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

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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. Consequently, if overspends emerge, then Executive Directors and Directors will be required to develop and implement plans to mitigate fully any overspend, within 2022/23, in consultation with elected members.

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. Consequently, if overspends emerge, then Executive Directors and Directors will be required to develop and implement plans to mitigate fully any overspend, within 2022/23, in consultation with elected members.

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 92 [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.

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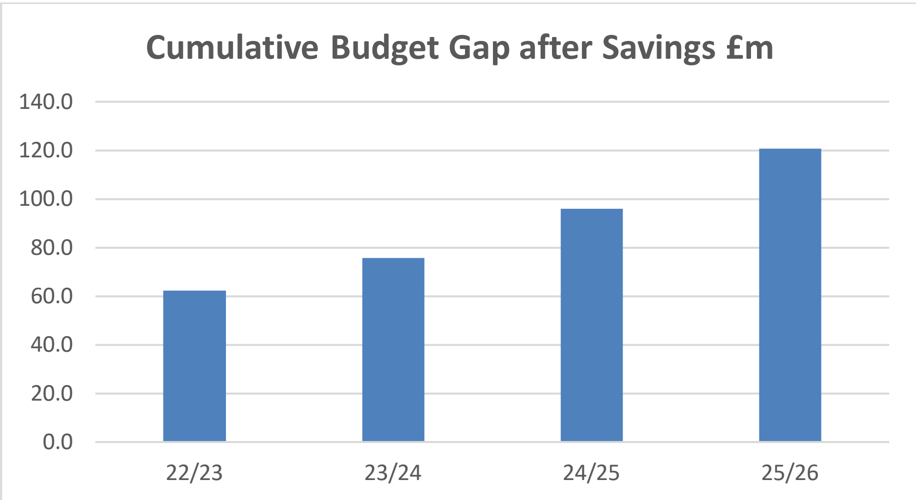
[2] The full Business Implementation Plans (BIPS) are published online here;https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html

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 Provisional 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.

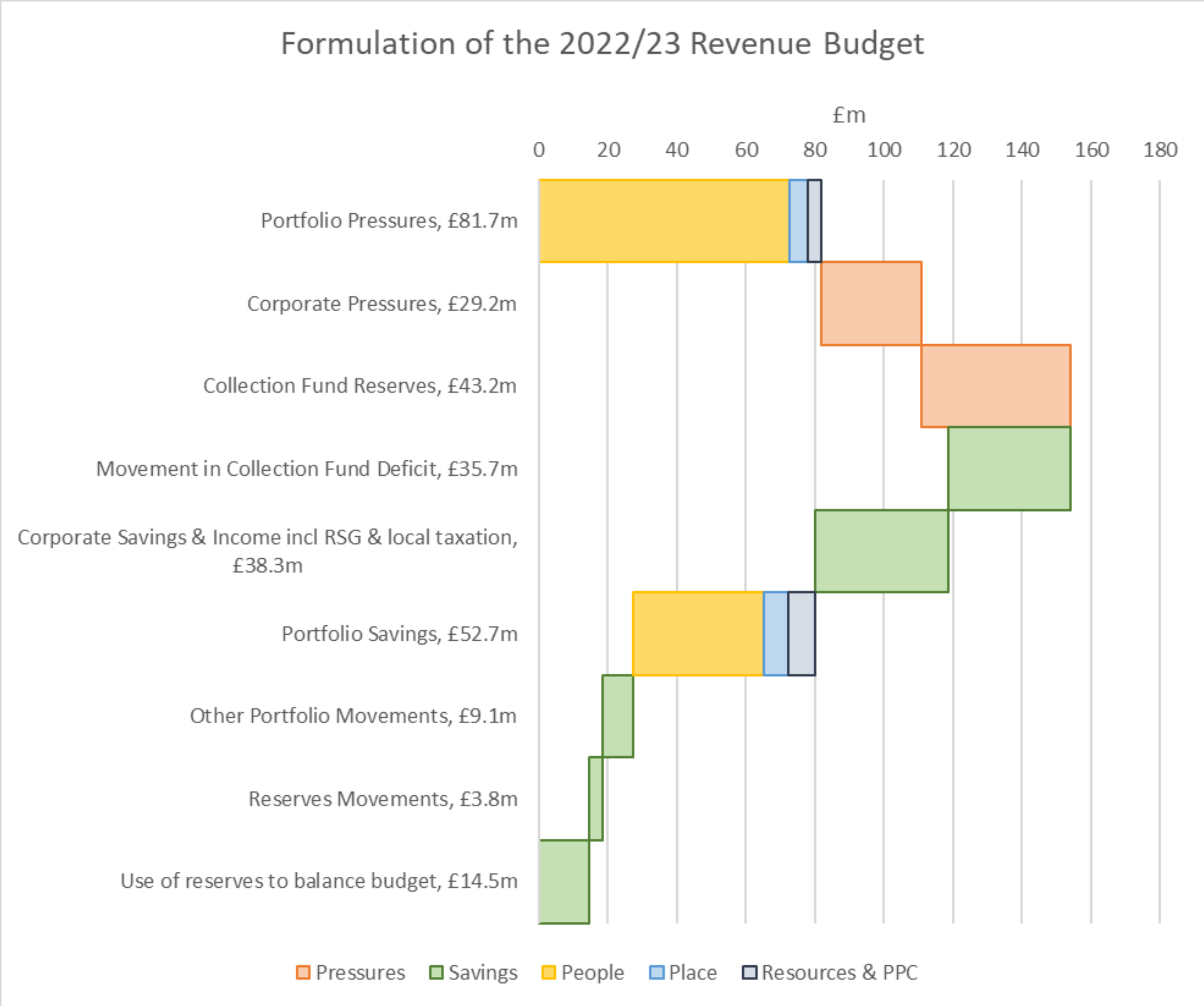
The 2022/23 budget has been set using £14.5m of reserves to bridge the forecast gap between income and expenditure.

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 9th February 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 9th February 2022.

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	138,032.6368
Additional properties in 2022/23	1,235.00
(Increase) / Decrease in properties entitled to CTSS	3,795.92
Increase in number of properties entitled to discounts / exemptions	-501.28
Increase due to change in collection rate	750.33
Council Tax Base of Band D equivalent properties for 2022/23	143,312.6095

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, but now forms part of the Council 2022/23 Strategic Reviews.

- 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 100.

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.

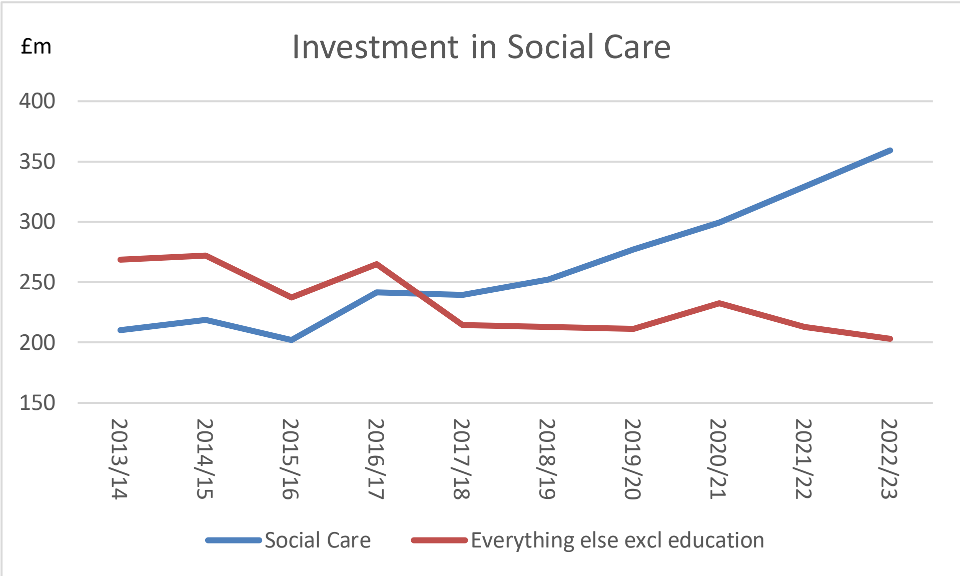
67. The figures in Table 7 demonstrate that, subject to Full Council approval, the People Portfolio, with its social care responsibilities, will see significant investment of £29.7m in addition to £8.6m of extra grant funding as highlighted above. This total investment is the equivalent to a 16% increase 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

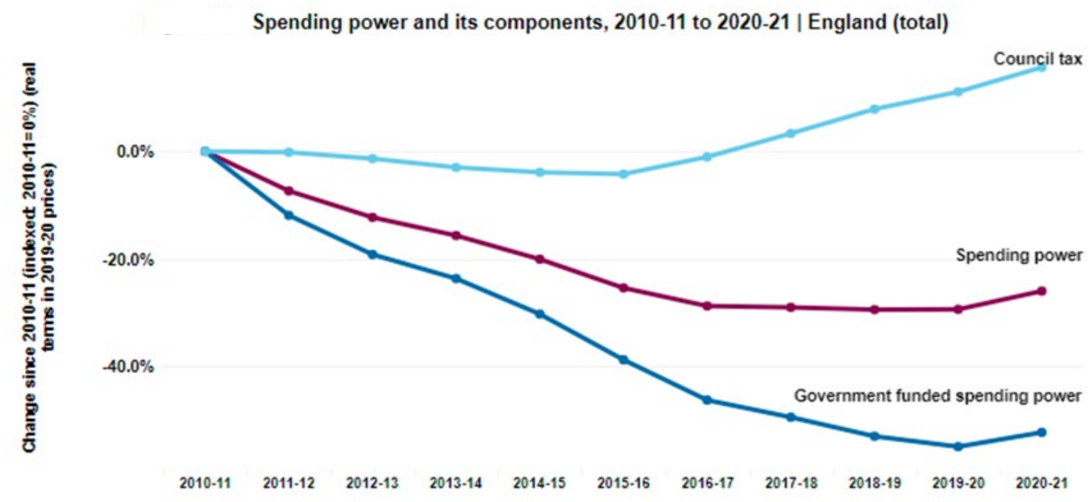
71. This increased need for social care funding comes at a time when Councils are forced to rely evermore on Council Tax income. Sheffield has seen a 50% reduction in Central Government funding in real terms since 2010 and has been left with little choice but to increase Council Tax. Even with the inclusion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

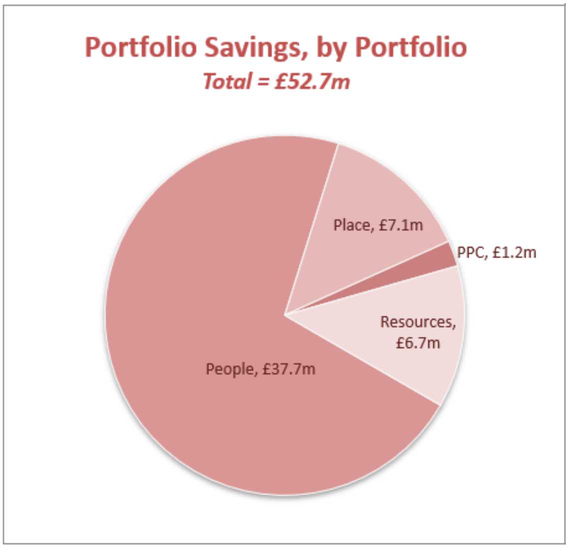
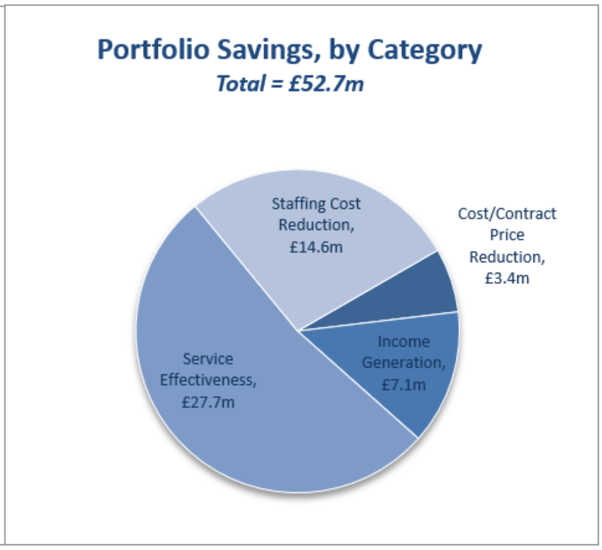


Figure. 6



Strategic Reviews

Key messages

Strategic Reviews have been commissioned to identify areas of the Council where additional savings can be delivered to support the withdrawal of the temporary reserves funding required to set a balanced budget in 2022/23.

