MAR 2026	Approval Requested	962	962	962	153	3,039
97490, OPIL LAUNDRY UPGRADES (NAQNO)	APR 2022	MAR 2025	Approval Requested	103	98	99		300
97770, HOUSING/PLACE IT SYSTEMS (NAQNO)	FEB 2021	MAR 2025	Approved - Active	4,868	1,900	861		7,629
97968, LIFT REPLACEMENTS (NAQNO)	APR 2011	MAR 2024	Approval Requested	450				450
97990, SHELTERED FIRE ALARM LINKING (NAQNO)	JAN 2016	MAR 2025	Approved - Active			23		23
00140653Q0079 HEATING, ENERGY EFFIC & CARBON RED	APR 2014	MAR 2027	Approval Requested	2,400	8,050	10,750	21,500	42,700
00140653Q0080 ENVELOPING & EXTERNAL WORK	APR 2014	MAR 2027	Approval Requested		1,000	3,410	11,608	16,018
00140653Q0082 ADAPTIONS & ACCESS (CHS)	APR 2021	MAR 2027	Approval Requested				6,260	6,260
00140653Q0083 WASTE MGT & ESTATE ENVIRONMENTALS	APR 2014	MAR 2027	Approval Requested	850	2,195	3,095	5,840	11,980
00140653Q0084 H & S ESSENTIAL WORK	APR 2015	MAR 2027	Approval Requested	1,865	2,025	12,900	32,586	49,376
00140653Q0085 COMMUNAL AREAS INVESTMENT	APR 2014	MAR 2027	Approval Requested	500	5,500	5,000	14,000	25,000
00140653Q0086 INTERNAL WORKS	APR 2014	MAR 2027	Approval Requested	113	113	500	4,431	5,157
00140653Q0089 OTHER ESSENTIAL WORK	APR 2014	MAR 2027	Approval Requested	657	1,244	1,307	2,764	5,972
00140653Q0090 GARAGES & OUTHOUSES	JAN 2008	MAR 2027	Approval Requested		130	250	500	880
Total				54,975	56,635	65,078	137,433	314,120

CLEANER GREENER SAFER

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2022-2023	2023-2024	2024-2025	2025-2027	Expenditure Total
94090, CITY CENTRE SAFETY (NAQNO)	DEC 2018	MAR 2023	Approval Requested	716				716
94122, NEW CREMATORS CITY ROAD (NAQNO)	SEP 2019	MAR 2024	Approved - Active	609	44			653
94531, GENERAL CEMETERY HLF PH2 (NAQNO)	JAN 2008	MAR 2024	Approval Requested	1,917	247			2,164
94119, MSF FINANCE (NAQNO)	FEB 2017	MAR 2023	Approval Requested	16,559	17,608			34,167
Total				19,800	17,899	-	-	37,699

GREEN AND OPEN SPACES and SPORT

				Expenditure				Expenditure
Values in £'000s	Project Start	Project End	Approval Status	2022-2023	2023-2024	2024-2025	2025-2027	Total
94541, MATTHEWS LA. CRICKET PAVILION (NAQNO)	APR 2019	MAR 2023	Approval Requested	348				348
94554, FORGE DAM POND RESTORATION (NAQNO)	DEC 2020	MAR 2023	Approval Requested	113				113
94555, PARKWOOD SPRINGS ACTIVE PARK (NAQNO)	APR 2021	MAR 2023	Approval Requested	689				689
94557, HILLSBOROUGH PARK DEVELOPMENTS (NAQNO)	JUL 2021	MAR 2023	Approved - Active	227				227
94558, CHARLTON BROOK BMX RENOVATION (NAQNO)	APR 2021	MAR 2023	Approval Requested	15				15
94561, BOWMAN DRIVE BMX RENOVATION (NAQNO)	JUL 2021	MAR 2023	Approval Requested	22				22
00120461Q0093 GREEN AND OPEN SPACES S106 STRATEGY	APR 2016	MAR 2023	Approval Requested	466				466
Total				1,879	-	-	-	1,879

