Sheffield City Council

Revenue Budget 2023/24

Foreword

Sheffield is a brilliant city, proud of its past and resolutely determined about its future. We are the fourth biggest city in England and have amazing environmental, cultural, sporting and heritage assets, and are proud of the fact that our outdoor city has been named as the greenest in the UK and is the only city in the UK to include a national park within its boundaries. We are second in Time Out magazine's top 10 places to go in Europe for a city break in 2023. Our neighbourhoods are seen as some of the most vibrant in the UK.

In the last 12 months, we have set out on a journey to ensure that we are a Council that is fit for the future and can deliver the things that our brilliant communities and businesses want.

To build strong governance and strategic direction, we've successfully implemented our new Committee System where Elected Members from all parties are directly involved in shaping and making decisions for the city. Members have agreed a set of six strategic goals for the Council which are vital to the City Council's future strategy and will shape our priorities, resourcing and financial commitments the years ahead. These goals are a critical part of our ambition to be a good council that delivers high quality services for everyone in Sheffield.

To achieve that ambition, we have set out a four-year improvement journey for the organisation which will make us a better council for citizens, partners and businesses. As part of our Corporate Delivery Plan 2022/23, we've been focusing hard on getting the basics right and tackling the areas of underperformance so that we have solid foundations to thrive as an organisation and as a city.

And we've been making real progress. In the last year we've seen the launch of our Local Area Committee Plans which have been built by Sheffielders and the ambitions they have for their neighbourhoods; we have set out long term direction for Adult Health and Social Care in the city with the new 'Living the Life you Want to Live' Strategy; and we have seen improvements in the areas we have identified as urgent performance challenges, such as housing repair services where delivery of emergency repairs continues to improve and the time taken to bring empty properties back into use has improved significantly.

We have also seen the launch of the Sheffield's independent Race Equality Commission report which detailed the scale of racial inequality and prejudice that we need to tackle in the city. As a key institution, we are committed to playing a leading role in Sheffield's path to becoming an anti-racist city. We know that this needs long term change and we have published our response and three-year action plan which commits us to continuously improvement - developing racial literacy and cultural competency, eradicating racial inequalities which exist within the Council and in the services it delivers and improving life chances and outcomes for those who live in Sheffield.

Moving out of Covid restrictions, the last few years have been hugely challenging for our communities and businesses. As a whole city, we've stood together, shoulder-to-shoulder as people, organisations and businesses to look after each other, our most vulnerable Sheffielders and our city. The cost-of-living crisis has meant that we've had to stand together again and alongside statutory partners, Sheffield's Voluntary, Community, Faith and Social Enterprise sector have faced unprecedented demand and have worked tirelessly to support communities.

We should be proud of how the city has responded to the unprecedented crises we have faced but it has come at a cost. After over a decade of cuts to council budgets from central government and the scale of the recent challenges we have faced.

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.

It has become increasingly hard to do this despite recent improved settlements from Government. 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. The fact remains that Sheffield has almost 30% or £856 per household less to spend in real terms, when compared to 2010/11. This reduction is well above the national average of approximately 20% or £581 per dwelling.

It should be noted, core spend power calculations include income generated from Council Tax and therefore mask the true scale of Central Government funding cuts. For Sheffield this equates closer a 50% cut in real terms since 2010 and has deepened the Council's reliance on local taxation.

This is no different for 2023/24 and results in the recommendation to Full Council to increase in Council Tax by 4.99%.

13 years of delivering over £475m of savings to offset cuts in funding, as well as cost pressures resulting from inflation and demand for vital service, means savings have become increasingly difficult to deliver without wholesale closures of service on which Sheffield residents rely.

For 2023/24 we are forecasting pressures of £69m for Committees budgets. These pressures result from rising demand for services but also significant increases in contract and price inflation due to the current economic backdrop. Approximately £43m of these pressures relate to Social Care Services. To support the 2022/23 budget, we had to use £14.5m of reserves. Due to the one-off nature of this funding, an additional pressure is created by the removal of this support.

Through our 2023/24 Business Planning Process, Committees managed to identify £48m of savings to help deliver the balance budget. Examples of the savings include accommodation reviews and rationalisation of Council buildings, service redesigns, reduced post-pandemic subsidies to leisure providers and person-centred reviews of care packages, to name a few. Delivery of these savings will require steadfast commitment, and targeted resources from the Council to be successful. It is therefore imperative that robust action is taken to deliver planned savings and contain financial pressures over the next year. If this action is not taken successfully, the Council's position will become financially unsound from 2024/25 onwards. Consequently, if overspends emerge, then Corporate Leadership Team will be required to develop and implement plans to mitigate fully any overspend, within 2023/24, in consultation with elected members.

A better than expected Finance Settlement from Government has enabled the Council to close its budget gap for 2023/24 without the use of reserves. Additional Business Rates compensation income, extra Social Care funding and the ability to raise Council Tax by 4.99%, previously assumed at 2.99%, support a balance budget.

For Council Tax, the extra 2% delivers approximately £5m for Sheffield and is vital to close the budget gap. This is a difficult choice and will place an additional financial burden on the households of Sheffield. Most homes will see an increase of £1.12p per week. However, Sheffield is committed to supporting its most vulnerable families. To do this, £200k has been added to the Council Tax Hardship fund, bringing the total to £2.2m for 2023/24. At the same time the Council is reviewing all its support payments to residents to ensure they are targeted towards those who need it most. This support package for 2023/24 will also include new funding to help Council Tax Support claimants and an increase to the Household Support Fund, which is anticipated to be over £10m for 2023/24.

The Council has not taken the decision to increase Council Tax lightly but feels the alternative to this, finding £5m more of savings within 2023/24, will have too great an impact on vital service in the city.

A different option could have been to use reserves to balance the budget as done for 2022/23. However, removing this reliance on reserves is an important and prudent step for the longer-term sustainability of the Council. Our remaining reserves will instead be better targeted to one-off 'invest to save' type activity required to support savings delivery plans and transformational work. This investment will ensure the Council will be in a better place and shape to deal with the challenges and opportunities presented over the medium term.

On the point of financial sustainability, another consideration affecting the Council's decision to increase Council Tax, is the knowledge Sheffield is likely to get very little additional funding from Government in the medium term and depending on the economic performance of the country in coming years, might even see further cuts to its funding allocations from 2025/26 onwards.

However, against this financial backdrop, the Council's priorities remain clear. It will continue to maintain its critical services for the citizens of Sheffield and we will strive to deliver the Strategic Goals that we have set out this year. This budget is a vital step on our four-year improvement journey, providing financial stability for the council and enabling targeted, one-off investments which will create the foundations for SCC to flourish as an organisation in the years to come. We want to be a good council that delivers high quality services for everyone in Sheffield and this budget is an important step on that journey.

BUDGET REPORT 2023/24

Contents

List of Appendices

2023/24 REVENUE BUDGET
REPORT OF THE CHIEF EXECUTIVE AND THE INTERIM DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

Purpose of the Report

1. The purpose of this report is to:

    - recommend to Full Council the City Council's revenue budget for 2023/24, including the position on reserves and balances;
    - recommend to Full Council to approve a 2023/24 Council Tax for the City Council; and
    - recommend to Full Council to 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 Interim Director of Finance and Commercial Services) 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 deteriorated during 2022/23 due the use of £14.5m of reserves to close the budget gap and funds required to support the in-year overspend of £17.1m.

In addition, the Council requires the delivery of £47.7m of savings schemes to balance the 2023/24 budget. 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 2023/24. These challenges mean that further reserves might be needed to balance the 2023/24 financial position.

It is therefore imperative that robust action is taken to deliver planned savings and contain financial pressures over the next year. If this action is not taken successfully, the Council's position will become financially unsound from 2024/25 onwards. Consequently, if overspends emerge, then the Council's Leadership Team (CLT) will be required to develop and implement plans to mitigate fully any overspend, within 2023/24, 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 Interim Director of Finance and Commercial services) 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 (earmarked reserves). Our overall reserves levels are in line with other major cities in the country. However, unearmarked reserves set aside to deal with unknown emergencies, 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 DLUHC in late December 2022 the Council will receive a funding uplift of approximately £23m from grant funding when compared to the MTFA forecast, as well as the ability to raise an additional £5.0m if it opts to increase Core Council Tax and Adult Social care Precept to the full 2.99% and 2% thresholds, respectively. These figures were 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 and 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 a good track record of delivery, but ten years of reductions during austerity make it harder to find more savings every year. For 2023/24 the Council needs to make over £47.7m of savings. Whilst savings totalling £43.5m have been put forward as

part of balancing this budget, it is likely a proportion will not have a full-year impact in 2023/24 (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 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.

8. To support the delivery of savings and offset any potential slippage in the total amount of expenditure reductions during 2023/24, the Council has identified up to £14m of contingency funding within its budget. The majority of this funding is made available via a better than expected Local Government Settlement around social care funding. As discussed later in this report, the additional funding may not be permanent and therefore is ideally suited to supporting short-term delays in savings delivery.