82. As mentioned earlier in the report, the 2022/23 budget is balanced with the use of reserves. This use can only be temporary. For this reason, the Council has commissioned a series of Strategic Reviews covering areas such as prevention and early intervention, hardship support, library provision, customer experience, accommodation and apprenticeships. The aim of these Reviews is to identify changing methods of provision that support services to the public at lower cost. These long-term savings will allowing the use of reserves to be withdrawn from 2023/24 onwards. Outlines of the reviews to be undertaken are as follows:

- **Early intervention & Prevention** - The Council operates a range of services that aim to intervene at the earliest possible stage to support people stay safe, fit, and healthy throughout their lives, so fewer people reach crisis point. In the financial year 2022/23, we want to ensure we have the most effective and best value services available to delay the deterioration of existing circumstances or prevent issues occurring in the first place. We will explore ways to deliver these services more effectively and sustainably through a strategic review of all Early Help & Prevention services. Different models of delivery will be explored with a focus on data and evidence to shape the best outcomes and provide value for money. This Strategic Review will then generate options for the Council to consider.

- **Libraries -** The Council's Libraries Archives and Information Services continue to provide vital support to Sheffield's communities and will be crucial to the recovery of the city post pandemic. In the financial year 2022/23, to ensure our library and archive services' continued impact and delivery for communities and residents is secured, we will explore ways to deliver these services more effectively and sustainably. All options will be explored, and evaluated against our resources, whilst ensuring this Full Service Review of the Libraries and Archives Service will have the city's residents' needs at its heart.
- **Unified Hardship Funding -** The Council operates a number of financial assistance schemes (e.g. Local Assistance Scheme, Discretionary Housing Payments, Council Tax Hardship etc). These schemes provide vital support to families and individuals in times of hardship and crisis. In the financial year 2022/23, to ensure our financial assistance schemes continue to provide effective support to our residents, we will explore ways to deliver these services more effectively and sustainably through a strategic review of all hardship and discretionary funds. Different models of delivery will be explored with a focus on simplifying access for our customers, delivering efficiency in management and administration as well as ensuring appropriate use of funds. This Strategic Review will then generate options for the Council to consider.
- **Customer Experience** - The Council serves a wide range of customers who either live, work or visit the City and has an ambition to ensure that the customers have an experience that is timely and of the highest quality. To support this aim, whether on an individual or collective basis, the Council will undertake a number of programmes of work to focus on those areas of customer contact where issues are known - to improve customer experiences but also to drive transactional efficiency and cost reduction. Applying the principles of continuous improvement and exploiting technological opportunities, the aim will be to develop scalable and repeatable ways of working that enable sustainable improvements to be made.
- **Accommodation and Assets** – The Council owns and rents a number of buildings and assets across the city that are used by employees and communities to undertake a wide range of activities. Following the

pandemic, usage and occupation rates of these buildings have changed considerably and as such, there is a plan in 22/23 to undertake a strategic review of the accommodation and assets owned by the Council to develop a number of options over the short, medium and long term to develop a more flexible delivery model to accommodate Council services within a smaller estate, whilst still providing a quality base for a wider range of public and community services that are cost effective.

- **Apprenticeships** – The Council is a large employer within the city and employs people in a wide and diverse range of roles. To ensure that the workforce is balanced in terms of age profile and also representative of the city, and to support the councils ambitions for young people in the city by providing quality employment opportunities, we will undertake a strategic review in 22/23 to explore options on how we fulfil these ambitions via the use of apprentices and other related schemes.

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

83. 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.

84. 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.

85. 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.

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

Communities and neighbourhoods

87. 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

88. 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

89. 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

90. 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.

91. 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.

92. 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.

93. 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

94. 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

95. 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

96. 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

97. 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.

98. 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

99. 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

100. 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.

101. 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

102. 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

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

103. The budget proposals of the South Yorkshire Police & Crime Commissioner (PCC) and of South Yorkshire Fire & Rescue Authority (SYFRA) are as follows. The PCC and SYFRA figures were formally approved on 4th February 2021 and 21st February 2022 respectively. Further details can be found in **Appendix 6**.

Table 10

	2021/22		2022/23		
Major Preceptors	**Precept £**	**Band D £**	**Precept £**	**Band D £**	**Band D Increase**
South Yorkshire Fire & Rescue Authority	10,500,143	76.07	11,119,154	77.59	1.99%
South Yorkshire Police and Crime Commissioner	29,406,473	213.04	31,964,903	223.04	4.69%

Parish and Town Councils

104. 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 11

	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

105. 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.

106. 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.

107. 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.

108. 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.

109. 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.

110. 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%.

111. 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.

112. 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.

113. 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.

114. 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.

115. 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

116. The Council currently has approximately £23.0m in its revenue budget for levies. This includes the following :

- South Yorkshire Mayoral Combined Authority (SYMCA) transport levy; the SYMCA Board approved the transport levy for 2022/23 on 24th January 2022. The transport levy payable is frozen at 2021/22 levels of £22.6m.
- Payments to the South Yorkshire Pensions Authority and to the Environment Agency are forecast to be £140k and £245k respectively.

Housing Revenue Account (HRA) Budget

117. 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.**

118. 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.

119. 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.

120. 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.

121. 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

122. 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.

123. 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.

124. 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.

125. 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.

126. 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

127. 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**.

128. 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.

129. 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.

130. 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.

131. 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.

132. 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.

133. 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

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

135. 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.

136. 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.

137. 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.

138. 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

139. 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.

140. 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.

141. 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

142. 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.

143. 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.

144. 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

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

146. 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.

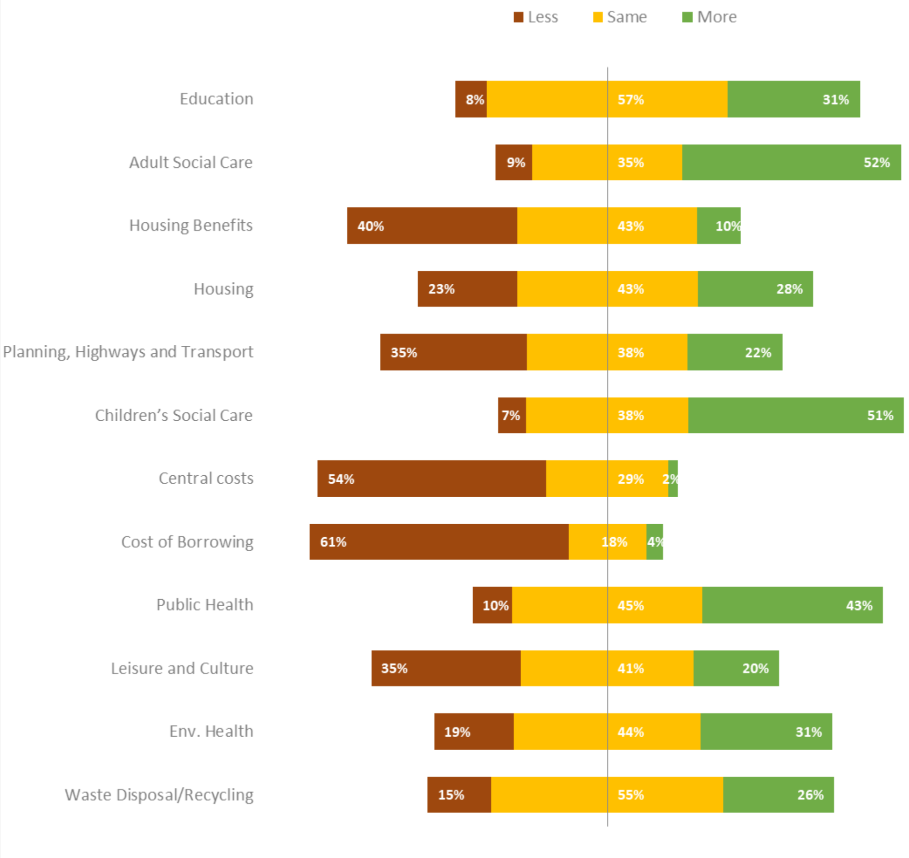
147. The online survey was supported by a social media campaign, a video from the Cabinet Member for Finance explaining the importance of the consultation, and was included SCC's e-newsletter alerts to citizens that are registered to receive them. It was also supported by coverage on SheffNews here: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

148. 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

149. 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?

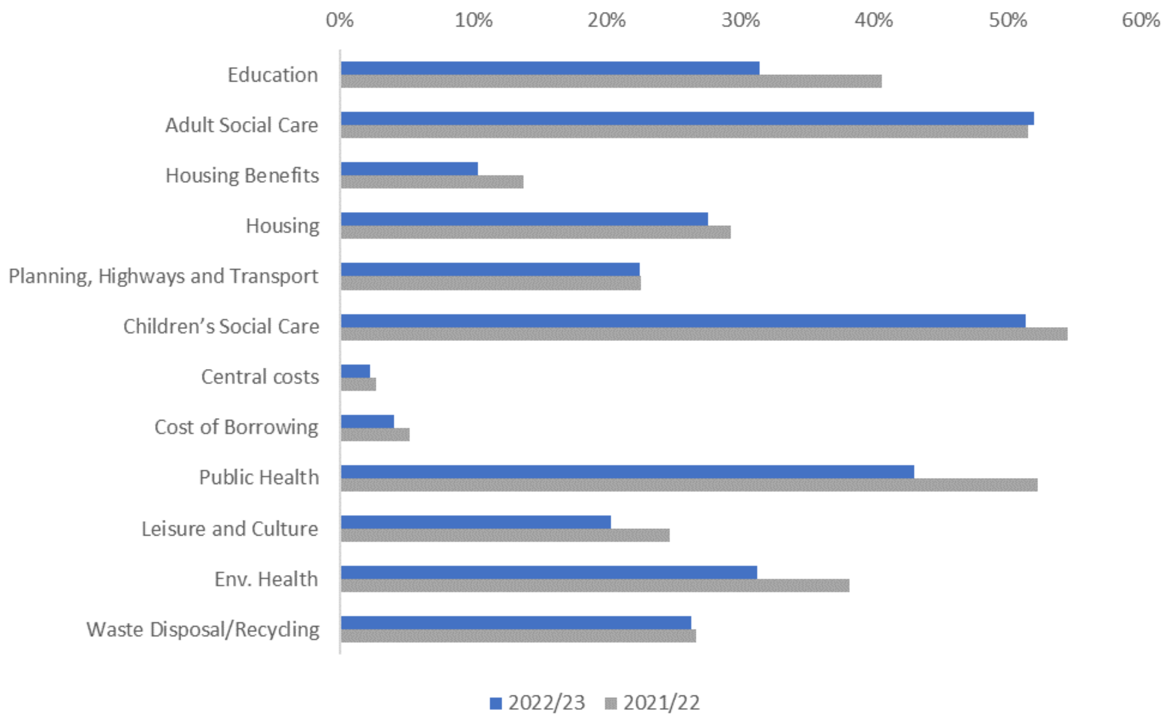


150. Fig 8 below shows the percentage of respondents who stated that they wanted the council to spend more in each area, with results from the 2021/22 budget consultation alongside results from the 2022/23 consultation.

151. 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).

152. 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



153. 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.

154. 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.

155. 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

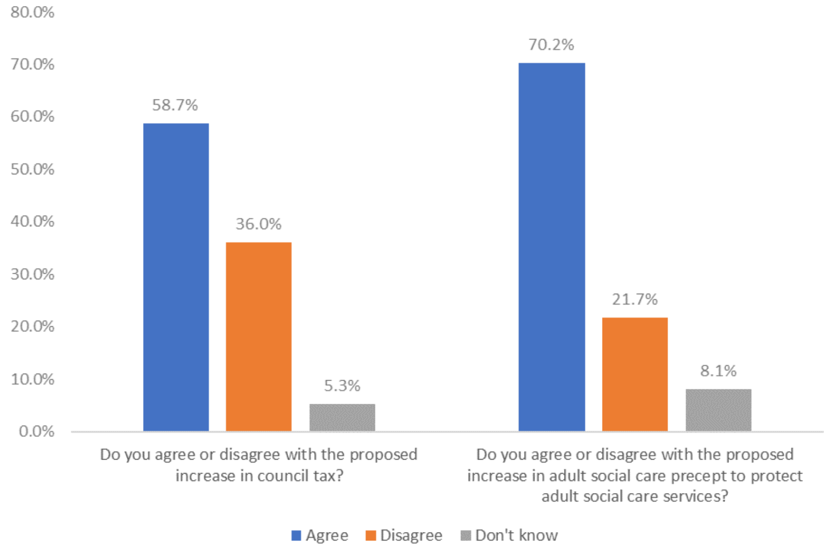
156. In the Autumn Budget and Spending Review, Government allowed councils to apply an annual increase to Council Tax of up to 1.99% with an additional 1% precept to help cover adult social care costs. In the 2022/23 budget consultation, we again asked Sheffielders about our proposals on Council Tax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

157. 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.