PEOPLE CAPITAL & GROWTH

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2022-2023	2023-2024	2024-2025	2025-2027	Expenditure Total
90797, MERCIA SCHOOL (Q0061)	AUG 2015	MAR 2024	Approval Requested	279	0			280
90801, SILVERDALE 2FE EXPANSION T/P (Q0061)	SEP 2015	MAR 2025	Approved - Active	28	28	18		74
90894, ASTREA - SPORTS PITCH (NAQNO)	JAN 2008	MAR 2023	Approval Requested	1,065				1,065
90944, HALFWAY INFANTS OFFICE BLOCK (NAQNO)	JAN 2020	MAR 2023	Approved - Active	229				229
90947, NETHER GREEN JNR ROOF (NAQNO)	JAN 2020	MAR 2023	Approved - Active	952				952
90959, FRA WORKS 20-21 COIT (NAQNO)	MAY 2020	MAR 2023	Approval Requested	284				284
90960, FRA WORK 20-21 CARTERKNOWLE J (NAQNO)	SEP 2020	MAR 2023	Approval Requested	348				348
90961, FRA WORKS 20-21 BRADWAY (NAQNO)	OCT 2020	MAR 2023	Approved - Active	466				466
90962, FRA WORKS 20-21 WATERTHORPE (NAQNO)	OCT 2020	MAR 2023	Approved - Active	292				292
90963, FRA WORKS 20-21 BRUNSWICK (NAQNO)	OCT 2020	MAR 2023	Approved - Active	479				479
90972, TALBOT-SEVEN HILLS SEND (NAQNO)	JAN 2008	MAR 2023	Approved - Active	3,278				3,278
90974, NEWFIELD SCHOOL BRIDGE (NAQNO)	JAN 2008	MAR 2023	Approval Requested	102				102
90975, DORE PRIMARY TEMP EXPANSION (NAQNO)	APR 2021	MAR 2029	Approved - Active				75	75
90906, ALDINE HSE- 2 BED EXTN & MUGA (NAQNO)	JAN 2008	MAR 2023	Approval Requested	1,017				1,017
90909, GIBSON HOUSE (NAQNO)	JAN 2008	MAR 2023	Approval Requested	21				21
97333, MINOR WORK GRANTS (NAQNO)	JAN 2008	MAR 2023	Approved - Active	150				150
97334, DISABLED GRANTS (NAQNO)	JAN 2008	MAR 2023	Approved - Active	2,000				2,000
Total				10,991	28	18	75	11,112

ESSENTIAL COMPLIANCE & MAINTENANCE

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2022-2023	2023-2024	2024-2025	2025-2027	Expenditure Total
95636, TRANSPORT EFFICIENCY 21-22 (NAQNO)	APR 2021	MAR 2023	Approved - Active	2,296				2,296
90160, FRA 16-17 BROOMHALL CENTRE (Q0073)	JAN 2018	MAR 2023	Approval Requested	15				15
90168, FRA 16-17 SORBY HOUSE (Q0073)	APR 2017	MAR 2023	Approval Requested	39				39
90171, FRA 16-17 STANNINGTON PARK (Q0073)	APR 2017	MAR 2023	Approval Requested	13				13
90173, FRA 16-17 TOTLEY LIBRARY (Q0073)	APR 2017	MAR 2023	Approval Requested	9				9
90188, BOLEHILL REINSTATEMENT (Q0073)	APR 2017	MAR 2023	Approval Requested	107				107
90189, FRA 16-17 LOWER MANOR NH CTR (Q0073)	APR 2017	MAR 2023	Approval Requested	69				69
93488, FRA 17-18 BROOMHILL LIBRARY (NAQNO)	JAN 2018	MAR 2023	Approval Requested	14				14
93516, FRA ANN'S ROAD YC (NAQNO)	APR 2017	MAR 2023	Approval Requested	9				9
95629, FRA CORP 2020 - MEERSB PK OFF (NAQNO)	APR 2021	MAR 2023	Approved - Active	357				357
95630, TOWN HALL ATRIUM (NAQNO)	JAN 2008	MAR 2023	Approval Requested	235				235
95631, FRA CORP 2020 - SPRING ST KENN (NAQNO)	JAN 2008	MAR 2023	Approved - Active	195				195
95632, FRA CORP 2020 - MATHER RD REC (NAQNO)	APR 2021	MAR 2023	Approved - Active	94				94
95633, FRA CORP 2020 - HEELEY GRN CC (NAQNO)	APR 2020	MAR 2023	Approved - Active	98				98
95639, FRA CORP 21 - ABBEYFIELD PARK (NAQNO)	FEB 2021	MAR 2023	Approved - Active	166				166
95640, FRA CORP 21 - CHAPELTOWN LIB (NAQNO)	FEB 2021	MAR 2023	Approved - Active	145				145
95641, FRA CORP 21 - CONCORD PARK (NAQNO)	FEB 2021	MAR 2023	Approved - Active	190				190
95643, FRA CORP 21 - LOWEDGES HS OFF (NAQNO)	FEB 2021	MAR 2023	Approved - Active	118				118
95644, FRA CORP 21 - MNT PLEASANT PK (NAQNO)	FEB 2021	MAR 2023	Approved - Active	91				91
95645, FRA CORP 21 - SHIREGREEN CEM (NAQNO)	FEB 2021	MAR 2023	Approved - Active	183				183
95650, SHIREGREEN CEMETERY WALL (NAQNO)	JAN 2008	MAR 2023	Approval Requested	30				30
95651, GLEN HOWE RETAINING WALL PK B (NAQNO)	JAN 2008	MAR 2023	Approval Requested	50				50
95654, TOWN HALL FIRE ALARM (NAQNO)	JAN 2008	MAR 2023	Approval Requested	87				87
95657, TOWN HALL FUEL TANK (NAQNO)	JAN 2008	MAR 2023	Approval Requested	67				67
95658, CITY ROAD CEMETERY WALL (NAQNO)	JUN 2021	MAR 2023	Approval Requested	31				31
95659, MILLHOUSES PK GABION WALL (NAQNO)	JUN 2021	MAR 2023	Approval Requested	149				149
Total				4,858	-	-	-	4,858