9. If the contingencies detail above and/or the management action set out in paragraph 10 below prove insufficient to fully offset any in year budget gap, the Council has identified up to £18.6m of its earmarked reserves to meet this financial gap. Prudent financial management in previous years meant the Council was able to identify £70m of reserves during 2020/21 to support budget pressures. However, the combination of a £19.8m overspend in 2021/22, the budget gap of £14.5m in 2022/23 and current 2022/23 month 8 overspend of £17.1m, means an estimated £51.4m of these reserves will be used by the end of 2022/23. This leaves the £18.6m identified above available to support future budget overspends. Using any of these reserves during 2023/24 would, however, leave the Council with significantly less room for manoeuvre in setting its budgets for 2024/25 onwards.

10. It is imperative that the Council's agreed savings schemes deliver in full, with any further cost pressures that occur during 2023/24 onwards being fully controlled and mitigated. If this does not happen, then the Council will have to use its remaining reserves in a more risky and less sustainable 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. Consequently, if overspends emerge, then CLT will be required to develop and implement plans to mitigate fully any overspend, within 2023/24, in consultation with elected members.

The robustness of estimates behind the budget requirement

11. This Report proposes a budget requirement of £500.8m, and a Band D Council Tax charge of £1,840.69 for the year 2023/24. 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 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 24 and informs the Committee Business Implementation Plans [1].

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 34, and the grant funding position is discussed at paragraph 32.

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 July 2022 Medium Term Financial Analysis predicted an overall funding gap of approximately £111m between 2023/24 to 2026/27.

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

Planning beyond 2023/24 will have to be based on prudent assumptions, including very limited support from Government after 2024/25.

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 July 2022, set out the Council's latest financial forecast for the period 2023/24 to 2026/27.

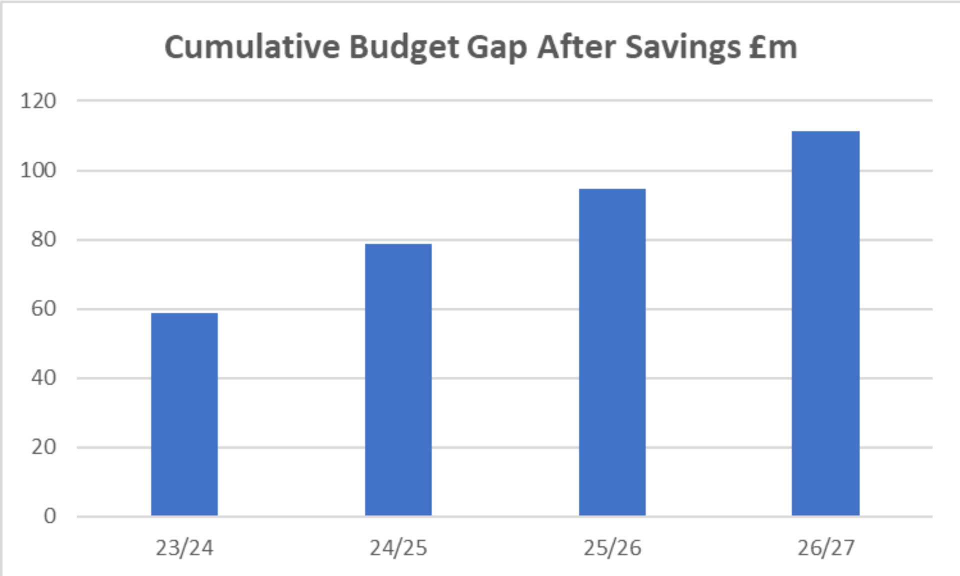
16. The Council's Social Care services continue to experience significant cost and demand pressures which, even with the additional social care funding announced in the 2023/24 Settlement, completely outstrip the growth in local taxation in the medium term.

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

17. Outside of the social care services, the Council is suffering from high inflation on its major contracts and energy cost throughout its estate. Above average wage inflation is also putting additional pressure on all Council services.

18. The following graph, Figure 1, shows the forecast cumulative net gap of £111m by 2026/27 as per the published MTFA (July 2022).

Figure 1



Reform to Local Government funding

19. The Council's financial planning continues to be hampered by complicated and relatively short-term Spending Review announcements by Central Government. The Provisional Settlement announced on the 19th December 2022 was a slight improvement on recent years due to the confirmation of Council Tax parameters and some additional funds the Council might expect to receive for 2024/25. However, some concerns have been raised around the level of permanency of certain elements of funding, including for Social Care.

20. Future allocation around New Homes Bonus funding, Services Grant and the Social Care Grant are still uncertain. For example, Care Cap Reforms have only been delayed until October 2025 but it is unclear if the diverted funding within the 2023/24 Settlement will have to be reinstated to this activity during 2025/26.

21. The Autumn Statement set out the Governments fiscal headroom over the next 5 years, with the of majority public spending increases being frontloaded into 2023/24 and 2024/25, and significant public spending reductions thereafter. Very little, if any, additional funding is likely to be available for Local Government from 2025/26 onwards, regardless of the Government in power

at that time, unless the economic climate improves significantly before this time.

22. In addition, the Government had still been 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. It has now been confirmed this review will not take place before 2025/26. There is a consensus amongst some public sector finance commentators that a more realistic date is the 2026/27 financial year.

23. For the reasons set out above, planning beyond 2023/24 will have to be based on prudent assumptions, including very limited support from Government after 2024/25.

Business Planning for 2023/24

Key messages

Contract inflation and the increasing demand for services continue to outstrip available resources over the medium term.

Budget savings, service efficiencies and increased income will have to be delivered during 2023/24 and beyond, in order to achieve a balanced budget.

Committee's savings targets are equal to the level of pressures faced by the Committee. i.e. a cash stand still budget.

Committees worked with officers of the Council to identify savings packages to offset pressures. These were proposed to the Strategy and Resources Committee and are recommended to Full Council in March 2023.

24. The Council's approach to managing its financial position in the medium term is controlled through the Business Planning process. This requires Committees to develop Business Implementation Plans (BIP's), which show what activities will be provided in 2023/24 for a specified cash limited budget. The Business Planning process for 2023/24 began following the consideration of the MTFA report by the Strategy and Resources Committee in early July 2022.

25. 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. For example, adults social care pressures were forecast to be £76m between 2023/24 and 2026/27, offset by only £6m of anticipated additional income. Consequently, budget savings, service efficiencies and increased income will have to be delivered

during 2023/24 and beyond, in order to achieve a balanced budget over the medium-term and protect our front-line services.

26. For 2023/24, the planning process focussed on each policy committee delivering its planned 2023/24 services within the 2022/23 budget envelope i.e. a cash standstill budget.

27. The process followed included:

- The identification of budget pressures for 2023/24 which were presented to committees in September.
- The total value of these pressures effectively became the savings target for each committee to ensure budgets did not increase for 2023/24.
- Officers worked with Members to identity suitable savings, with each policy committee proposing a package of savings to the Strategy and Resources Committee for recommendation to Full Council in March 2023.

28. In order achieve these savings targets, varying approaches are being undertaken as set out in the Business Implementation Plans. Examples are as follows:

- The Adult Health & Social Care Policy Committee has many proposals relating to the review of care and support on an individual basis and broader service improvements.
- The Education, Children's & Families Policy Committee focused on making improvements to the way services are delivered, managing demand / provision, and ensuring more transparent and accountable contributions from Key Partners.
- The Housing Policy Committee will end non-essential grants and schemes, and some services may take longer to be delivered. There are also proposals around selling some assets and not re-opening certain facilities post COVID.
- The Accommodation Strategy which will look holistically at the full scope of the Council's estate with a view to an approximate 25% reduction, internal corporate efficiencies and IT related cost savings are the main contributors to achieving the Strategy & Resources Policy Committee savings target.
- The Communities, Parks & Leisure Policy Committee; the Economic Development & Skills Policy Committee; the Transport, Regeneration & Climate Policy Committee and the Waste & Street Scene Policy Committee all developed savings to mitigate their pressures by

maximising external grant income, delivery of operational efficiencies, reducing service provision and fee increases.

29. Not all Committees were able to achieve the savings targets and will therefore receive additional funding for 2023/24. This is discussed in more detail within the 'Development of Committees Budget' section of this report

Formulation of the Budget for 2023/24

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:

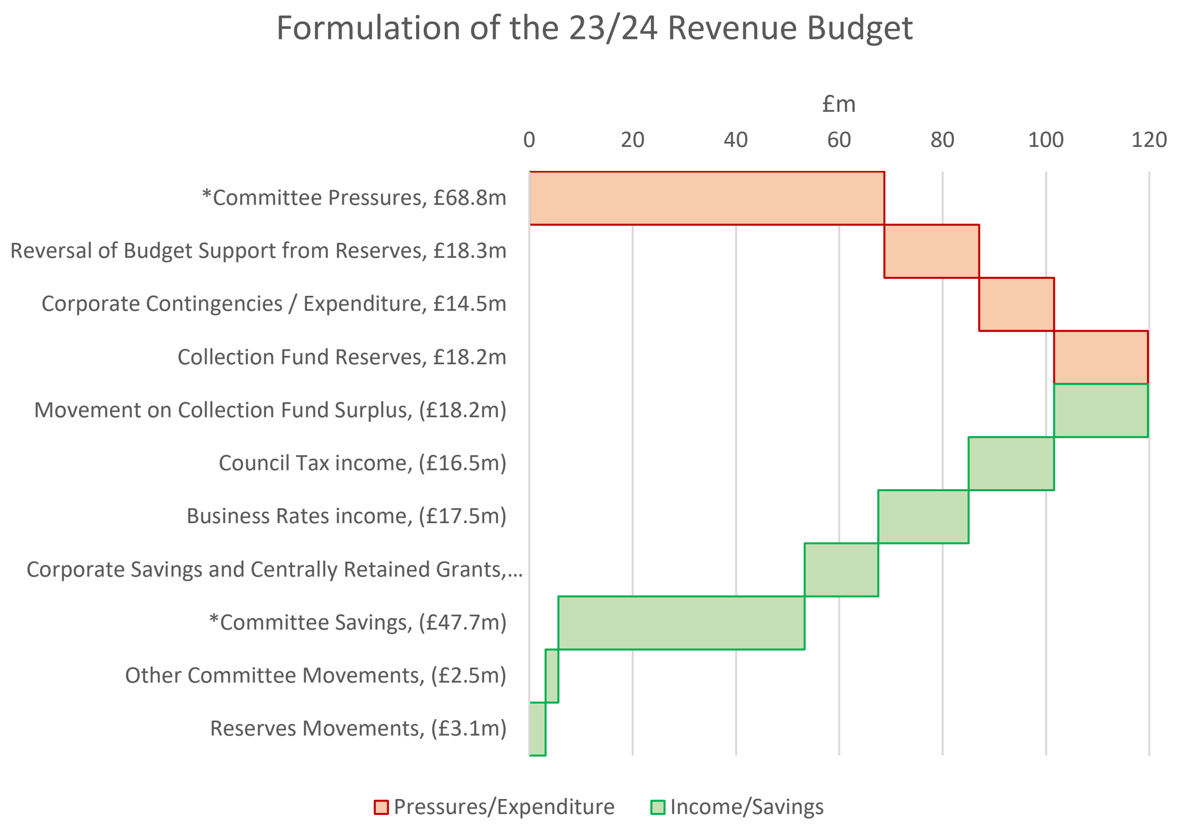
- the assessment of likely increases or reductions to income sources such as Central Government grants, Council Tax and Business Rates.
- assessment of increased expenditure for both Corporate funded items and cost pressures within Committees resulting from increased demand for services, cost inflation 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 2023/24 budget has been set without the use of unplanned draws from reserves.

The following sections provide details of the assessments undertaken and the processes followed to ensure the 2023/24 budget is balanced.

30. In formulating the Budget for 2023/24, 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 2023/24 has been balanced.

Figure 2



31. Committee pressures and savings have increased by £6.6m since the 19th December Strategy and Resources Committee meeting. This due to additional pressures in relation to the National Living Wage within the Adult Health and Social Care Committee, which are offset by additional Social Care Grant funding.

Local Government Finance Settlement

Key messages

The annual Provisional Local Government Finance Settlement was announced on the 19th December 2022 and confirmed on the 6th February 2023. The Financial Settlement sets out funding allocations from Central Government for the year 2023/24.

This confirmed, among other things, various grants payable to the Council for the year such as additional Social Care funding, the level of Business Rates compensation funding for the multiplier freeze, as well as, the referendum threshold for Council Tax.

32. The Government announced details of the Provisional Local Government Finance Settlement for 2023/24 on 19th December 2022, with the Final

Settlement allocations being presented to the House of Commons on the 6th February 2023.

33. Below is a summary of the key points set out in the Final Settlement which impact on the 2023/24 budget for the Council:

- Revenue Support Grant (RSG) for Sheffield will increase in 2023/24 by around £4.7m or 10.1% in line with CPI as at September 2022.
- Additional Social Care Support Grant (SCSG) of £25m for 2023/24. £12.6m of this funding was anticipated following the Autumn Statement and assumed within Business Planning. The funding is to support the increased costs of the Fair Cost of Care initiative and pay related pressures arising from a greater than expected increase to the National Living Wage. The £25m increase in SCSG also included the ‘rolling in’ of £2.5m for the Independent Living Fund grant, previously funded separately and therefore not new money. Much of the uplift in this grant has been the result of diverting monies earmarked for the Social Care Cap reforms, which have been delayed until October 2025. There has been no clarity as to whether this funding will have to be rediverted to its original purpose and therefore might only be temporary in nature. For this reason, the remaining £9.9m of new monies is to be held as a social care contingency to support savings delivery and one-off social care pressures.
- Improved Better Care Fund Grant is to be increased by £4.1m for 2023/24. This funding will however, cover new burdens around hospital discharge, with conditions to be announced in the new year.
- As part of the 2022/23 Financial Settlement a new grant titled ‘2022/23 Services Grant’ was announced. SCC’s share of the grant was £10.0m and included funding for increased employer costs of the planned National Insurance (NI) Levy, £2.2m for Sheffield. Due to the scrapping of the NI levy, SCC had assumed the grant would be reduced by this amount for 2023/24. However, the actual cut was £4.4m, with the difference being recycled to support the uplift in RSG highlighted above. The Services Grant continues to be temporary, adding further uncertainty to future funding allocations.
- The Lower Tier Services Grant has been removed for 2023/24 costing SCC £0.9m. This funding as with the additional cut to the 2022/23 Services Grant has been used to support the uplift in RSG announced.
- A slight increase to New Homes Bonus funding for SCC of £0.9m due to an additional 1-year award. No legacy payment will be due on this

award. The historic legacy payments funding has been recycled into other parts of the settlement funding, including a new grant to ensure a minimum 3% Core Spending Power uplift. Over 99% of beneficiaries of this new grant are District Councils with over 50% of the funding being allocated to councils in the southeast of England. Given this funding was originally top sliced from RSG, SCC will make representations within its consultation response this funding should have been redistributed via the needs-based formula underpinning RSG.

- A new grant called the Council Tax Support Fund was announced and will allow councils to deliver additional support to households already receiving Council Tax Support. Sheffield's share of this grant £1.1m.
- The Government announced modifications to the Business Rates system which included a freeze on the Business Rates Multiplier and changes to reliefs for ratepayers. Local Authorities are to be compensated for these alterations, resulting in a £17.4m uplift of grants 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.
- The overall referendum trigger for Council Tax increases has been set to 4.99% and will accommodate authorities' ability to raise a 'Social Care Precept' of up to 2%. The threshold for Core Council Tax before a referendum is triggered is increased to 2.99% for 2023/24. Full details of the anticipated increase to Council Tax income for 2023/24 are reported later in this report.

Business Rates Income

Key messages

The Council retains 49% of business rates collected within the authority (remainder paid to Government and South Yorkshire Fire & Rescue Authority). The Council also receives grant income, to top up this income to the level of a set 'baseline' need and to compensate for reliefs.

For 2023/24, the Council will receive £185.0m of income from business rates and associated grants. This is £17.5m more than budgeted for in 2022/23.

34. The Council collects all of the business rates in its area, but only retains a set portion (49%). The remainder is paid over to Government (50%) and South Yorkshire Fire & Rescue Authority (1%).

Overall Business Rates Estimate for 2023/24

35. The net business rates allocated to the Council is £90.1m (£89.3m in 22/23).

36. The Council may retain the business rates collected from designated renewable energy hereditaments and the designated New Development Deal (NDD) hereditaments (including some of the Heart of the City 2 development). This is shown in the table below and brings the Council's share of business rates income to a total of £92.7m. Additionally, the Council will receive £92.4m of related grant income (£75.2m in 22/23) and overall, business rates-related income will increase £17.5m.

Table 1

All figures in £k	**2022/23**	**2023/24**	**Change (+/-)**
Net Business Rates	(89,291)	(90,134)	(843)
Designated Area Business Rates (NDD)	(1,471)	(863)	608
Renewable energy amounts	(1,580)	(1,697)	(117)
Total Income from Business Rates	**(92,342)**	**(92,694)**	**(352)**
Business rates top up grant	(43,222)	(51,146)	(7,924)
NNDR1 grants incl. small rate relief	(7,687)	(8,989)	(1,302)
Business Rate Inflation Cap (BRIC) grant	(13,652)	(24,660)	(11,008)
Retail Hospitality and Leisure Relief	(10,683)	(7,558)	3,125
Total related grant income within NNDR1	**(75,244)**	**(92,353)**	**(17,109)**
Total income from Business Rates in 23/24 Budget	**(167,586)**	**(185,047)**	**(17,461)**

37. The main driver behind this increase is the impact of inflation upon the operation of the compensating grant schemes. As the Government decided to effectively freeze the business rate multiplier at Autumn Statement 2022, local authorities were promised compensation as if the Consumer Price Index (CPI) rate at September 2022 were applied (10.1%). The largest increase, therefore, is within the Inflation Cap grant (£11.0m).

38. Additionally, the Council will receive £7.9m extra top up grant in 23/24. This in effect compensates the Council for two things, both of which are intended to neutralise the impacts of the revaluation of the 2023 Rating List:

- £5.2m of rateable value was transferred from the Sheffield list to the Central list. The Central List exists for large infrastructure hereditaments that operate across billing authority zones – e.g. telecommunication and rail networks. Approximately £1.3m (49%) of rating income has been lost, and therefore top up grant increases to compensate.

- The overall rateable value within Sheffield is set to remain relatively stable compared to the 2017 List, where the national aggregate increases. The Government committed to make the Revaluation net-neutral for authorities, and the Council will receive more grant funding to compensate us to the position of having increased in line with the national average.