158. 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.

159. 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)

160. 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.

161. 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.

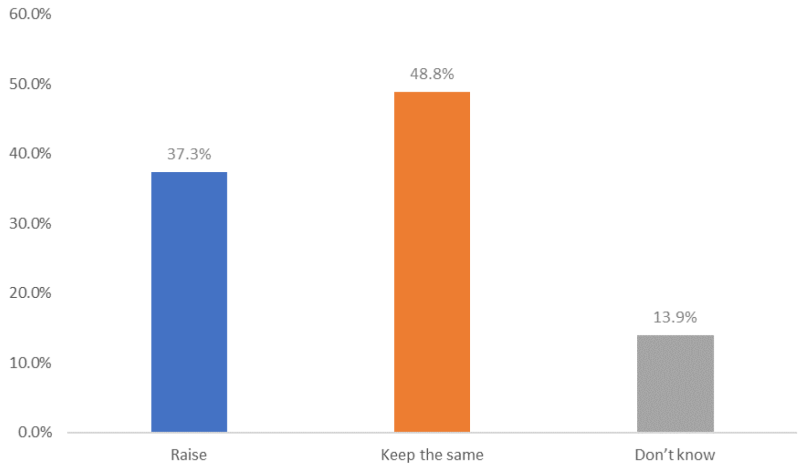
162. As demonstrated in Fig 9 above, the overwhelming majority of respondents supported the proposed 1% ASCP increase (70%). This is a slightly higher percentage voicing support for the ASCP increase compared to last year (67% to 70%) but last year, our proposal was a 3% increase and thus isn't directly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

163. 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

164. 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?



165. 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).

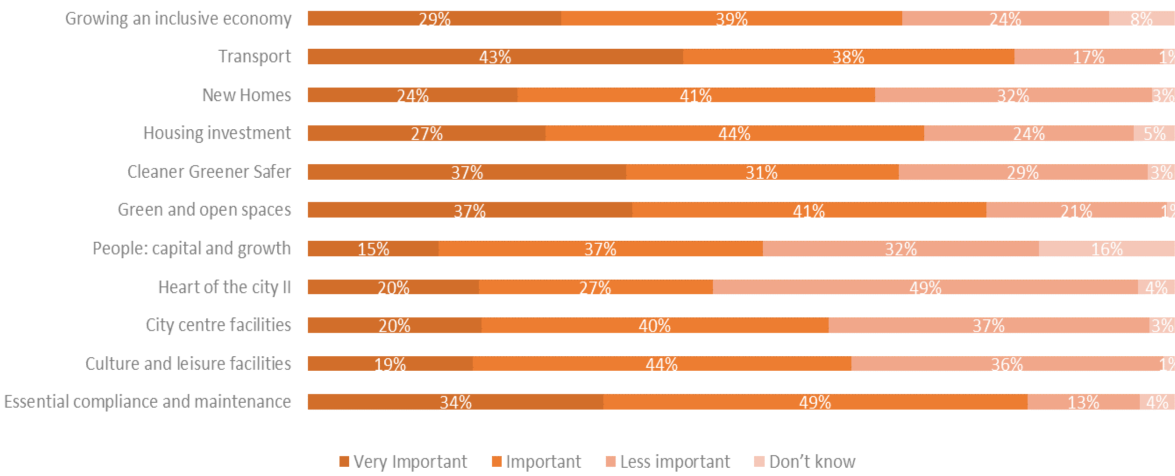
166. Similarly with the response to the Council Tax/ASCP proposals, respondents recognised in free-text responses that fees and charges were important in providing funds for services. Sheffielders did caution that we have to be aware of the impacts and consequences of increasing fees/charges (e.g. increased 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

167. 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.

168. 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?



169. 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.

170. 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.

171. 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.

172. 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

173. 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.

174. 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

175. 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.

176. 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.

177. 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

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

179. 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).

180. 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

181. 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.

182. 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.

183. 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.

184. 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.

185. 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.

186. 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.

187. 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.

188. 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.

189. 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.

190. 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.

191. 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, the level of savings required to meet cost and demand pressures means that we have used reserves to protect frontline services.

192. 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.

193. 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.

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

195. 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.

196. 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.

197. 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.

198. 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.

199. 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.

200. 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.

201. 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.

202. 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.

203. 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 Commission's findings once the report is complete.

Evidence supporting our impact analysis

204. 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

205. 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.

206. 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.

207. 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.

208. 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.

209. 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.

210. 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 and/or cost pressures 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.

211. 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

212. 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. 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.

213. 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. Despite significant additional funding being made available to plug the gap and successful targeted prevention activities such as Early Help and Inclusion, there remains a risk that we will not have enough money or people to meet demand in 2022/23 .

214. 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.

215. 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.

216. 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.

217. 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. Some of this will be mitigated by the increase in hardship funding which has again risen by a further £200,000.

218. 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. This will be exacerbated by the national cost of living increases as well especially energy and food prices.

219. 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.

220. 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.

221. 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. 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. 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 impacted by Covid 19, from higher death rates, to being asked to shield and the shutting of day centres etc. This group were therefore often more isolated than the general population. 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. Demand for SEND places is also 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.
- **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 no cuts to the VCF sector grants and plans to maximise resources for youth services. 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 plan to maximise opportunities for external resources and funding to support and enhance youth services to improve the lives of Sheffield's young people. This will sustain 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

222. 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.

223. 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.

224. 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

225. 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.

226. 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.

227. 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.

228. 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

229. 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 (CHC) 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.

230. 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.

231. 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.

232. **Our Workforce -** 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 throughout the pandemic. For others, Covid-19 has meant long hours and a severe impact on work and home life balance. Also, some of our staff, as reflecting the population at large were clinically extremely vulnerable or continue to be vulnerable. The health and wellbeing of our workforce is important to monitor. We will continue to engage with our staff and trade unions on this area.

Voluntary, Community and Faith Sector

233. 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.

234. 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.

235. We have just launched our new and comprehensive complaint procedure https://www.sheffield.gov.uk/home/your-city-council/complaints .This will help us to look at the level of complaints we receive in detail and focus on identified pockets of concern. We will continue our efforts to respond efficiently and effectively to feedback from customers in order to improve our service for the people of Sheffield including for those people in greatest needs.

236. 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 19 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.

237. 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.

Energy Support Payments

238. On 3rd February 2022 Central Government announced measures to support households in response to the energy crisis. Once again, as during the pandemic, councils are required to administer these payments via Councils' own systems, with very little notice of the requirements. In particular households in Bands A to D will receive a £150 payment, directly to their bank accounts, if they pay council tax by direct debit, with councils required to collect bank account details for other households so the payments can be made. There will also be a discretionary relief fund administered by local authorities, for which households can apply if they are not eligible for the main relief.

Recommendations

239. 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 note that, if overspends against the agreed budgets emerge, then Executive Directors and Directors will be required to develop and implement plans to mitigate fully any overspend, within 2022/23, in consultation with elected Members;

e) To note the Council will undertake a series of Strategic Reviews into key services, 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;

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

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

h) 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;

i) 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;

j) 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;

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

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

m) 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;

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

o) 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

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

Appendix 2

Portfolio Savings

	BIP Reference*	Cost/ Contract Price Reduction £'000	Service Effectiveness £'000	Staff Cost Reductions £'000	Income Generation £'000	Total £'000
People						
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)

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

2021/22	Summary Revenue Budget	2022/23
£000		**£000**
	Portfolio budgets:	
239,172	People	268,890
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
	740,227	**(471,337)**	**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 the costs of providing care to them has increased significantly. The number of adults needing Council support has remained steady, but again, the cost of providing that support has increased. 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. In the year before the pandemic started, the number of Children Looked After remained almost constant, with increases in the number of Children In Need and those with Child Protection Plans. From March 2020 to October 2021, demand rose by around 7% across all categories. That increase in demand combined with significantly higher placement costs for Children Looked After outstripped the resources (people and finances) available. Despite significant additional funding being made available to plug the gap and successful targeted prevention activities such as Early Help and Inclusion, there remains a risk that we will not have enough money or people 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. 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.

10. 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.

11. The impact of cost and demand pressures across the Service are estimated to result in an overspend on the 2021/22 budget of almost £16m. This overspend has been built into the budget for 2022/23, but the need to absorb pressures above that level mean that the budget setting process for 2022/23

has been a challenge, and the financial situation will have a negative impact on the delivery of services.

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

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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)

25. 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.

26. 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.

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

28. 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).

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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

40. 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.

41. 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.

42. 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

43. 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.

44. 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.

45. 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

46. 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.

47. 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.

48. 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.

49. 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

50. 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.

51. 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.

52. 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.

53. 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.

54. 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.

55. 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.

56. 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.

57. 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.

58. 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.

59. 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.

60. 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.

61. 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.

62. 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.

63. 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.

64. 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.

65. 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.

66. 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.

67. 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.

68. 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.

69. 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.

70. 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.

71. 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.

72. 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.

73. 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.

74. 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

75. 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.

76. 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.

77. 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.

78. 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.

79. 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.

80. 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.

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

82. 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.

83. 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.

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

85. 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.

86. 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.

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

Public Health

88. 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.

89. 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

90. 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.

91. 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.

92. 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.

93. 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.

94. 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)	5,174
Major Projects	139	(39)	100
Operational Services	123,669	(72,379)	51,290
Culture & Environment	47,507	(15,983)	31,524
City Growth	46,611	(23,976)	22,635
Place Strategy & Change	2,024	(670)	1,354
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)	15,613
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)	45,336
Central Costs	15,161	(20,146)	(4,985)
Other Central Costs - Capita	2,107	0	2,107
Housing Benefit	230,465	(230,309)	156
	247,733	(250,455)	(2,722)
	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.

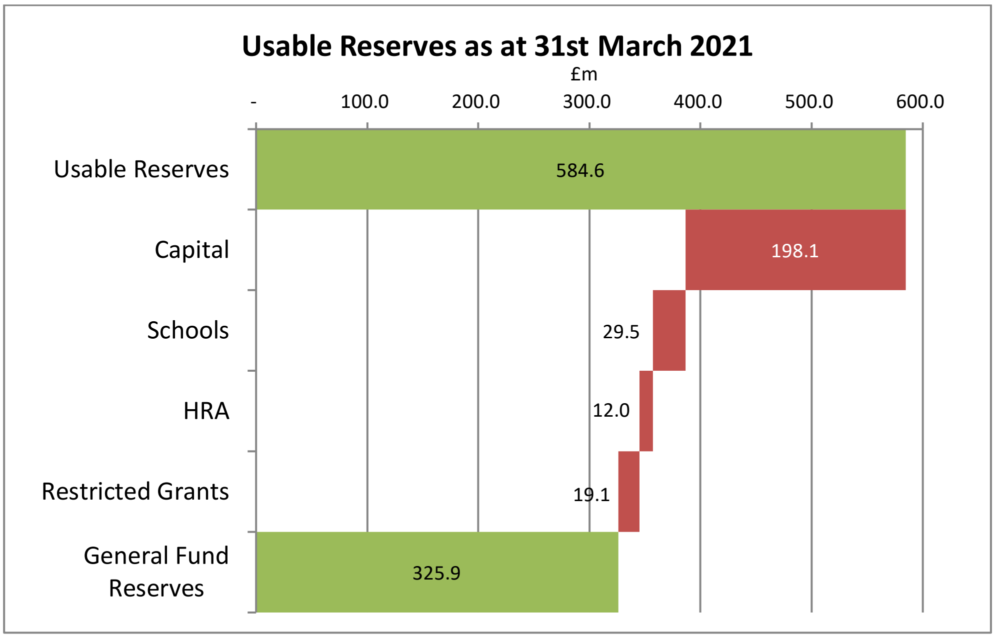
Total Reserves

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)	92,871
Total Earmarked Reserves	**260,464**	**(32,504)**	**227,960**
Total Revenue Reserves	**273,315**	**(32,504)**	**240,811**

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.