HEART OF THE CITY II

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2022-2023	2023-2024	2024-2025	2025-2027	Expenditure Total
94050, SHEFFIELD RETAIL QUARTER 2 (NAQNO)	OCT 2013	MAR 2024	Approval Requested	450	100			550
94054, SRQ OFFICES (NAQNO)	JAN 2017	MAR 2023	Approval Requested	833				833
94055, SRQ - STRATEGIC DEV PARTNER (Q0078)	JAN 2008	MAR 2024	Approved - Active	506	717			1,223
94057, A PALATINE CHAMBERS BLOCK (NAQNO)	APR 2018	MAR 2024	Approval Requested	26,384	8,492			34,875
94058, B LAYCOCK HOUSE NEW BUILD (NAQNO)	APR 2018	MAR 2023	Approval Requested	717				717
94060, C PEPPER POT BUILDING (NAQNO)	APR 2018	MAR 2023	Approval Requested	1,337				1,337
94061, E TELE.HSE RETAIL & CAR PARK (NAQNO)	JAN 2008	MAR 2024	Approval Requested	539	1			540
94063, G DEVELOPMENT PLOTS (NAQNO)	SEP 2018	DEC 2024	Approval Requested	651				651
94065, H HENRYS BLOCK (NAQNO)	APR 2018	MAR 2025	Approval Requested	36,110	2,180	3		38,293
94066, H1 LEAHS YARD (NAQNO)	APR 2018	MAR 2023	Approval Requested	4,699				4,699
94067, HOC II INFRASTRUCTURE & PR (NAQNO)	APR 2018	MAR 2023	Approval Requested	463				463
94070, G POCKET PARK (NAQNO)	FEB 2021	MAR 2023	Approved - Active	1,374				1,374
Total				74,065	11,489	3	-	85,557

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Report to Overview and Scrutiny Management Committee Thursday 10th February 2022

Report of: Policy and Improvement Officer

Subject: Draft Work Programme 2021/22

Author of Report: Deborah Glen, Policy and Improvement Officer
deborah.glen@sheffield.gov.uk
0114 273 5065

The Work Programme is attached at Appendix 1 for the Committee's consideration and discussion. It aims to focus on a small number of issues which fit in with Scrutiny's role in this transitional year in terms of governance.

The Work Programme will remain a live document and will be brought to each Committee meeting.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	X

The Scrutiny Committee is being asked to:

- Consider and comment on the committee's work programme

Background Papers: Sheffield Council Constitution
Category of Report: OPEN

OSMC 2021-22		Thursday 1 – 3pm	
Topic	**Reasons for selecting topic**	**Lead Officer/s**	**Agenda Item/ Briefing paper**
Thursday 29th July 21			
Repairs and Maintenance Service	Requested as follow up to previous work programme of the Safer and Sustainable communities committee	Nathan Rodgers	Agenda Item
Work Programme		Deborah Glen, Policy and Improvement Officer	Agenda Item
Thursday 16th September 21			
Pinstone Street	Requested by Members	Tom Finnegan Smith Matthew Reynolds Cllr Douglas Johnson	Agenda Item
Work Programme		Deborah Glen, Policy and Improvement Officer	Agenda Item

Thursday 4th November 21			
Clean Air Plan	Requested for information following exemption from call in	Tom Finnegan-Smith, Head of Strategic Transport, Sustainability and Infrastructure m	Agenda Item
Work Programme		Deborah Glen, Policy & Improvement Officer	Agenda Item
Thursday 2nd December 21			
Call In of Co-operative Executive Decision on Leisure and Entertainment Facilities & Services Review	Call In from Co-operative Executive Meeting on 17th November 2021	Lisa Firth, Director of Culture, Parks and Leisure	Agenda Item
Work Programme		Deborah Glen, Policy & Improvement Officer	Agenda Item
Thursday 10th February 22			
Revenue Budget 2022/23 and Capital Programme 2022/23	To consider the Council's budget proposal in advance of Cabinet.	Cllr Cate McDonald, Executive Member for Finance Eugene Walker, Executive Director Resources Ryan Keyworth, Director Finance and Commercial Services	Agenda Item
Work Programme		Deborah Glen, Policy and Improvement Officer	Agenda Item

Thursday 24th February 2022			
Equalities Annual Report		Adele Robinson, Equalities and Engagement Manager	Agenda Item
Work Programme		Deborah Glen, Policy and Improvement Officer	Agenda Item
Thursday 17th March 22			
Community Safety review and new 3 year Community Safety Plan	Statutory requirement	Maxine Stavrianakos, Head of Community Safety and Safer Neighbourhoods	Agenda Item

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