Council Tax income

Key messages

Subject to Council approval, the Council Tax rate will increase by 4.99%, comprising 2.99% for the Core Council Tax and 2% 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 £1.12 per week.

There are approximately 145,490 Band D equivalent properties on which to charge Council Tax, an increase of approximately 1.5% from 2022/23.

The Council will therefore receive £267.8m of income via Council Tax, which is £16.5m greater than 2022/23.

This Report recommends the 4.99% increase to Council Tax.

Council Tax base for 2023/24

39. It is proposed to set a Council Tax Requirement of £267.8m for 2023/24 based on a 4.99% increase. This includes the application of the 2% increase for Adult Social Care precept. This results in a Band D tax charge of £1,840.69, including the Adult Social Care precept, without any discounts or exemptions.

40. This includes a determination that the Council Tax base – the number of properties on which a tax can be charged – will be 145,490 Band D equivalent properties, compared to 143,313 in 2022/23. This increase in tax base is primarily due to an estimated tax base growth equivalent to 1,300 new Band D properties in the Sheffield area.

41. The phrase "Band D equivalent properties" is used throughout this report because Band D is used by the Government as the standard for comparing Council Tax levels, between and across local authorities. This measure is not affected by the varying distribution of properties in bands that can be found across authorities. A definition of Council Tax can be found in **Appendix 9**.

42. Nearly 60% of dwellings in the Council's area are within Band A, and as such this charge is calculated at 6/9ths of the Band D charge, or £1,227.12 for

2023/24 (£1,168.80 for 2022/23), the equivalent to a £1.12 per week increase before any 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.

43. 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 2023/24. The Hardship Fund will total £2.2m and is reviewed on an annual basis.

44. A summary of the Council Tax levels by band can be found in Table 5 in the 'Financing the 2023/24 Budget Requirement' section of this report. Further details can also be found in **Appendix 5**.

45. 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 level has not changed since last year's Budget.

Council Tax referenda

46. 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 per the Act, a referendum is required in respect of that amount.

47. The Secretary of State for Levelling Up, Housing and Communities has proposed[2], subject to consultation and confirmation by vote in the Commons, that an authority's relative basic amount of Council Tax for 2023/24 is excessive if the authority's relevant basic amount of Council Tax for 2023/24 is 3% more than its relevant basic amount of Council Tax for 2022/23 or its Adult Social Care precept increase for 2023/24 is greater than 2% of the relevant basic amount of Council Tax for 2022/23. This Budget report does not include increases that would be considered 'excessive' by this definition, thus no referendum is required.

[2] https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2023-to-2024-consultation/provisional-local-government-finance-settlement-2023-to-2024-consultation

Collection Fund Deficit / Surplus

Key messages

For 2023/24, the Revenue Budget includes an overall Collection Fund surplus allocation of £4.3m. This is an improvement of £18.2m when compared to last year's figure

Part of this £4.3m figure is a creation of the accounting regulations that govern the Collection Fund and do not represent 'surplus' budget in the ordinary sense. £1.3m of the £4.3m figure is the 'true' underlying surplus, and this will be transferred to reserves to cover risks relating to future collection.

48. The below table shows the detail behind the overall £4.3m surplus allocation.

Table 2

All figures £m	Council Tax	NNDR	Total
Reconciliation of prior year (surplus)/deficit	**(0.1)**	**(0.2)**	**(0.3)**
Estimate of 22/23 (surplus)/deficit *incl 20/21 'exceptional balance'*	**(0.5)**	**(3.5)**	**(4.0)**
Total Collection Fund (Surplus)/Deficit Payments in 22/23	**(0.6)**	**(3.7)**	**(4.3)**
Surplus funding needed to replenish specific reserves		**3.0**	**3.0**
Underlying (surplus)/deficit payments in 23/24	**(0.6)**	**(0.7)**	**(1.3)**

49. The Council Tax position is forecast to be broadly balanced this year after the accounting adjustments relating to the deficit within 2020/21 unwind.

50. The NNDR position is more complex, due to how business rate reliefs are funded. £3.0m of this £3.7m will be needed to replenish specific reserves, as these reserves will be utilised to recognise grant items that are repayable to Government within the 2022/23 year end. This is because the grants were paid to the Council in advance on an estimate of the overall level of relief. Lived experience of 2022/23 is that the eventual value of relief will be lower than this, therefore the Council received too much up-front funding and will need to repay it.

51. The Council Tax and NNDR outturn positions for 2022/23 must be reconciled within the 2023/24 Revenue Budget, and it is prudent to examine the surrounding economic context. It is uncertain how inflationary pressures will impact upon liability to local taxation, as this is very much untested territory. The Collection Fund surplus will be transferred to reserves in order to protect the revenue budget from future deterioration in the local tax base.

Balances and Reserves

Key messages

2023/24 sees a £29.5m reduction in the use of reserves when compared to 2022/23. This is mainly the result of a reduced £18.2m draw from the Collection Fund Reserves in relation to Business Rates Relief accounting and the reversal of the £14.5m required to support the 2022/23 budget gap.

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

52. 2023/24 sees a £29.5m reduction in the use / decrease in contributions to reserves when compared to 2022/23. This is mainly due to:

- In 22/23, £13.9m was the budgeted deficit charge. For 23/24, this becomes a £4.3m surplus allocation, representing an improvement of £18.2m. This improvement is a large one, but reflects more the necessary accounting treatment of some of the larger, COVID-era Business Rate reliefs and compensating grant income than the performance of the Collection Fund per se. As detailed in the Collection Fund section, the net surplus/deficit is carried to/funded by reserves in order to protect the revenue budget from fluctuations in local taxation.
- The reversal of the £14.5m of reserves required to balance the 2022/23 budget.
- These reductions are partly offset by a £3.1m increase in the planned use of reserves to support the wider budget on items such as highways and other Private Financing Initiatives (PFI) projects.

53. The Interim Director of Finance & Commercial Services 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 2023/24, 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 Interim Director of Finance and Commercial Services on the sustainability of reserves and the budget.

Corporate Contingencies & Expenditure / Savings

Key messages

The Corporate budgets support council wide spending and investments. These include items such as the Capital Financing budget, redundancy provision, business change budget and contingencies to support Committee spend / saving delivery. These budgets are set to increase by £18.3m for 2023/24.

Corporate savings agreed and additional centrally retained grants for totalling £14.3m partly offset this pressure but creates an overall pressure for the corporate budgets of £4.0m for 2023/24.

54. There are a number of proposed additions to the budget for 2023/24, which are to be held corporately, funded predominantly via additional grant funding retained centrally and budget savings. The most significant additions are as follows:

- Transformation Investment Budget - £4.3m: with inflationary and demand pressures set to increase over the medium term and the likelihood of very little additional support from Government over the same period, the Council will need to change, adapt and transform the way its structured and functions. This time limited budget is to support the transformation in the coming years to deliver a more dynamic and financially sustainable Council. This is in line with our improvement journey, which is linked to the new Corporate Plan, details of which are set out later in the report.
- Budget Inflation Contingency - £4.0m: within this budget, best estimates of inflation and cost pressures have been provided for. This includes energy, pay and contract inflation. However, due to the volatility around inflation rates, wholesale energy prices and expectations around pay increases, there is the chance insufficient provision within Committee budgets has been provided for, hence the contingency to support any in year shortfalls identified.
- Social Care Contingency – £9.9m: as aforementioned in the Local Government Finance Settlement section of this report, the total Social Care grant received was in excess of our Business planning assumptions. However, there is a chance this funding will only be temporary in nature. This funding will therefore be held centrally, and be used to support the delivery of the Social Care savings identified by the Adults Health & Social Care and Education, Children & Families Committees.

55. There are also a number of proposed corporate reductions / centrally retained Grants for 2022/23 totalling £14.3m, the most significant of which are as follows:

- Integrated Transport Authority (ITA) Levy – (£0.4m): was set aside for 2022/23 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. This increase did not materialise and future increase to have been covered with the Transport, Regen and Climate Committee pressures, hence the saving here.
- In-year 2022/23 budget savings / removal of pressures - (£1.5m): in-year reviews of pressures and savings declared during the 2022/23 business planning process, provided an additional £1.5m of ongoing savings / pressures reductions.
- Corporate Investment Fund (CIF) – (£1.6m): a reduction in the level of contribution to the CIF to reflect the Government's reduction in New Homes Bonus legacy funding used to support CIF.
- Centrally Retained Social Care Grant – (£9.9m): as highlight above the additional grant to be held centrally to support the Social Care Contingency.

Development of Committee Budgets

Key messages

Changes to committee budgets are the result of pressures identified in services, offset by savings proposed, and changes resulting from technical adjustment and/or planned draws to/from reserves.

The Business Planning aim was for each committee to receive a cash standstill budget for 2023/24. This would be achieved by savings packages being proposed to fully offset pressures. This has not been possible for a number of reasons.

Additional Business Rates and Council Tax income resulting from the Local Government Settlement announcement has enabled an overall balanced budget, whilst allowing some committees to receive additional funding for 2023/24

56. The following table (table 3) shows how the Committee budgets are proposed to change from 2022/23 to 2023/24. The three main reasons for changes to portfolio budgets are:

- Pressures £68.8m – 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/your-city-council/budget-spending

  Savings £47.7m – 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/your-city-council/budget-spending;

- Other movements / Investments (£2.5m net reduction) –The £2.5m includes virements to/from corporate items to Committee budgets and are detailed below table 3.