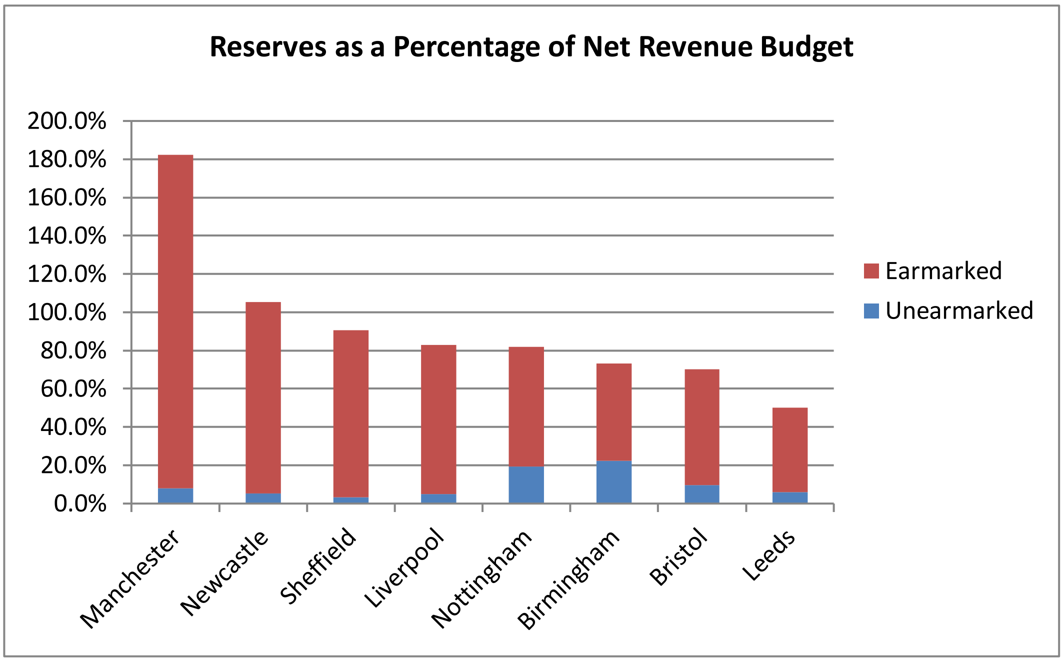
	Unearmarked Reserves at 31/3/21, (£m)*	Unearmarked Reserves as % of Net Revenue Budget 2021/22, (£m)**
Birmingham	197.7	22.3%
Nottingham	49.1	19.5%
Bristol	35.7	9.8%
Manchester	26.8	8.1%
Leeds	27.8	6.1%
Newcastle	10.1	5.1%
Liverpool	17.4	5.0%
Sheffield	12.9	3.4%

* 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.

CITY OF SHEFFIELD CALCULATION OF RECOMMENDED COUNCIL TAX FOR 2022/23 REVENUE BUDGET

The Council is recommended to resolve as follows:

1. It be noted that on 15th January 2022, the Council calculated the Council Tax Base 2022/23

   (a) for the whole council area as:
   143,312.6095 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")); and

   (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached Appendix 6c.

2. Calculate that the Council Tax requirement for the Council's own purposes for 2022/23 (excluding Parish precepts) is:
   £ 251,256,499

3. That the following amounts be calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Act:

(a) **£ 1,628,376,964** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) **£ 1,376,465,670** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) **£ 251,911,293** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31B of the Act).

(d) **£ 1,757.7748** being the amount at 3(c) above (Item R), all divided by item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).

(e) **£ 654,794** being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix 6b).

(f) **£ 1,753.2058** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4. To note that the Police and Crime Commisssioner and the Fire and Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table overleaf.

5. **£ 29,619,793** The amount set by the authority at 2 above, under section 30 of the Act, includes an amount attributable to the adult social care precept.

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2022/23 for each part of its area and for each of the categories of dwellings.

Sheffield City Council (non-parish areas)

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,168.80	1,363.60	1,558.41	1,753.21	2,142.81	2,532.41	2,922.01	3,506.41
South Yorkshire Fire & Rescue Authority	51.73	60.35	68.97	77.59	94.83	112.07	129.32	155.18
South Yorkshire Police and Crime Commissioner	148.69	173.48	198.26	223.04	272.60	322.17	371.73	446.08
Aggregate of Council tax requirements	1,369.22	1,597.43	1,825.64	2,053.84	2,510.24	2,966.65	3,423.06	4,107.67

Bradfield Parish Council

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,168.80	1,363.60	1,558.41	1,753.21	2,142.81	2,532.41	2,922.01	3,506.41
Bradfield Parish Council	28.49	33.24	38.00	42.74	52.23	61.73	71.23	85.48
South Yorkshire Fire & Rescue Authority	51.73	60.35	68.97	77.59	94.83	112.07	129.32	155.18
South Yorkshire Police and Crime Commissioner	148.69	173.48	198.26	223.04	272.60	322.17	371.73	446.08
Aggregate of Council tax requirements	1,397.71	1,630.67	1,863.64	2,096.58	2,562.47	3,028.38	3,494.29	4,193.15

Ecclesfield Parish Council

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,168.80	1,363.60	1,558.41	1,753.21	2,142.81	2,532.41	2,922.01	3,506.41
Ecclesfield Parish Council	19.60	22.86	26.13	29.40	35.93	42.47	48.99	58.79
South Yorkshire Fire & Rescue Authority	51.73	60.35	68.97	77.59	94.83	112.07	129.32	155.18
South Yorkshire Police and Crime Commissioner	148.69	173.48	198.26	223.04	272.60	322.17	371.73	446.08
Aggregate of Council tax requirements	1,388.82	1,620.29	1,851.77	2,083.24	2,546.17	3,009.12	3,472.05	4,166.46

Stocksbridge Town Council

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,168.80	1,363.60	1,558.41	1,753.21	2,142.81	2,532.41	2,922.01	3,506.41
Stocksbridge Town Council	22.57	26.32	30.08	33.84	41.36	48.88	56.41	67.70
South Yorkshire Fire & Rescue Authority	51.73	60.35	68.97	77.59	94.83	112.07	129.32	155.18
South Yorkshire Police and Crime Commissioner	148.69	173.48	198.26	223.04	272.60	322.17	371.73	446.08
Aggregate of Council tax requirements	1,391.79	1,623.75	1,855.72	2,087.68	2,551.60	3,015.53	3,479.47	4,175.37

7. The Council's basic amount of Council Tax is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, therefore no referendum is required.

Appendix 5b

Council Tax Schedule 2021/22	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Sheffield City Council	1,168.80	1,363.60	1,558.41	1,753.21	2,142.81	2,532.41	2,922.01	3,506.41
South Yorkshire Fire & Rescue Authority	51.73	60.35	68.97	77.59	94.83	112.07	129.32	155.18
South Yorkshire Police and Crime Commissioner	148.69	173.48	198.26	223.04	272.60	322.17	371.73	446.08
Total charge for non-parish areas of Sheffield	1,369.22	1,597.43	1,825.64	2,053.84	2,510.24	2,966.65	3,423.06	4,107.67
Bradfield Parish Council	1,397.71	1,630.67	1,863.64	2,096.58	2,562.47	3,028.38	3,494.29	4,193.15
Ecclesfield Parish Council	1,388.82	1,620.29	1,851.77	2,083.24	2,546.17	3,009.12	3,472.05	4,166.46
Stocksbridge Town Council	1,391.79	1,623.75	1,855.72	2,087.68	2,551.60	3,015.53	3,479.47	4,175.37

Parish Council Precepts

Parish Council	2021/22 Tax Base	2021/22 Council Tax Income (£)	2021/22 Council Tax Band D (£)	2022/23 Tax Base	2022/23 Council Tax Income (£)	2022/23 Council Tax Band D (£)	Council Tax Increase
Bradfield	5,822.23	248,829	42.7378	5,906.50	252,431	42.7378	0.00%
Ecclesfield	9,145.00	260,991	28.5392	9,259.69	272,192	29.3954	3.00%
Stocksbridge	3,785.69	128,124	33.8443	3,846.17	130,171	33.8443	0.00%
Total/average	18,752.92	637,944	105.12	19,012.36	654,794	105.98	

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, Department for Levelling Up, Housing and Communities (DLUHC) Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and DLUHC 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 18/19 to £1.6bn in 2023/24.

Minimum Revenue Provision (MRP)

Section 5 sets out its MRP policy for the 2022/23 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 DLUHC's statutory guidance.

The MRP policy for 2022/23 is largely unchanged from 2021/22. Under International Financial Reporting Standards (IFRS) 16, the requirement to show the principal elements of leases as MRP will be applied from 2022/23.

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 fully externally borrowed sufficiently to fund 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 2020/21 saw the final repayment of the transferred debt relating to the former 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

Full Council 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 still require some new borrowing to achieve this aim.

PWLB have had their margin decreased by 1%, making them an attractive source of borrowing again. However borrowing from other Local Authorities could provide a 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 2021/22, 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 Council's Annual Ethical Investment Strategy that aims to ensure investment decisions comply with its investment priorities (Security, Liquidity and Yield), and do not contradict the Council's ethical values.

Investment Strategy

In Section 13 we highlight the distinction between Treasury and other investment types, the considerations in making short and long term decisions, as well as limits for investment over 12 months.

<u>Section 1 - Introduction</u>

<u>Key Messages</u>

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

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

1. 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).

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."

3. Accordingly, the document provides a strategic framework for the achievement of the following objectives:

   <u>Borrowing</u>

   - 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.

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

These reports include:

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

5. The above reports are required to be adequately scrutinised before being recommended to Full Council. This role is undertaken by the Executive Member for Finance and Resources.

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

Key Messages

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

1. The TMSS covers capital issues:
   - The capital plans and the prudential indicators.
   - The minimum revenue provision (MRP) policy.
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.
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.
4. The Executive Member for Finance and Resources 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.
5. 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.
6. 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.

7. The Council uses Link Asset Services as its external treasury management advisors.
8. The Council recognises that responsibility for treasury management decisions always remains with the Council and will ensure that undue reliance is not placed upon our external service providers.
9. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources.
10. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

Section 3 – Capital Prudential Indicators

Key Messages

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the *Capital Prudential Indicators*, which are designed to assist members' overview and confirm capital expenditure plans.

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	2020.21 Actual £'m	2021.22 Forecast £'m	2022.23 Budget £'m	2023.24 Estimate £'m	2024.25 Estimate £'m	2025.26 Estimate £'m
ESSENTIAL COMPLIANCE & MAINT	6.5	£6.1	£4.9	£0.0	£0.0	£0.0
TRANSPORT	8.6	£7.8	£6.3	£0.0	£0.0	£0.0
CORPORATE	0.1	£0.0	£0.0	£0.0	£0.0	£0.0
ECONOMIC GROWTH	7.0	£10.1	£14.2	£2.5	£0.0	£0.0
HOUSING GROWTH	21.7	£45.3	£115.6	£89.0	£73.5	£40.7
HEART OF THE CITY II	34.3	£53.2	£74.1	£11.5	£0.0	£0.0
QUALITY OF LIFE	16.2	£19.4	£19.8	£17.9	£0.0	£0.0
GREEN & OPEN SPACES	0.6	£3.2	£1.8	£0.0	£0.0	£0.0
PEOPLE CAPITAL & GROWTH	10.2	£18.2	£11.0	£0.0	£0.0	£0.0
HOUSING INVESTMENT	15.9	£29.4	£55.0	£56.6	£65.1	£73.6
ICT	1.4	£0.0	£0.0	£0.0	£0.0	£0.0
Total	**122.6**	**£192.7**	**£302.7**	**£177.6**	**£138.6**	**£114.3**

2. 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. 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.

4. 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.

5. The table below summarises our capital expenditure plans and how these plans are being financed by capital or revenue resources.

6. Any capital expenditure not funded by grants, receipts, or revenue contributions, results in a need for borrowing.

Capital Expenditure:	2020.21 Actual £'m	2021.22 Forecast £'m	2022.23 Budget £'m	2023.24 Estimate £'m	2024.25 Estimate £'m	2025.26 Estimate £'m
Capital expenditure:						
Non-housing	£85.0	£118.0	£132.1	£32.0	£0.0	£0.0
Housing	£37.7	£74.7	£170.6	£145.6	£138.6	£114.3
Total	**£122.6**	**£192.7**	**£302.7**	**£177.6**	**£138.6**	**£114.3**
Financed by:						
Capital Receipts	£18.3	£16.5	£32.5	£13.0	£7.1	£3.5
Capital Grants & Contributions	£29.2	£54.7	£43.0	£14.3	£14.6	£9.7
Revenue Contributions	£27.6	£25.0	£53.1	£55.4	£63.8	£72.5
Net borrowing need for the year	**£47.5**	**£96.5**	**£174.1**	**£94.9**	**£53.2**	**£28.5**
Fund Split						
General Fund	£47.5	£68.2	£91.9	£29.1	£0.0	£0.0
HRA	£0.0	£28.3	£82.2	£65.8	£53.2	£28.5
Total	**£47.5**	**£96.5**	**£174.1**	**£94.9**	**£53.2**	**£28.5**

7. Capital Receipts and grants are anticipated to be an important but declining source of funding for the Council's capital investment programme.

8. 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.

9. 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).

10. The above financing need excludes other long-term liabilities, such as Public Finance Initiatives (PFI) arrangements, no new PFI assets are expected to be acquired during the term of this strategy.

Section 4 – The Council's Borrowing Need (Capital Financing Requirement)

Key Messages

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

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

The Council's overall CFR is expected generally to increase over the next few years based on the Council's capital investment plans. However General Fund CFR is forecast to reduce from 25/26 due to lower levels of capital expenditure and receipts expected from Heart of the City Phase II.

1. The following table shows projections for the Council's CFR:

Capital Financing Requirement	2020.21 Actual £'m	2021.22 Forecast £'m	2022.23 Budget £'m	2023.24 Estimate £'m	2024.25 Estimate £'m	2025.26 Estimate £'m
CFR non-housing	£1,204.1	£1,235.0	£1,288.9	£1,280.1	£1,232.5	£1,183.5
CFR housing	£345.9	£374.1	£456.3	£522.1	£575.2	£603.7
Total CFR - Year End	£1,550.0	£1,609.2	£1,745.2	£1,802.2	£1,807.8	£1,787.2
In Year Movement in CFR	**£13.9**	**£59.2**	**£136.1**	**£57.0**	**£5.5**	**-£20.5**
Movement in CFR represented by:						
Expenditure not funded by grants, receipts, or contributions	£47.5	£96.5	£174.1	£94.9	£53.2	£28.5
- MRP/VMRP and other movements	-£33.6	-£37.3	-£38.0	-£37.9	-£47.7	-£49.0
In Year Movement in CFR	**£13.9**	**£59.2**	**£136.1**	**£57.0**	**£5.5**	**-£20.5**

2. The CFR does not increase indefinitely. Statute requires the Council to charge an amount each year in its revenue 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.

3. 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 borrow separately for these schemes. The Council currently has £340.8m (2020/21 £360.8m) of such arrangements within the CFR.

Section 5 - Minimum Revenue Provision

Key Messages

Each year the Council sets out its 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 the DLUHC statutory guidance.

The MRP policy for 2022/23 largely is unchanged. Changes under Accounting Standard IFRS16 to show principal elements of leases as MRP have been adopted for 2022/23, but the impact of this is presentational.

This report recommends the Council approves the MRP statement in this section.

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 is 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.
2. 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.
3. The above approach is a prudent way of ensuring the Council pays 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.
4. Going forward, changes to the guidance prevents over provisions arising from change in MRP policy from 2018/19 onwards.
5. The Council will apply Voluntary Revenue Provisions (VRP) to realign overall charges to the 'regulatory method' where it is considered prudent to do so.
6. 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.
7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 capitalised spend, but where there is no discernible asset-life the Council will opt for a 20-year life.

13. In line with DLUHC guidance and to mitigate the impact of the move to 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.

14. During 2022/23, 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 Council's 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).

15. A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory MRP, VRP or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent.

16. For these sums to be reclaimed for use in the budget, each year this policy must disclose the cumulative overpayment. In the period to 31st March 2022 the cumulative total VRP overpayments were £0.3m.

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

Section 6 - Application of Resources

Key Messages

The Council uses resources other than borrowing temporarily to finance capital expenditure. This allows the Council to remain "under borrowed" - meaning that we have not yet externally borrowed sufficiently to fund fully the CFR.

A consequence of being under borrowed is that the Council has less cash available to invest. However, as we receive lower interest on our investments than we pay on borrowing, this approach is financially advantageous.

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.

2. Detailed below are estimates of the year end balances for each resource and anticipated cash balances. This includes the new borrowing forecast in paragraph 7.2.

Core Funds and Expected Investment Balances	2020.21 Actual £'000	2021.22 Actual £'000	2022.23 Budget £'000	2023.24 Estimate £'000	2024.25 Estimate £'000	2025.26 Estimate £'000
Year End Resources:						
Cash backed reserves*	538.5	451.5	416.7	385.0	310.4	303.6
Capital Receipts	65.6	62.0	59.0	56.0	53.0	50.0
Provisions	28.8	28.8	28.8	28.8	28.8	28.8
Total Core Funds	**632.9**	**542.4**	**504.5**	**469.8**	**392.3**	**382.4**
Working Capital	-45.1	-13.2	-4.4	25.4	34.6	34.6
(Under)/over Borrowing	-331.8	-420.0	-404.7	-390.3	-322.5	-280.1
Expected Investments	**256.0**	**109.2**	**95.4**	**104.9**	**104.4**	**136.9**

*Most of these reserves are earmarked for future spend, and do not represent available surplus for revenue budget purposes.

3. The above table shows that the Council plans to remain 'under-borrowed' throughout the period, but at reducing levels. This means that we have not yet taken loans to finance all our borrowing needs.

4. 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.

5. 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.

6. 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.
7. This approach also minimises our counterparty risks, as it reduces the amount of cash we invest in counterparties (i.e., banks and pension funds). Following the financial crash in 2008, we remain cautious about where we invest.
8. 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.
9. Should interest rates increase markedly from the current, historically low, levels, then we might regret not taking out fixed interest borrowing now. As a counterincentive, increasing our borrowing before we would use the resulting cash would incur significant interest costs. Ultimately this is a judgement call.
10. 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.
11. Treasury officers will continue to monitor the financial markets to ensure our cash management plans are properly aligned to the Council’s investment decisions and the ongoing risks in the wider economy.

Section 7 - Current Debt Portfolio

Key Messages

The new forecast of borrowing to be taken is based on funding expenditure in the Capital Programme whilst broadly maintaining a sustainable under-borrowed position.

In addition to external borrowing, we are forecasting PFI Liabilities to fall over the forecast period as payments are made, and in 2020/21 we see the final payment on the transferred debt relating to the old South Yorkshire County Council.

1. The Council's debt portfolio position is outlined below. The table below shows forecast external debt against the CFR, which represents the Council's need to borrow for capital purposes.
2. Comparing actual debt to the CFR highlights any under or over borrowing.

Current Portfolio Position	2020.21 Actual £'m	2021.22 Forecast £'m	2022.23 Budget £'m	2023.24 Estimate £'m	2024.25 Estimate £'m	2025.26 Estimate £'m
External Debt						
Loans at 1st April	868.5	857.7	848.4	1020.4	1110.4	1203.4
Loan Repayments	-10.7	-9.3	-8.0	-10.0	-12.0	-18.4
New Loans Taken	0.0	0.0	180.0	100.0	105.0	60.0
PFI liabilities at 1st April	372.7	360.4	340.8	320.1	301.5	281.9
Expected change in PFI liabilities	-12.3	-19.6	-20.7	-18.6	-19.7	-19.8
Transferred Debt at 1st April	4.5	0.0	0.0	0.0	0.0	0.0
Expected Change in Transferred Debt	-4.5	0.0	0.0	0.0	0.0	0.0
Actual Gross Debt at 31st March	1218.1	1189.2	1340.5	1411.9	1485.3	1507.1
The Capital Financing Requirement	1550.0	1609.2	1745.2	1802.2	1807.8	1787.2
Authority Under/(Over) Borrowing	**331.9**	**420.0**	**404.7**	**390.3**	**322.5**	**280.1**
HRA under/ (over) borrowing	66.9	96.2	98.3	64.1	37.3	7.3
GF Under / (Over) Borrowing	265.0	323.8	306.3	326.2	285.2	272.8
	331.9	**420.0**	**404.6**	**390.3**	**322.5**	**280.1**

3. To reduce the risks associated with under borrowing, new external debt is expected to be needed over the forecast period. Most of this debt is expected to be needed by 2024/25.
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. Also, the estimates of any additional CFR for 2021/22 and the following two financial years.
5. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

Section 8 - Treasury Indicators

Key Messages

The Treasury Indicators assess the affordability of planned capital expenditure and 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

This report recommends the Council approves the Treasury indicators.

1. Revenue cost as a proportion of net revenue is monitored both with and without PFI cost and revenue included.

2. The net revenue stream consists of the money we have available from grants, Council Tax, and other sources that are without restriction. and can be spent as the Council sees fit.

3. 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.

4. 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.

5. Excluding PFI:

Ratio of Financing Costs to Net Revenue Stream:	2020.21 Actual	2021.22 Forecast	2022.23 Budget	2023.24 Estimate	2024.25 Estimate	2025.26 Estimate
General Fund	8.7%	7.4%	7.5%	7.8%	10.1%	10.2%
HRA	9.8%	9.3%	9.9%	11.6%	12.6%	13.0%

6. Including PFI:

Ratio of Financing Costs to Net Revenue Stream:	2020.21 Actual	2021.22 Forecast	2022.23 Budget	2023.24 Estimate	2024.25 Estimate	2025.26 Estimate
General Fund	17.0%	16.1%	15.9%	15.4%	17.8%	17.5%
HRA	9.8%	9.3%	9.9%	11.6%	12.6%	13.0%

7. This reflects three prominent issues:

   - Fluctuations in income and costs arising from PFI arrangements make a significant difference to the above ratios.
   - We anticipate incurring more borrowing costs (interest and MRP costs) in the future than we do now.

- The revenue income streams used for this calculation increase very modestly.

8. 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 will fall when PFI costs are considered.

9. These ratios should not be viewed entirely in isolation from other sources of information, such as the balanced Revenue Budget and Capital Strategy.

10. The increase in General Fund financing costs primarily relates to the Council's investment in the HOTC II scheme.

11. 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.

12. 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.

Limits to Borrowing Activity

13. 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.

14. 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	2020.21 Actual £'m	2021.22 Actual £'m	2022.23 Proposed £'m	2023.24 Proposed £'m	2024.25 Proposed £'m	2025.26 Proposed £'m
Loans	£1,200	£1,240	£1,450	£1,520	£1,540	£1,550
Other Long Term Liabilities	£440	£400	£360	£340	£320	£300
Lease Arrangements	£0	£10	£10	£10	£10	£10
Total	**£1,640**	**£1,650**	**£1,820**	**£1,870**	**£1,870**	**£1,860**

15. 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.

16. The Council is required to ensure that total capital investment remains within sustainable limits and that the impact upon its future council tax and council rent levels is acceptable.

17. 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 approval.

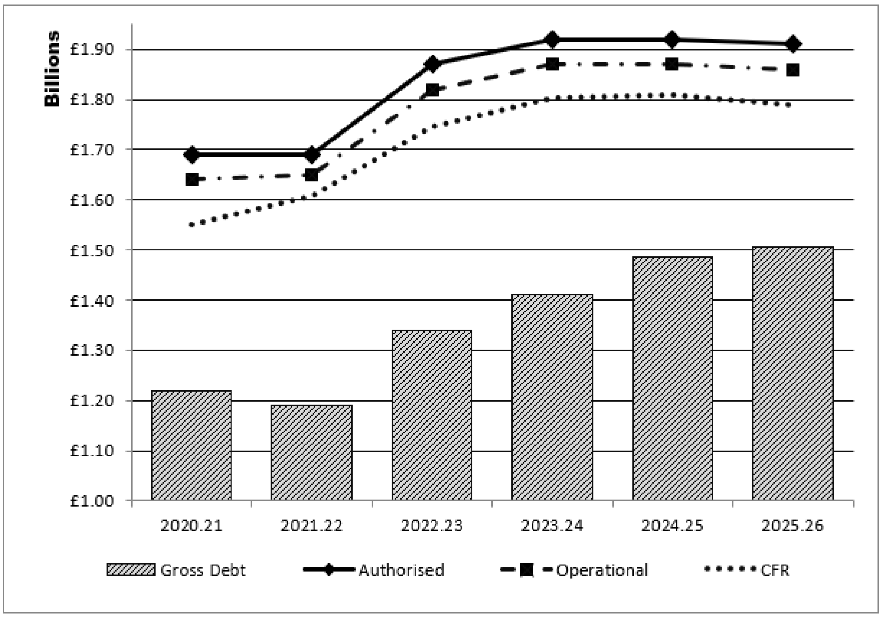
Authorised Limit	2020.21 Actual £'m	2021.22 Actual £'m	2022.23 Proposed £'m	2023.24 Proposed £'m	2024.25 Proposed £'m	2025.26 Proposed £'m
Loans	£1,200	£1,280	£1,500	£1,570	£1,590	£1,600
Other Long Term Liabilities	£440	£400	£360	£340	£320	£300
Lease Arrangements	£0	£10	£10	£10	£10	£10
Total	**£1,640**	**£1,690**	**£1,870**	**£1,920**	**£1,920**	**£1,910**

18. 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.