Table 3

	Restated Budget 2022/23	Pressures '2023/24	Savings 2022/23	Investments / Other Movements 2022/23	Budget 2023/24
	£000	£000	£000	£000	£000
Portfolio budgets:					
Adult Health & Social Care	140,825	32,676	(31,552)	0	141,949
Communities, Parks & Leisure	40,377	2,303	(2,049)	(5,148)	35,483
Economic Development & Skills	8,085	643	(512)	0	8,216
Education, Children & Families	113,832	10,263	(6,897)	607	117,805
Housing	5,214	677	(627)	0	5,264
Strategy & Resources (Excluding Corporate)	56,730	7,613	(4,135)	1,259	61,467
Transport, Regen & Climate	23,189	3,356	(831)	(265)	25,449
Waste & Street Scene	53,130	11,222	(1,088)	1,072	64,336
	441,382	**68,753**	**(47,691)**	**(2,475)**	**459,969**

Note **Appendix 3** will reconcile between the figure above, and the Net Budget requirement of £500.8m shown in paragraph 68.

Investment and Other Movements

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

Corporate transfers

- Communities Parks and Leisure Committee - Sheffield City Trust and other leisure providers (£5.2m): 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. For 2023/24 further reductions in subsidy have been applied to return the level of support to pre-pandemic levels.

- Waste and Street Scene Committee - Streets Ahead £1.1m: the planned corporate investment via reserves for the Streets Ahead programme is an increase of £1.1m for 2023/24. This is not the full investment in the contract and further details are provided in the Waste and Street Scene Committee section below.
- Strategy and Resources Committee - PFI Costs £0.5m: within the transfers to the Strategy and Resources Committee budget, funding has been provided via reserves to support the increased costs in relation to the Schools and Howden House PFI projects, which are managed within the Resources Portfolio.
- Education, Children & Families - Dedicated Schools Grant (DSG) £0.6m; to support services historically funded by DSG where the grant is no longer available, but the service continues to be vital to the city's young people.

Grant funding transfers

- Strategy and Resources Committee - Housing Benefit and Council Tax Administration Grant (£0.8m): as part of the Local Government Settlement this grant was rolled into RSG. As a result, the specific grant will cease and therefore a budget transfer is required from Corporate to continue supporting the Housing Benefit and Council Tax administration function.

Changes to overall Core Funding to Committees

58. As can be seen from table 3, not all committees were able to fully deliver against their savings targets and will result in an increased budget for 2023/24. This shortfall has been mitigated predominantly by additional income forecast from Business Rates and Council Tax income. This increase is a result of the announcements made as part of the Local Government Finance Settlement and is detailed in that section of the report above.

59. The following section sets out the details of some of the major movements within the Committees. It also highlights some of the risk and issues faced in delivering these savings in an attempt to set a cash standstill budget. The details are as follows:

    - Adults Health and Social Care Committee will see an increase of £1.1m in core funding for 2023/24. This excludes the £12.6m additional external income provided through the Social Grant. This income is included in the saving figures to offset pressures around Fair Cost of Care (FCoC) and National Living Wages (NLW). Even excluding this grant figure, the Committee needed to put forward savings of nearly £19m to offset identified pressures such as provider fee uplifts, growth in demand for services and staffing related pressures. This is a significant ask and therefore will carry risks around both the timings and/or achievability of some savings. As mentioned already in this report, this risk has been mitigated to some degree by the creation of a Social Care Contingency budget of £9.9m for 2023/24.

- Waste & Street Scene Committee core funded budget will increase by £11.2m for 2023/24. At the early stages of Business Planning, it became clear this Committee would have significant pressures resulting from inflation linked contracts. The planned Council investment in the Streets Ahead programme will increase by £5.2m for 2023/24. £1.1m of this cost is to be supported via reserves. It is a similar story for the Waste contract with a pressure of approximately £2.9m. This is a significant rise of 10% on these contracts and may still prove to be insufficient. In addition, pressures around energy cost for the Committees services, including street lighting, add a further £3.7m of pressures. With very few services falling within this Committees remit having the ability or capacity to delivery significant savings, it was always likely additional core funding would be needed. This is not to say there will not be challenges faced in the delivery of the £1.1m of savings identified for delivery during 2023/24.
- The Education, Children & Families Committee will see an increase in core funding of nearly £4.0m. There has been a nationally acknowledged upward pressure on children's services in recent years. Whilst additional financial support has been targeted for Adults Social Care (ASC), no specific additional funding has been made available for Children's services. In Sheffield, much of this pressure has manifested itself in increased staffing costs required to support the city's young people. The Committee has however, set out a savings package of nearly £6.9m from across the majority of its services. As with the ASC, the Social Care Contingency may be needed to support the delivery of these savings proposals to ensure a more sustainable budget going forward.
- Strategy and Resources Committees (excluding Corporate) in table 3 is showing a core funding increase of £4.7m. However, £1.2m of this increase is described in the movement section above and relates to technical adjustments and planned transfers from reserves. The £4.1m of savings identified in the table are mainly the result of the accommodation strategy review. In addition, a £2.4m corporate efficiency savings will be delivered following a review of the budget contributions towards the medium-term capital financing charges and a

reduction in contingencies set aside to support the collection fund position, due to a lower than anticipated impact of the Covid pandemic on longer term collection rates.

- The Transport, Regeneration and Climate Committee budget will increase by £2.2m for 2023/24. The main reason for this increase is due to an anticipated reduction in income resulting from changes to the Clean Air Zone scheme. Insufficient savings were identified to mitigate this lost income.
- Communities Parks and Leisure show a reduction in core funding of £4.9m and is the result of the reduced reserves funding provided to support leisure facilities post pandemic recovery. The Committee was able to offset its identified pressures of £2.3m, mainly due to energy and staff cost inflation, by a £2.1m savings package including service redesigns in the Parks & Countryside and Libraries services, and through wider vacancy controls measures.
- The Economic Development & Skills and Housing Committees core funding remains broadly in line with the 2022/23 budgets and is a result of relatively minor levels of pressures and savings being identified across services.

60. **Appendix 3a** set out summaries of total gross and net (core funding) expenditure by committee. This appendix also includes a breakdown of services within these committees to identify where the Council's money is spent.

Savings Proposals for 2023/24

Key messages

The total level of savings proposed by the Committees for 2023/24 is £47.7m and covers categories such as services effectiveness, cost reduction and staff savings.

The 2023/24 saving target is amongst the highest in the past 13 years but is likely to be the most difficult to deliver due to the cumulative impact of continuous savings delivery since 2010.

61. Discussions with Members have taken place since the consideration of the MTFA, to produce a set of proposals for savings to be delivered during 2023/24. The proposals set out in this report form the basis of a balanced budget and a recommendation to Council on 1st March 2023. The total amount of savings are £47.7m. 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.

62. The graphs below display the level of savings by Committee but also by category.

Figure.3

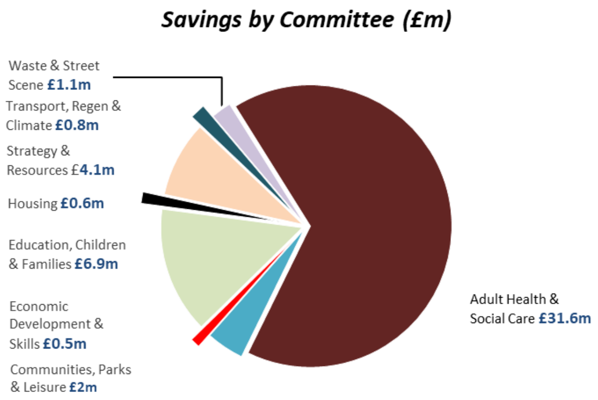


Figure. 4

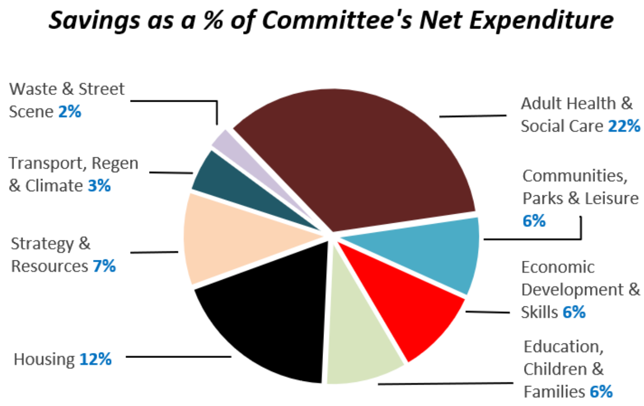
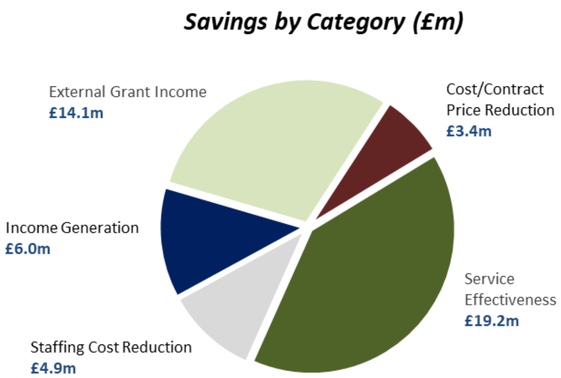
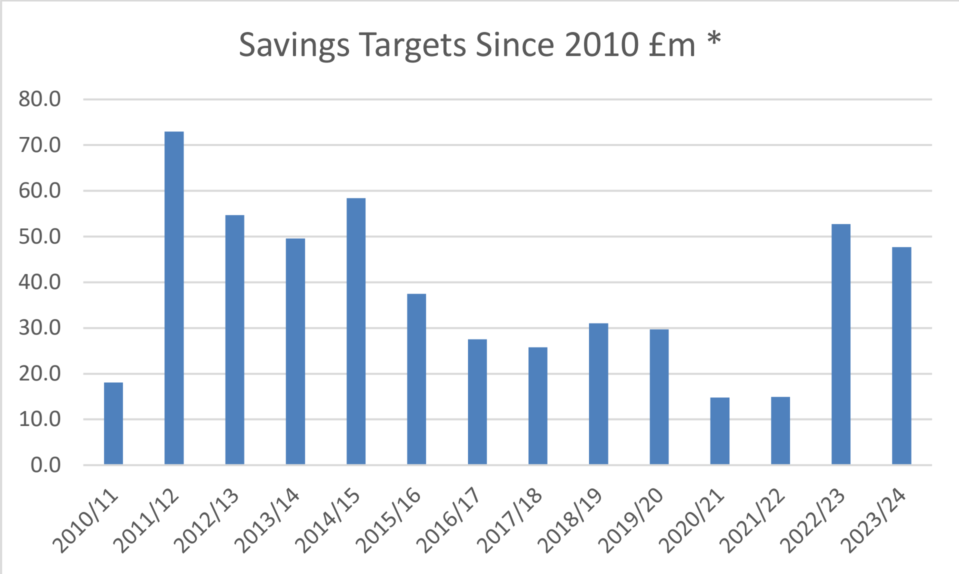


Figure.5



63. Figure 6 below sets out the savings targets since 2010. It also highlights the savings target 2023/24 will be amongst the highest the Council has faced over this period. However, the 2023/24 budget challenge is likely to be one of the most difficult to achieve due to the cumulative impact of savings delivery for over a decade.

Figure.6



*Some year's savings targets include undelivered savings from the prior year.

Financing the 2023/24 Budget Requirement

Key messages

In accordance with sections 31A and 31B of 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") = £500.8m
- a Council Tax Requirement (a section 31A(4) calculation) = £267.8m
- a basic amount of tax (Band D equivalent) = £1,840.69

64. 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 2023/24. 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

65. After taking account of the Revenue Support Grant and Business Rate income (including related grants) for 2023/24, the total amount to be raised from Council Tax amounts to £267.8m: this is the Council's Council Tax Requirement.

Collection Fund

66. 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 surplus position of £4.3m.

Council Tax Base

67. On 13 January, the Interim Director of Finance & Commercial Services, under delegated authority, approved the calculation of the Council Tax Base for the 2023/24 financial year. The amount of the Tax Base is 145,489.56 Band D equivalent properties.

Budget Requirement for 2023/24

68. If the Council votes in favour of increasing the Council Tax by 4.99% the Budget Requirement for 2023/24 will be £500.8m, as shown in the table below.

69. The Budget Requirement will be financed by a combination of Revenue Support Grant, Business Rates income (including related grants) and Council Tax income.

Table 4

	2022/23 £'000	2023/24 £'000
Service Expenditure	443,823	500,762
Total Expenditure	443,823	500,762
Financed by:		
Revenue Support Grant	-38,865	-43,611
Business Rates (including Grants)	-167,584	-185,047
Council Tax	-251,257	-267,801
Collection Fund Deficit	13,883	-4,303
Budget Requirement	-443,823	-500,762
Band D Council Tax (City Council)	£ 1,753.21	£ £1,840.69

Council Tax Levels

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

Table 5

Band	Multiplier	1991 Value Band	Dwellings as % of total	Tax Charge (£)*
A	6/9	Up to £40k	58.4%	1,227.12
B	7/9	£40k to £52k	15.9%	1,431.64
C	8/9	£52k to £68k	12.6%	1,636.17
D	9/9	£68k to £88k	6.5%	1,840.69
E	11/9	£88k to £120k	3.7%	2,249.73
F	13/9	£120k to	1.7%	2,658.77
G	15/9	£160k to	1.1%	3,067.81
H	18/9	Over £320k	0.1%	3,681.37

** - before any discounts/exemptions apply*

Precepts

Major preceptors (placeholder)

71. On the 3rd February, the South Yorkshire Police and Crime Panel approved an increase to the South Yorkshire Police and Crime Commissioner's precept of £15 on a Band D property. *The proposal of the South Yorkshire Fire and Rescue Authority is due to be approved on 20th February. This section will be updated when the proposal has been formally approved.*

	2022/23		2023/24			
Major Preceptors	**Precept £**	**Band D £**	**Precept £**	**Band D £**	**Band D Increase %**	**Band D Increase £**
South Yorkshire Fire & Rescue Authority	11,118,192	77.58	TBA - due 20th Feburary			
South Yorkshire Police and Crime Commissioner	31,964,444	223.04	34,632,335	238.04	6.73%	15.00

Parishes & Town Councils

72. 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 that all parishes have agreed a standstill precept for 2023/24:

Table 6

2023/24			
Parish Council	Precepts (£)	Council Tax Band D (£)	Council Tax Band D (£) *%age change to 2022/23*
Bradfield	255,277	42.7378	0.00%
Ecclesfield	274,756	29.3954	0.00%
Stocksbridge	130,921	33.8443	0.00%
Total/average	660,954	105.9775	

Corporate Delivery Plan & Improvement Journey

Key messages

The Corporate Delivery Plan will focus on 6 strategic goals for the city.

These goals will also be at the heart of our four-year improvement journey to transform the services we provide and strive to improve year on year as a good Council.

This Plan along with the annual reassessments provided throughout the Improvement Journey will guide the Council's resources towards the highest priority areas in the most efficient and effective ways.

73. Last year, Members began to outline a new direction for SCC through our One Year Plan which gave the organisation purpose and strategic focus as we worked with and supported the city to recover from the Covid-19 pandemic.

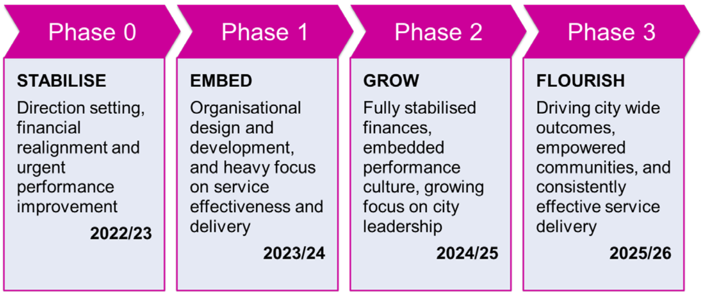
74. Building on the progress we have made with the commitments in the One Year Plan, Members have this year set out six strategic goals for SCC.

75. These goals are vital to the City Council's future strategy and will shape our priorities, resourcing and financial commitments for the years ahead.

- **Fair, inclusive and empowered communities**: Sheffielders contribute to and shape the issues that matter to them in their communities and their city
- **Strong and connected neighbourhoods which people are happy to call home**: Sheffielders live in clean, vibrant and caring communities where people feel safe and are treated with respect. More people have access to good homes, reliable transport, and the key local amenities they need to live their day-to-day lives

- **Tackling inequalities and supporting people through the cost-of-living crisis**: Sheffielders live in a city where inequality and discrimination are actively challenged, respect and diversity are valued and we strive to make our economy and our city work better for everyone
- **Healthy lives and wellbeing for all**: Sheffielders all have the opportunity to lead long, healthy, active and happy lives and can connect to the right health and wellbeing support at the right time
- **Clean economic growth**: Sheffield seizes on the opportunity for clean, sustainable and inclusive growth and supports an innovative and creative city economy with thriving businesses and good jobs
- **Happy young people who have the start they need for the future they want**: young Sheffielders are happy, safe and have the opportunities they need to be fulfilled and reach their potential in a changing world

76. These goals are a critical part of our ambition to be a good council that delivers high quality service for everyone in Sheffield. To achieve that ambition, we have set out a four-year improvement journey for the organisation which will make us a better council for citizens, partners and businesses. There are four phases designed to get us to a position where we can flourish as an organisation by 2025/26:



77. Our starting point is to get the basics right so that the services we deliver meet the expectations and needs of Sheffielders and service users; that we tackle areas of under-performance and that our organisation has the ambitious direction and financial sustainability it needs to deliver for our amazing city.

78. This Stabilise phase is set out in detail in our Corporate Delivery Plan 2022/23 which targets measurable improvements to services through a series of urgent performance challenges and which we are prioritising alongside leading and supporting the city's wider strategic ambitions. Focusing on a small number of areas to deliver real improvements to the things that most matter to Sheffielders will give us a platform to build from over the coming years. It will put us in the best position to achieve our goals and ambitions for Sheffield and the people who live, work and visit the city.