19. 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	2020.21 Actual £'m	2021.22 Actual £'m	2022.23 Proposed £'m	2023.24 Proposed £'m	2024.25 Proposed £'m	2025.26 Proposed £'m
HRA Authorised Limit	£388.3	£425.0	£510.0	£590.0	£640.0	£660.0
HRA Operational Limit *	£388.3	£410.0	£495.0	£575.0	£625.0	£645.0
HRA CFR	£345.9	£374.1	£456.3	£522.1	£575.2	£603.7
HRA Headroom **	**£42.4**	**£50.9**	**£53.7**	**£67.9**	**£64.8**	**£56.3**

20. The above limits, the CFR and the underlying gross debt can be compared on the graph below:



21. 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.

22. However, the projected CFR and gross debt figures represent current planned expenditure only and not potential pipeline projects that have yet to be approved.

Section 9 - Borrowing Strategy

Key Messages

Increased borrowing rates and the Council's relatively strong cash balances support continuing the Council's under-borrowed position around current levels.

The Council's large capital programme will require new borrowing to be taken to achieve this aim.

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 (CFR) has not been fully funded with loans and other credit arrangements, such as PFI arrangements.
2. 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.
3. 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.
4. 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 consider taking on more fixed-rate loans whilst interest rates are still lower than they would be in future years.
5. 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.
6. Additionally, the risks impacting on interest rates can be seen in Note 2 alongside the forward forecast for several relevant interest rates.
7. The Municipal Bond Agency is aiming to issue bonds for local authorities soon and borrowing rates should be lower than those offered by the Public Works Loan Board. The Council may consider making use of this new source of borrowing, as and when appropriate.

Section 10 - Treasury Limits on Activity

Key Messages

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

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.

2. 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 like 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.

3. The Council is asked to approve the following treasury indicators and limits:

Limits on interest rate exposure based on net debt	2021.22 Forecast	2022.23 Budget	2023.24 Estimate	2024.25 Estimate	2025.26 Estimate
	Upper	Upper	Upper	Upper	Upper
Fixed interest rates (%)	100%	100%	100%	100%	100%
Variable interest rates (£'m)	£145	£160	£160	£180	£200

4. 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:	2022.23	
	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	15%	20%
10 years to 20 years	15%	20%
20 years to 30 years	10%	20%
30 years to 40 years	24%	30%
40 years to 50 years	18%	20%
Over 50 years	8%	15%

5. 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.

6. The Council currently expects most of its loans to mature in the medium term, supporting the HRA business plan and aligning maturities to our CFR profiles to avoid over-borrowing situations.

Maturity structure of variable interest rate	2022.23 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%

** LOBO loans in call period notionally callable at short notice*

7. 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.

8. As the Council then has the option to accept the rate or repay these loans without penalty, we are required to show them as maturing within 12 months for the purposes of this indicator. The actual contracted term of these loans is more than 40 years.

9. The Council will not borrow more than, or in advance of, its needs purely to profit from the investment of the extra sums borrowed.

10. Any decision to borrow in advance will be within forward approved CFR 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.

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

Section 11 - Debt Rescheduling

Key Messages

During 2021/22 to date, no rescheduling of the Council's debt was undertaken, and none is expected in the foreseeable future

1. Rescheduling of current borrowing in our debt portfolio is unlikely to occur during 2022/23 despite the cheap PWLB borrowing Available. Break costs to exit existing loans would make this an unattractive proposition.
2. Approval by the Head of Service would be sought prior to any rescheduling.

Section 12 - Annual Ethical Investment Strategy

Key Messages

This section sets out the Annual Ethical Investment Strategy that aims to ensure investment decisions comply with its investment priorities (Security, Liquidity and Yield) and do not contradict the Council's ethical values.

1. The Council's investment policy has regard to Central 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").
2. 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.
3. 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.
4. 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.
5. 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, arms companies or to the best of our knowledge companies involved in tax evasion or grave misconduct.
6. In accordance with the above guidance from Central Government and CIPFA, and to minimise the risk to investments, the Council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties for inclusion on the lending list.
7. The Criteria applied can be seen in Note 4.
8. 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.
9. 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.
10. The assessment will also take account of information that reflects the opinion of the markets.

11. 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. 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.
13. Using these ratings services, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically.
14. 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.
15. 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.
16. Environmental, Social and Governance (ESG) measures on investments is considered but priority is still given to Security, Liquidity and Yield. Quantifying ESG is difficult as there are no industry standards to compare against or assess the impact.
17. During the 2021/22 financial year we made one ESG in the Standard Chartered Sustainable deposit as well as lending to several other Local Authorities who will have significant social impacts.

Section 13 - Investment Strategy

Key Messages

This section highlights the distinction between Treasury and other investments, the considerations in making short and long term decisions, as well as limits for investment over 12 months.

1. DLUHC 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.

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.
   - Expectations on interest rates. Important when determining a required rate of return on the Council's investments.

3. The Bank Rate is forecast to increase steadily, but slowly over the next few years to reach 0.75%, by the end of 2022/23. Base rate forecasts can be seen below at Note 1.

4. We have defined the list of types of investment instruments that the Treasury Management Team are authorised to use. There are two lists in appendix Note 3 under the categories of 'specified' and 'non-specified' investments.

   - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.
   - Non-specified investments are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. 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	2021.22	2022.23	2023.24	2024.25	2025.26
Proposed Returns	0.15%	0.30%	0.50%	0.75%	1.00%

6. 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	2021.22 £'m	2022.23 £'m	2023.24 £'m	2024.25 £'m	2025.26 £'m
Maximum Amount	£60	£60	£60	£60	£60

7. The Council is asked to approve the above treasury indicator and limits.

8. We will use the 3-month SONIA rate as a benchmark for its investment returns.

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

Notes

Note 1 - Economic Backdrop

COVID-19 vaccines

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection.

This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations.

Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations.

There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope.

In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues.

With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels. These were hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home.

Growth will also be lower due to people being ill and not working, like the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid.

The biggest impact on growth would come from another lockdown if that happened. The big question remains as to whether any further mutations of this virus could develop, which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A Summary Overview of the Future Path of the Bank Rate

In December 2021, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.

The next increase in Bank Rate could be in February or May 2022, dependent on how severe an impact there is from Omicron.

With inflation expected to peak at around 6% in April 2022, the Monetary Policy Committee (MPC) may want to be seen to be active in taking action to counter inflation on 5th May 2022, the release date for its Quarterly Monetary Policy Report.

The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.

Bank Rate increases beyond May 2022 are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.

The MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next downturn; all rates under 2% are providing stimulus to economic growth.

We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate, but the actual timing in each year is difficult to predict.

Covid remains a major potential downside threat in all three years as we are likely to get further mutations.

How quickly can science come up with a mutation proof vaccine, or other treatment, and for them to be widely administered around the world?

Purchases of gilts under QE ended in December 2021. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC meeting 16h December 2021

The MPC voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

The MPC disappointed financial markets by not raising Bank Rate at its November 2021 meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at the December 2021 meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates.

At the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September 2021 without unemployment increasing sharply, therefore, decided to wait until statistics were available to show how the economy had fared at this time.

Although it is possible that the Government could step in with some fiscal support for the economy, the huge cost of such support to date is likely to pose a barrier to incurring further major expenditure unless it was very limited and targeted on narrow sectors like hospitality. The Government may effectively leave it to the MPC, and to monetary policy, to support economic growth, but at a time when the threat posed by rising inflation is near to peaking.

This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a surprise increase in Bank Rate from 0.10% to 0.25%.

What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter.

This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week.

The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

On the other hand, it did also comment that "the Omicron variant is likely to weigh on near-term activity". They stressed that at the November 2021 meeting it had said it would raise rates if the economy evolved as it expected, and that now "these conditions had been met".

It also appeared more worried about the possible boost to inflation from Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation".

It also noted the possibility that renewed social distancing would boost demand for goods again, as demand for services would fall, meaning "global price pressures might persist for longer".

Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port, but also factories in the region.

On top of that, there were no references recently to inflation being expected to be below the 2% target in two years, which at the November 2021 meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% previously stated.

As the Bank retained its guidance that only a “modest tightening” in policy will be required, it cannot be thinking that it will need to increase interest rates that much more.

A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. “Modest” seems slower than that. As such, the Bank could be thinking about raising interest rates two- or three-times next year to 0.75% or 1.00%.

US

Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November 2021, CPI inflation hit a near 40-year record level of 6.8%, but with energy prices then falling sharply, this is probably the peak.

The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decade high.

Shortages of labour have also been driving up wage rates sharply, this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation.

It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP.

Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed’s 2% central target.

Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the Fed’s meeting of 15th December 2021 would take aggressive action against inflation.

Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3rd meeting was doubled so that all purchases would now finish in February 2022. Fed officials had started discussions on running down the stock of QE held by the Fed.

Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy.

The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed, “maximum employment”.

The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts.

This month the Fed also dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation, the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time".

It did not see Omicron as being a major impediment to the need to act now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

EU

The slow role out of vaccines initially delayed economic recovery in early 2021, but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size.

The arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.

November's inflation figures breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose.

Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022.

Core goods inflation rose to 2.4% in November 2021, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear.

Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to persistently higher services inflation, which would get the ECB concerned.

The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.

ECB tapering. The ECB has joined with the Fed by also announcing at its meeting on 16th December 2021 that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year.

As inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.

The ECB will now also need to consider the impact of Omicron on the economy, and it stated at its December 2021 meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

The EU has entered a period of political uncertainty where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together.

In France there is a presidential election coming up in April 2022 followed by the legislative election in June.

In addition, Italy needs to elect a new president in January 2022 with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse.

That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

China

After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of 2020, which enabled China to recover all the initial contraction.

During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth.

At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

Japan

2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged.

Omicron could reverse this initial success in combating Covid.

The Bank of Japan is continuing its very loose monetary policy, but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon, inflation was negative in July 2021. New Prime Minister Kishida, having won the November 2021 general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

World Growth

World growth was in recession in 2020, but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022.

Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope.

It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply Shortages

The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains.

Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4.

Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries.

The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers, rather than consumers, i.e., this will further aggravate shortages in meeting demand for goods.

Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

Link provided the following forecasts on 20th December 2021. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 20.12.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.25	0.50	0.75	0.75	0.75	0.75	1.00	1.00	-	-	-	-	-

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world.

After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Note 2 - The Balance of Risks to the UK Economy

The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.

Significant risks to the forecasts

- Mutations of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns.
  25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.
- Labour and supply shortages prove more enduring and disruptive and depress economic activity.
- The MPC acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.
- The Government acts too quickly to cut expenditure to balance the national budget.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.
- Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- Geopolitical risks, for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries. On-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

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%	12 Months
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

The 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 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 of more than 12 months, the Council does not expect to do so during 2022/23.

There are currently no investments over 1 year, the limits will not be exceeded without updating this Strategy and Member approval.

Link Asset Services' creditworthiness service uses a wide array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue significance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, and a long term rating A.

There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

	Colour (and long-term rating where applicable)	Money and / or % Limit	Time Limit
Banks *	Yellow	100%	5 years
Banks	Purple	£30m	2 years
Banks	Orange	£30m	1 year
Banks – part nationalised**	Blue	£50m	1 year
Banks – UK only	Red	£20m	6 months
Banks – non-UK	Red	£15m	6 months
Banks	Green	£10m	100 days
Banks	No colour	Not to be used	
Council's banker in the event of the bank being 'no colour'	-	100 %	5 days ***
DMADF	UK Sovereign Rating	100%	6 months
Local authorities	n/a	£30m	5yrs
Money market funds CNAV****	AAA	100 %	liquid
Money market funds LVNAV*****	AAA	100 %	liquid
Money market funds VNAV******	AAA	£30m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	100 %	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	Light pink / AAA	100 %	liquid

** Please note: the yellow colour category is for UK Government debt, or its equivalent, constant net asset value money market funds and collateralised deposits where the collateral is UK Government debt.*

*** When placing deposits with part nationalised banks the Council will take care to review when it expects the UK Government to divest its interest in the institution, and the impact this move would have on the Council's view of the institutions security.*

**** To cover period to next working day allowing for weekends and bank holidays e.g. Easter.*

***** CNAV refers to Constant Net Asset Value Money Market Funds when investors will be able to purchase and redeem at a constant Net Asset Value(£1 in / £1 out).*

****** LVNAV refers to Low Volatility Net Asset Value Money Market Funds when investors will be able to purchase and redeem at a stable Net Asset Value to two decimal places, provided the fund is managed to certain restrictions.*

******* VNAV refers to Variable Net Asset Value Money Market Funds where the price may vary.*

All credit ratings will be monitored weekly.