79. We have established a rigorous performance management system to enable Members and citizens hold us to account for delivering our commitments and to ensure that we have the high quality intelligence in place to continuously drive improvement for Sheffielders, including investing, as part of our transformation plans, in the use of data and management information. The January 2023 performance report on the urgent performance challenges is available here.

80. We are also instilling an annual corporate service planning approach which will fully align Member strategic goals and priorities with the budget and delivery commitments of our services and the performance of our staff in everything they do for the city.

81. Our Member and officer leadership is determinedly ambitious for the organisation and the city are instrumental in driving and supporting SCC to become a different sort of organisation. We know that our leadership structure is fundamental to how we perform as an organisation – our leaders will set the direction, model the behaviours and values we want to see from our employees, and support our services to do the best possible job.

82. Guided by the LGA's 'functional model' and best practice from other councils, we are putting in place a new officer leadership structure and culture for the

organisation through our Future Sheffield programme, building on the recent appointments to our two new Executive Director roles for City Futures and Operational Services.

83. This includes a new leadership team, which will now include a new permanent Director of Children's Social Care alongside the Director of Adult Social Services, both reporting directly to the Chief Executive. A Chief Operating Officer will also be recruited to bring a resolute focus on our key professional services and to lead the teams that support the organisation to deliver its priorities. This will include a new Lead for Change, Performance and Delivery working under their direction to align and deliver organisational strategies, business architecture, business change and organisational programme management amongst other things.

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

84. 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.

85. 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 Interim Director of Finance and Commercial Services is that Reserves are adequate to cover the medium-term financial risk.

86. 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.

87. The Local Government Finance Act 1992 specifies 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.

88. 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.

89. Each billing authority and precepting authority must determine whether its relevant basic amount of council tax (in essence, the average band D council tax, excluding local precepts) for a financial year is excessive. If it is excessive a referendum must be held in relation to that amount. The question must be decided in accordance with a set of principles determined by the Secretary of State for Levelling Up, Housing and Communities. The Secretary of State has proposed that for a local authority such as Sheffield City Council the relevant basic amount of council tax for 2023-24 is excessive if it is 5% (comprising 3% for expenditure on adult social care, and 2% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2022-23.

90. 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.

91. 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 further decisions made in accordance with the Council's Constitution and any further delegations (e.g. from a policy committee to an officer made in accordance

with the Constitution). 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.

92. 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.**

93. 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.

94. 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.

95. In accordance with the Localism Act 2011 the Council must also approve a Pay Policy Statement (as prescribed by the Act) each year before the end of 31st March. While not part of the budget setting process, the timescale means that approval may be given at the same time as budget decisions are made. The Pay Policy Statement for 2023/24 is set out in **Appendix 7**.

Levies

96. The Council currently has approximately £23.5m 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 2023/24 on 16th January 2023. The transport levy payable is increased by 2% for 2023/24 to £23.1m.
- 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

97. 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 will be considered at Full Council on the 20th February 2023.

Treasury Management Strategy

Key messages

As part of its budget decision, the Council is required to approve a Treasury Management Strategy for 2023/24. Treasury Management relates to the management of the Council's investments, borrowings and banking operations. This is set out in detail in **Appendix 6.**

98. 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.

99. 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.

100. The Sheffield City Council Treasury Management Strategy for 2023/24, 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 Accounting, and it is recommended that authority for undertaking treasury management activity and relevant reporting continue to be delegated to the Head of Accounting.

101. 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

102. 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 2023/24 budget, equates to a reduction of approximately 97 full time equivalent (FTE) posts. This Council has approximately 5500 FTE's supported by General Fund and therefore this equates to approximately 1.7% of the current workforce

103. The 2023/24 budget includes staff savings which will result in approximately 97 FTE's leaving the Council, again on a voluntary basis. Some of these voluntary early retirements (VER) and voluntary severances (VS) have already been approved with a termination date of the 31st March 2023.

104. The Budget Implementation Plans (BIPs), found at the following link https://www.sheffield.gov.uk/your-city-council/budget-spending , 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.

105. 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.

106. 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

107. In accordance with the Localism Act the Council is required to publish a Pay Policy for 2023/24. Details of this can be found in **Appendix 7**.

108. 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. This will be reviewed again 12 months into the operation of the new committee system, which began in May 2022.

109. Prior to 1st April each year, the Council has to agree a Members' Allowances Scheme for the forthcoming financial year. At least every four years, or whenever the Council wishes to amend its Scheme, its Independent Remuneration Panel has to consider the Scheme (and any changes being proposed by the Council) and make recommendations to the Council.
110. The Members' Allowances Scheme was thoroughly reviewed in 2022 and changes were made to make sure that it was fit for purpose when the Council moved from a Leader and Cabinet Model to a Committee system in May 2022.
111. The Scheme contains provision for the allowances to be adjusted on an annual basis in line with an agreed index, which is linked to the annual pay award for local government employees. 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.
112. The Independent Remuneration Panel will review the Scheme after the committee system has been in operation for 12 months to make sure the scheme supports the new governance structure and the roles and responsibilities of elected members. The impact on the Members' Allowances budget arising from any further changes to the Council's governance arrangements will be assessed as part of any further recommendations to Full Council.

The Climate Challenge

113. This year has seen continuing increases in the frequency of climate related disasters around the world, including flooding, wildfires, drought and extreme heat. While progress was made at COP27 in some areas, the goal of limiting global warming to 1.5°C is in the balance, and the need to take action remains urgent. Sheffield experienced its own extreme heat event and drought conditions in July 2022, and the Council has also faced the challenges of a

shift to a Committee system for decision making, and an extremely difficult budget situation.

114. In the face of these challenges, we have begun to build on the 10 Point Plan for Climate Action, adopted in March 2022, through embedding climate action into the Corporate Delivery Plan, which has seen the beginning of the development of Decarbonisation Routemaps for the city.

115. The Decarbonisation Routemaps highlight the action we are already taking, set out the vision of Sheffield's future as a Net Zero City, and outline keys actions that the council and other partners will be taking over the next few years to move us forward and enable us to accelerate decarbonisation in the years to come. The Routemaps cover:

- Our Council
- The Way we Travel
- Our Businesses and Economy
- Our Homes
- Energy Generation and Storage
- The Way We Use Our Land
- What We Eat, Buy and Throw Away

116. For the first time, this year's budget process has included a top level Climate Impact Assessment of all budget proposals. In June 2022, we introduced Climate Impact Assessments (CIA) into the Committee Decision process. All Committee Decision's must now consider relevant climate impacts. CIA's cover:

- building construction and use
- demand for and type of transport
- renewable energy generation and energy efficiency
- potential for climate awareness raising
- use of resources, products and services
- production of waste
- land use and biodiversity
- climate resilience and adaptation
- impacts on sustainable businesses and green skills development.

117. Since June 2022, a variety of CIA's have been carried out for all capital projects and other key decisions such as strategy development, procurements and grant decisions.

118. Despite the challenges we face, we have initiated a £3.5 million Local Renewable Energy programme which will deliver increased renewables capacity on Council owned buildings that will also benefit community users; we are continuing to deliver energy efficiency improvements to council homes for the most vulnerable; our 'Connecting Sheffield' programme continues to deliver a £50m+ programme of active travel and public transport improvements across the city; and we are working with the Government's Department of Business, Energy and Industrial Strategy (BEIS) on a Heat Network Zoning Pilot Programme.

119. As part of the Our Council Decarbonisation routemap, we are reviewing and improving internal governance processes for our climate related work; looking at how we can better integrate climate issues into service planning and performance monitoring; and starting work on embedding sustainability into our procurement processes.

120. Sheffield has received an A- status in its first submission to the Carbon Disclosure Project, ranking amongst the top cities in Europe. The scoring takes into account targets and actions on climate mitigation from sectors including energy, transport, waste, water and food, along with strategies and actions in place to adapt to future changing climate.

121. We held a second city wide climate engagement event in Autumn 2022 to bring city partners together to show case the exciting work already being done, identify where we can better work together and accelerate the pace of action. The development of the Decarbonisation Routemaps will include consultation and engagement throughout.

122. Perhaps most excitingly, the 2022 youth climate assembly took place in Sheffield this year, providing education and empowerment for young people to be active participants in our decarbonisation journey. We owe it to future generations to do all we can to fight climate change.

Budget Conversation 2023/24

123. This is the first budget conversation that we have undertaken under the Committee System of decision making and this has meant that politicians have worked through Policy Committees to produce budget proposals. This has ensured that Members from all parties have been involved in developing budget propositions and the progress has been publicly visible to citizens and partners.

124. It has also meant that our budget conversation this year has had focused strongly on asking citizens and partners about the specific proposals developed by committees to balance the budget. But, that has meant that the citizens' survey is different to previous years and not directly comparable.

125. 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.