The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings, the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis.

Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service.

The Council will also use market data and market information, information on government support for banks, and the credit ratings of that supporting government.

The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or Equivalent).

This is not an apporpriate measure for Money Market Funds.

Investments and thefore risk are spread globally in the very highest quality investments, thefore reliance will be given to their credit rating as per the specified investments table in Note 3.

Note 5 - Approved Countries for Investments

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating (at 20/12/21)

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	90,815	
	Director Investment, Climate Change & Planning	99,999	
	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 15/12/2022

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 (eg 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 have to 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. That increase in demand combined with significantly higher placement costs for Children Looked After outstripped the resources (people and finances) available.

- Despite significant additional funding being made available to plug the gap and successful targeted prevention activities such as Early Help and Inclusion, there remains a risk that we will not have enough money or people to meet demand in 2022/23.
- We are seeing significant and growing demand and need in areas such as special educational needs, emotional health and wellbeing, and child poverty.
- 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.
- 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-19 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. 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.
- 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 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-19 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 people 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 but again are worried about the ability to pay.

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

- We are seeing significant and growing demand and need in areas such as special educational needs, emotional health and wellbeing, and child poverty.
- In the year before the pandemic started, the number of Children Looked After remained almost constant, with increases in the number of Children in Need and those with Child Protection Plans. From March 2020 to October 2021, demand rose by around 7% across all categories. That increase in demand combined with significantly higher placement costs for Children Looked After outstripped the resources (people and finances) available.
- 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.
- The proposals that involve a Managing Employee Reduction (MER) process can be very stressful for staff affected and could increase workload pressures across other teams in the service causing employee relations issues.
- 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.
- Staffing reductions such as the voluntary employee led reductions in Children and Families and Educations and Skills will add to pressures and stress for remaining staff.
- 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. This will have a cumulative impact on work already taking place to mitigate the long-term impacts of the COVID-19 pandemic, many of which are still unknown.
- Business Support staffing reductions will negatively affect the health of staff involved.

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 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-19.
- Other support put in place during COVID-19.
- 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-19 levels where appropriate. In the context of COVID-19, 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	Impact on Customers
○ Yes ● No	● 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 Black Asian Minority Ethnic (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

- A reduction to the Youth Justice Service will see a negative impact on the success of interventions/ re-offending rates, particularly for young males and people from BAME communities.
- The conversion of the Business Support budget into support worker roles should support the statutory delivery of social work. However, this will impact on a predominantly female workforce through the potential threat of redundancy.
- 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.
- The development of 6 independent flats for care leavers in Sheffield will stabilise placement disruption for younger people and support their transition to independence more effectively.
- The creation of a second 12 bed secure home in Sheffield to meet the national demand for secure places will help create a surplus revenue that can be invested back into services that benefit 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 in Sheffield providing more choice locally.
- Ceasing contribution to CAMHS for the provision of specialist mental health therapeutic support for children and young people without additional contribution from health will have a negative impact on children in care.
- The transfer of young people from semi-independent placements to Council accommodation will enable the Council to meet its sufficiency duty for care leavers and support their transition to independence.

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.
- 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 make up most the 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-19.
- Other support put in place during COVID-19.
- See under Health above. These proposals focus mainly on older people.

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 ○ Yes ● No

Impact on Customers ● 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.

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.

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 creation of a second 12 bed secure home in Sheffield to meet the national demand for secure places will help create a surplus revenue that can be invested back into services that benefit local children, young people and their families.
- The development of 6 independent flats for care leavers in Sheffield will stabilise placement disruption for younger people and support their transition to independence more effectively.
- The Employee Reduction scheme is likely to impact on older employees and the disabled workforce profile. As we see this age is more likely to have some form of disability. Mitigations include staff having the confidence 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 through the reduction in the health offer will have negative impacts on children in care and their families. This will have a cumulative impact on work already taking place to mitigate the long-term impacts of the COVID-19 pandemic, many of which are still unknown.

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. We will work with disabled people on reducing any barriers.
- 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 aims to be accessible to all disabled people and we are committed to working with disabled people to maintain this as a 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 make up most of the 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.

Resources and PPC

- There are low impacts on disabled people 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 helping 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 conversion of the Business Support budget into support worker roles should support the statutory delivery of social work. This will impact on a predominantly female workforce through the potential threat of redundancy. There will also be some opportunities to apply for the new Support Worker roles.

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 men and women.

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.

- 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).

Resources and PPC

- Pregnant customers claiming Council tax Scheme (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		**Impact on Customers**	
○ Yes	● No	● Yes	○ No

Details of impact

Sheffield is an ethnically diverse city and the 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.

People - Children and Young People

- A reduction to the Youth Justice Service would see a negative impact on the success of interventions/ re-offending rates, particularly for young Black, Asian and Minority Ethnic (BAME) young people.
- Children and young people from some BAME groups are overrepresented in the criminal justice both nationally and in Sheffield. Service reductions could result in a disproportionate impact on BAME staff.
- The proposals that involve a Managing Employee Reduction (MER) process as well as those which voluntary employee led reductions will take steps to ensure that BAME staff are not disproportionately impacted upon.
- The conversion of the Business Support budget into support worker roles will provide opportunities for BAME staff, help with workforce diversity and succession planning within Children and Families.

Place

- There is a high number of BAME 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 BAME community 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 people, particularly from a BAME community.

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.

Although there are no identified disproportionate impacts associated with business planning proposals, we recognize that the impact that COVID-19 has had on exercising religious beliefs for some people.

The Sexual Health contract in Public Health continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have needs, for example from some faith communities.

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. The Sexual Health contract in Public Health continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have needs, for example men who have sex with men. Further monitoring will be undertaken as part of individual EIAs to assess this as appropriate.

People - Children and Young People,

- Our projects on domestic abuse continue to have a positive impact on people who may be in a same sex relationship and need support. We recognise the adverse impact of COVID-19 on family relationships and finances which includes same sex families.
- We continue to support SAYiT which is the LGB&T+ Youth service in Sheffield and is a key partner of the Council.
- 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. The Sexual Health contract in Public Health continues to provide improved access to sexual health services and highlights those individuals who are difficult to reach or have particular needs, for example, transgender people or those identifying as non binary. 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.

People - Children and Young People,

- Our projects on domestic abuse continue to have a positive impact on people who may identify as transgender and need support. We recognise the adverse impact of COVID-19 on family relationships and finances which includes transgender families.
- We continue to support SAYiT which is the LGB&T+ Youth service in Sheffield and is a key partner of the Council.

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

- Meeting both the placement demand and supply issues in Sheffield by providing more choice locally will have positive impacts for the parent and or carer.

People - Adults

- Enablement Service.
- Integration of Continuing Health Care Services.
- See under Health above. These proposals are likely to have knock-on benefits for carers of older people or disabled people.
- Equipment and Adaptations – see under Age or Disability above. This proposal will have knock-on benefits for Carers of older people or disabled people.
- 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 – see under Disability above. This proposal aims to prepare young people with disabilities 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 – see under Health above. This proposal will affect Carers of older people or disabled people.
- Review of Befriending, Short Breaks and Day Activity Services – see under Disability. This proposal focused on disabled people, although may also affect older people and carers.
- Home Care arranged or increased during COVID-19, Other support put in place during COVID-19 and Complex Care LD Review Team – see under Health above. These proposals will affect carers of older people or disabled people.

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.

Child Poverty levels have risen in the city by 18.75% compared to pre-COVID-19 levels, on average 75% of all open cases are from the three most deprived deciles in the city and On average 80% of our Children in Care came from the most deprived deciles in the city.

Also COVID-19 has impacted 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.

People - Children and Young People

- There are potential negative financial impacts on staff who are made redundant through the MER who have to consider lower paid or no employment.
- A reduction to the Youth Justice Service would see a negative impact on the success of interventions/ re-offending rates as well as longer term negative impacts on the financial inclusion and poverty around being in the criminal justice system.
- The conversion of the Business Support budget into support worker roles will impact on a predominantly female workforce through the potential threat of redundancy. There will also be some opportunities to apply for the new Support Worker roles.
- 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.

People - Adults

- No direct impacts are identified but there are secondary impacts across the range of Adult Health & Social Care proposals and Community Safety reduction in posts, (see under Health, Age, Disability, Carers and Partners and Workforce).

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 Clean Air Zone (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 and PPC

- 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.
- A reduction to the Youth Justice Service would see a negative impact on the success of interventions/ re-offending rates as well as longer term negative impacts on community cohesion.
- 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/VR Scheme in Education and Skills and Children and Families, there could be negative impact on cohesion, due to reduced skilled staffing resource; dissatisfaction due to VR/VER requests not being agreed; more stress and increased workloads for the remaining staff.

People – Adults

- Community Safety reduction in posts – these proposals are to reduce or limit capacity increases across a range of functions around community safety. They are against a backdrop of recent investment. The aim is to achieve the proposals without direct impact on staff (e.g., by not filling vacancies).
- However, there is expected to be some impact on community cohesion and wellbeing, and capacity to take preventative action around crime and antisocial behaviour. Staff teams who may need to take on additional functions could also be affected. The proposal would need to meet any consultation requirements.

Partners

Impact on Staff

○ Yes ● No

Impact on Customers

● Yes ○ No

Details of impact

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.

People - Children and Young People

- A reduction to the Youth Justice Service would see a negative impact on the success of interventions/ re-offending rates. Reoffending including more serious or long-term reoffending would have negative 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 (CAZ) 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 e.g. 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

- The anticipated reduction over the next 6 months of 10% of Children in Need (CIN) cases will lead to a corresponding reduction in Child Protection cases and a reduction in the requirement for Agency Social Workers.
- The Residential Workforce Strategy is being refreshed and will have a relocation of staff between residential homes. This will allow us to remove agency staffing cover and generate savings.
- The conversion of the Business Support budget into support worker roles should support the statutory delivery of social work. This will impact on a predominantly female workforce through the potential threat of redundancy. There will also be some opportunities to apply for the new Support Worker roles.
- Remodeling the current Business Support offer will also have a negative impact on staff (particularly women) who are affected and would be subject to a MER process and these are some of our lowest paid employees.
- A Managing Employee Reduction (MER) can be very stressful for the staff affected. MER’s result in increased sickness, reduced morale, reduced quality of practice and staff cohesion issues and staff will need to be supported through the process.
- A reduction to the Youth Justice Service would need to ensure that BME staff are not disproportionately impacted upon as the service reduces.

People - Adults

- Reducing agency spend, reducing staff costs in Short Term Intervention Team (STIT), Localities staffing budget and Provider Services staffing budget.
- These proposals aim to reduce temporary increases in budgets and spending set up short-term as part of the Recovery Plan, but which is no longer needed. The savings will be achieved by reducing staff/hours that were increased temporarily and/or reallocating budgets.

- The equality assessment is on the basis that the staffing reductions are on temporary staff/hours (e.g., agency). It assumes that this, and the reallocation of budgets, has no/limited impact on other staff and on people using AHSDC services. The assessment also reflects that, other initiatives may mitigate the reductions – e.g., the new Enablement Service (referred to elsewhere) will have a positive impact on STIT; and there has been some successful recruitment into other SCC roles.
- Operating model and MER – this proposal aims to reduce numbers of staff in line with a new operating model and a focus on reducing unnecessary interactions with people. Reductions are expected to be achieved by voluntary arrangements and by restructures. As with any reduction, there may be potential impacts (e.g., on other posts) but these are unlikely to be significant.
- VER/VS reduction in management posts – this proposal completes the integration of the Family Centre service into the Communities directorate. In developing an updated management structure, the service can accommodate voluntary applications to leave. The new structure and support in place would mean there is no impact on other managers, on the management and roles of Early Years prevention workers, on services or on people accessing the centres. Voluntary employee schemes and full HR processes have been followed.
- Supplies and Services budget – this proposal aims to achieve a 5% reduction across budgets covering office equipment, administration, memberships and other areas of spending. In part, the reduction reflects changing work practice since the start of the pandemic, (e.g., less use of stationary, printing, etc). There is expected to be no or very limited impact.
- Commissioning staff saving – this proposal could have impacts on staff but is assessed as neutral at this stage. Full consultation requirements would need to be followed. Direct impact on vulnerable people would be less likely.
- Operations & Development manager, Community Safety Performance Officer, Antisocial Behaviour resolution officers, Antisocial Behaviour Team Leader, Sustainable Communities Officer apprentices, Community Safety Information Officer post
- See Cohesion above. The aim is to achieve reductions in posts without direct impact on staff (e.g., by not filling vacancies). However, there is expected to be some indirect impact on staff teams who may need to take on additional functions. There is also likely to be an effect on community cohesion and wellbeing.

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 located 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 Equality Act 2010 and on Poverty and financial exclusion	Individual proposals have had detailed EIAs and specific mitigation has been devised wherever possible. These will contain the detail of the actions required be monitored as appropriate.	Service Managers within Portfolios as noted in EIAs. Performance monitoring within Portfolios - Directors of Business Strategy.
	In some cases, as proposals are developed further and implemented alongside consultation, some impact assessments will be revisited or updated.	Strategic Equality and Inclusion Board to look at this within Objective 1
	Monitor our new corporate complaints procedure to see if there is an impact on complaints.	Strategic Equality and Inclusion Board to look at this with Complaints overall within Objective 1
	Randomly sample 10% of EIAs in the year across portfolios to assess progress and effectiveness.	Equality Lead officers and Reporting to Portfolio Leadership teams and to the Strategic Equality Board

Detail any changes made because of the EIA

The shape of the proposals including what have been accepted has been 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

Equality Impact Assessment List All Portfolios Budget 2022/23

Budget Proposals	EIA Ref	Q Tier Ref	Portfolio
Refinancing of Streets Ahead PFI contract (continuous from 2021/22)	871	001PLA013B6-1	Place
Fees & Charges - Bereavement Services	992	001PLA043B1-1	Place
Saturday Service at Hutcliffe Wood Crematorium	994	001PLA043B3-1	Place
Better Parks Programme	995	001PLA043B4-1	Place
Income Recovery Efficiencies - Temporary Accommodation	996	001COM053B2-1	Place
Fees & Charges Increase - Parking Services	997	001PLA013B1-1	Place
City Centre Street Trading	998	001PLA013B3-1	Place
City Centre CCTV increased Contribution from Key Partners	999	001PLA013B4-1	Place
City Wide Sponsorship	1000	001PLA013B5-1	Place
Vacate Broad Street West office space	1001	001PLA073B2-1	Place
Fleet Utilisation	1002	001RES113B1-1	Place
Consolidation of technical data management functions	1003	001PLA043B5-1	Place
Bereavement Services Achieving Change	1004	001PLA043B6-1	Place
Corporate Buildings Compliance Sustained Improvement	1005	001RES113B5-1	Place
Cleaning budget Sustained Improvement	1006	001RES113B6-1	Place
Review of Countryside Centres lettings	1007	001RES113B4-1	Place
Cessation of Debt Avoidance Reserve	1010	001PLA013B7-1	Place
Shopmobility new replacement Model	1009	001PLA013B8-1	Place
Review of in-house Kennelling Service delivery model	1011	001PLA013B9-1	Place
Clean Air Zone Income	1014	001PLA013B2-1	Place
Howden House - PFI Refinancing	1012	001RES113B2-1	Place
Highway Network Management Income	1015	001PLA073B4-1	Place
Providing Facilities Management Services to Housing	1016	001RES113B3-1	Place

Remove General Fund support for Capital Delivery Service PMO for Capital monitoring support	1017	001PLA013B13-2	Place
Highways Maintenance Division reduction of long term vacant posts	1018	001PLA013B10-1	Place
Waste Management Contract – reduction in borrowing costs	1019	001PLA013B11-1	Place
Corporate VER/VS scheme - Operational Services	1026	001PLA013B12-1	Place
Corporate VER/VS scheme - Housing & Neighbourhoods - General Fund	1026	001COM053B3-1	Place
Corporate VER/VS - T&FM	1026	001RES113B7-1	Place
Reduce of seasonal plants budget	1025	001PLA043B8-1	Place
Temporary reduction to Business Advisor Budget	1028	001PLA073B5-1	Place
Stop all catering that does not achieve full cost recovery	1034	001RES113B8-1	Place
Weston Park Library closure	1086	001PLA043B9-1	Place
Libraries - Operating efficiency savings	1087	001PLA043B11-1	Place

Budget Proposals	EIA Ref	Q Tier Ref	Portfolio
High-Cost Placements Review	1121	001CYP02054B1-1	People - CYP
Transfer of Semi-Independent Placements to Council Accommodation	1093	001CYP02054B2-1	People - CYP
New Secure Residential Home – Invest to Save	1102	001CYP02084B3-1	People - CYP
Reduction in CAMHS and Increased Contribution from Health Services	1092	001CYP03044B1-1	People - CYP
Voluntary Severance/Voluntary Early Retirement	1089	001CYP02024B3-1 001CYP02074B4-1 001CYP02074B5-1 001CYP02084B4-1 001CYP02114B2-1 001CYP02134B5-1 001CYP02144B1-1	People - CYP
Independent Flats for Care Leavers (Carfield)	1105	001CYP02054B4-1	People - CYP
Refresh Residential Workforce Strategy to Allow Compulsory Relocation	1094	001CYP02084B2-1	People - CYP
Reduced Training and Development Offer	1107	001CYP02134B1-1	People - CYP
Pension pressure reduction	1088	001CYP01014B1-1	People - CYP
Develop and increase the cost of our traded services by between 5% and 15% based on the resilience of customer base (Music Services)	1078	001CYP03114B1-1	People - CYP
DSG Funding replaced by public health Grant	1115	001CYP03044B3-1	People - CYP
Conversion of Agency Staff into Permanent Staff (Residential Homes)	1094	001CYP02084B2-1	People - CYP
Reducing Child Protection & Child in Need (CIN) Numbers	1109	001CYP02024B2-1	People - CYP
6 Bed Home for Children with Disabilities	1091	001CYP02054B5-1	People - CYP
Youth Justice Service Partnership	1110	001CYP02074B1-1	People - CYP
Reduction of the Business Support Service	1090	001CYP02114B1-1	People - CYP
Reduce Apprentice 100 incentives to employers, delivery efficiencies and reduction in non-pay costs	1112	001CYP04034B1-1	People - CYP
AHSC: Review of new High-Cost Homecare arranged during COVID-19 response (EIA: Reviewing home care COVID-19 arrangements)	1051	001COM02044B13-1 001COM02044B5-1	People - Adults

AHSC: Review of support put in place during COVID-19 (EIA: Reviewing home care COVID-19 arrangements)	1051	001COM02034B6-1 001COM02044B6-1	People - Adults
Additional Capacity Planned Strength Based Reviews (EIA: Reviewing home care COVID-19 arrangements)	1051	001COM02034B15-1	People - Adults
Improving Social Work Strength Based Reviews (EIA: Reviewing home care COVID-19 arrangements)	1051	001COM02044B13-1	People - Adults
AHSC: Targeted Enablement support (EIA: Enablement Service)	1054	001COM02044B3-1	People - Adults
AHSC: Reduced agency spend (EIA: Reducing staff COVID-19 costs and spend)	1075	001COM02034B8-2 001COM02044B7-1 001COM02054B4-2 001COM02064B2-1 001COM02074B1-1 001COM02094B4-1	People - Adults
AHSC: Reducing additional staff costs in STIT (Short Term Intervention Team) (EIA: Reducing staff COVID-19 costs and spend)	1075	001COM02054B1-1	People - Adults
AHSC: Resetting the localities staffing budget	1050	001COM02044B8-1	People - Adults
AHSC: Vacancies and Voids costs	1129	001COM02034B20-1	People - Adults
AHSC: Reduced liability for contract void charges (EIA: Vacancies and Voids costs)	1129	001COM02034B7-1	People - Adults
AHSC: Direct Payments Service transformation	1130	001COM02034B9-1	People - Adults
AHSC: Review of Befriending, Short Breaks and Day Activities (EIA: Review of day activities) (EIA: Review of short breaks)	1131 1132 1133	001COM02034B12-1 001COM02094B1-1 001COM02094B3-1	People - Adults

(EIA: Review of befriending)			
AHSC: Improved Social Work Practice through Strengths-Based Reviews (EIA: Strength-based reviews)	1052	001COM02034B1-1 001COM02044B11-1	People - Adults
AHSC: New Accommodation Strategy	1134	001COM02034B2-1 001COM02034B5-1 001COM02044B1-1	People - Adults
AHSC: Improved Transitions Planning	1048	001COM02034B3-1	People - Adults
AHSC: Equipment & Adaptations	1070	001COM02044B10-1 001COM02044B9-1 001COM02054B2-1	People - Adults
AHSC: Efficiency through integration of Continuing Health Care Services	1049	001COM02034B4-1	People - Adults
AHSC: Income & Payments Programme	643	001COM02044B2-1	People - Adults
AHSC: Income and Payments financial assessment review fast track (EIA: Income & Payments Programme)	643	001COM02044B15-1	People - Adults
AHSC: Complex Care LD Review Team	1135	001COM02034B16-1	People - Adults
AHSC: Supplies and Services	1118	001COM02034B18-1 001COM02044B17-1 001COM02054B3-1 001COM02094B2-1	People - Adults
AHSC: Provider Services staffing budget adjustment	1136	001COM02034B21-1	People - Adults
AHSC: Care Trust – Remodelling of social work mental health provision	1057		People - Adults
AHSC: TUPE payments	1079	001COM02034B19-1	People - Adults
AHSC: Operating model and MER efficiencies	1119	001COM02044B16- 1001COM02104B1-1 001COM02114B1-1	People - Adults
AHSC: Safeguarding, MH and Domestic	1143	001COM02064B1-1	People -

Abuse delivery efficiencies and contractual review (EIA: Safeguarding, Mental Health and Domestic Abuse review)			adults
AHSC: Vulnerable People 1 of 5: Commissioning staff saving (EIA: Commissioning staff saving)	1138		People - adults
Communities: Operations & development manager (EIA: Antisocial Behaviour Team)	1097	001COM04054B1-1	People - adults
Communities: ASB resolution officers (EIA: Antisocial Behaviour Team)	1097	001COM04054B4-1	People - adults
Communities: Reduce the number of Sustainable Communities Officer apprentices (EIA: Antisocial Behaviour Team)	1097	001COM04054B5-1	People - adults
Communities: Vacant grade 8 Anti-Social Behaviour Team Leader (EIA: Antisocial Behaviour Team)	1097	001COM04054B2-1	People - adults
Communities: Community safety performance officer (EIA: Community Safety Team)	1098	001COM04054B3-1	People - adults
Communities: Delete x1 Community Safety Information Officer post (EIA: Community Safety Team)	1098	001COM04054B7-1	People - adults
VER/VS reduction in management posts	1101	001COM04064B1-1	People - adults
Youth Services funding	1139	001COM04074B7-1	People - adults

Budget Proposals	EIA Ref	Q Tier Ref	Portfolio
IT Software decommissioning	1069	001RES013B3-1 001RES013B6-1 001RES013B7-1 001RES013B8-1 001RES013B9-1 001RES013B11-1 001RES013B12-1 001RES013B13-1 001RES013B17-1	Resources
Not filling vacant posts in Customer Services	1125	001RES053B8-1 001RES053B9-1 001RES053B11-1	Resources
Blue Badge assessments	1123	001RES053B6-1	Resources
Registry Office fees	1124	001RES053B2-1	Resources
Staff savings BCIS	1067	001RES013B5-1	Resources
Business Change Consolidation	1068	001RES013B4-1	Resources
Reduction in Monitoring Officer budget	1122	001RES083B5-1	Resources
Restructure within FCS		001RES203B6-1 001RES013B18-1 001RES203B8-1 001RES203B9-1	Resources
Restructure within L&G	1126	001RES083B7-1 001RES083B9-1	Resources
Reduction in members allowance (10%)	1127	REJECTED	Resources
Customer Services - Additional budget savings	TBD	001RES053B3-1 001RES053B7-1 001RES053B5-1 001RES053B10-1 001RES053B13-1 001RES053B12-1	Resources
BCIS - Additional budget savings	TBD	001RES013B10-1 001RES013B16-1 001RES013B18-1	Resources
HR - Additional budget savings	TBD	001RES073B4-1 001RES073B1-2	Resources
Restructure within HR	TBD	001RES073B5-1	Resources

L&G - Additional budget savings	TBD	001RES083B6-1	Resources
FCS - Additional budget savings	TBD	001RES203B7-1 001RES203B1-1 001RES203B2-1 001RES203B3-1 001RES203B5-1	Resources
PPC - Additional budget savings	TBD	001PPC033B1-1 001PPC033B2-1 001PPC033B6-1 001PPC033B9-1 001PPC033B10-1 001PPC033B11-1	Resources

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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