Listening to Sheffielders

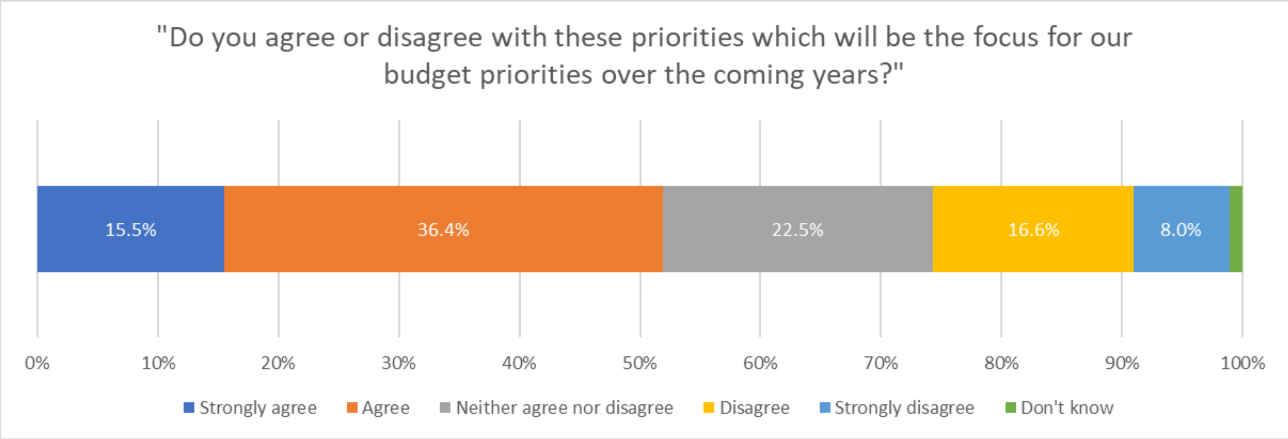
126. We launched a survey for citizens to give their views on our budget proposals on the 19th December 2022 and it closed on 13th January 2023. The survey asked citizens for their views on the Council's Strategic Goals, service priorities, Council Tax levels and the specific budget proposals that have been produced by Policy Committees.

127. We have received 193 responses this year which is a significant reduction on last year (457). This might reflect the way that budget proposals have been developed by Members in Policy Committees and that the survey is a little more complex with direct questions about the budget proposals for the 2023/24 budget. The smaller numbers of respondents does make it difficult to identify any significant trends by demographic or geographical communities. It is also important to recognise the survey provides an insight into the views of Sheffielders but the small numbers involved ensure that we should not place excessive weight on findings.

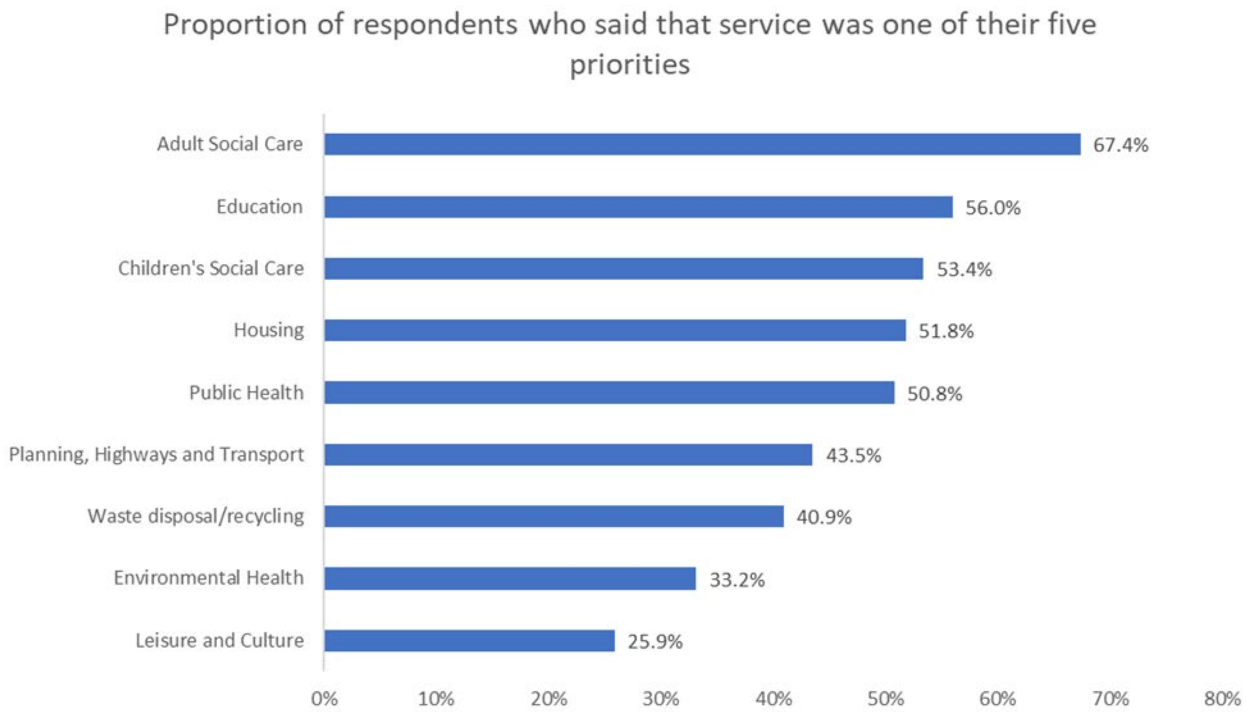
128. The online survey was supported by a social media campaign and was included SCC's e-newsletter alerts to citizens that are registered to receive them.

Strategic and service priorities

129. In 2022, we set out six strategic goals for the Council as part of our Corporate Delivery Plan. We asked citizens whether they thought they were the right priorities for the Council and over 53% said they agreed with the strategic goals being the focus for budget over the coming years.



130. We also asked citizens to tell us what their five most important services are which SCC should prioritise. In line with previous years, adult social care (130), education (108), children's social care (103), housing (100) and public health (98) were the top five areas that Sheffielders want to see prioritised in our budget investment.



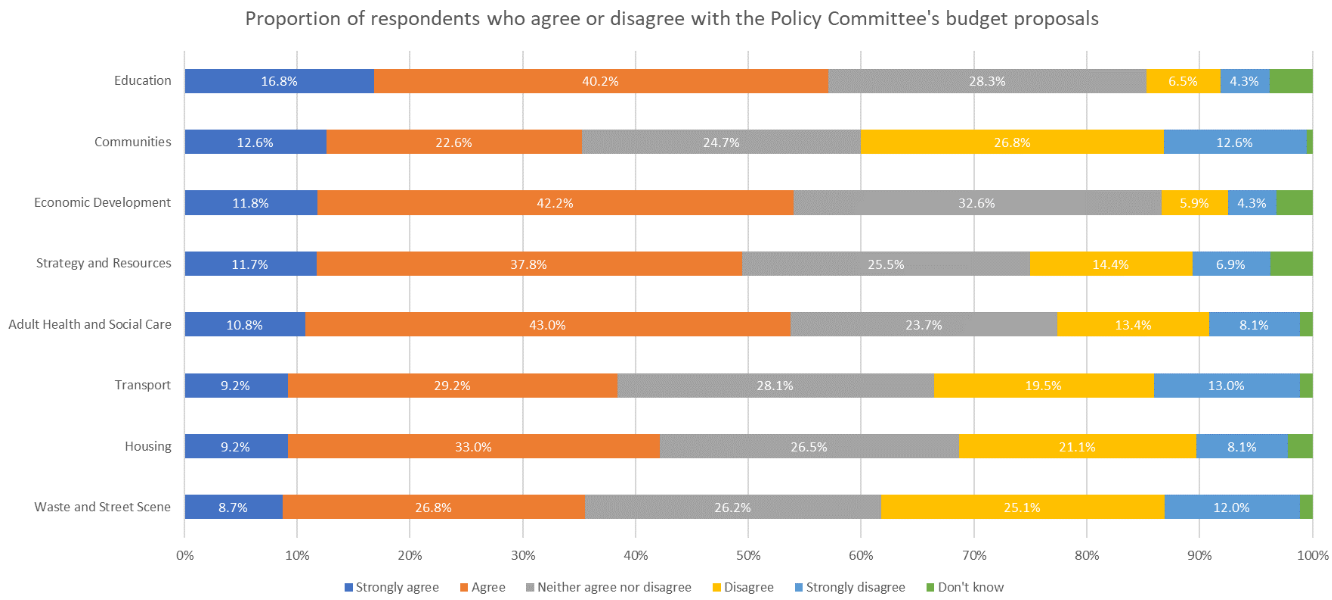
131. We asked people to give some reasons why they had prioritised the areas above and throughout the comments, respondents emphasised the importance of supporting vulnerable Sheffielders, investing in education, housing and improving public transport as essential to Sheffield. There were also a number of specific comments about the importance of investing in core environmental standards across the city and neighbourhoods and protecting our parks and open spaces.

Citizen perspectives on Policy Committee budget proposals

132. In the survey this year, we provided a link to the full set of budget proposals that have been developed by Policy Committees. We then gave a short summary of the key aspects of those proposals by Committee and asked citizens for their views on the budget proposals that had been put developed.

133. The chart below summarises the extent to which respondents said that they agreed/disagreed with the proposals developed by Policy Committees. For the Education, Children and Families, Economic Development and Skills, and Adult Health and Social Care Committees, over half of the respondents said that they were supportive of the budget proposals that had been put forward.

134. However, the chart demonstrates that the Communities, Parks and Leisure, Waste and Street Scene and Transport, Regeneration and Climate Committees saw respondents raise disagreements with the budget proposals that have been developed and these will be explored in further detail below.



135. For each Committees set of budget proposals, respondents were asked the extent to which they agreed/disagreed and then asked to explain why. The section below looks at each Policy Committee and summarises the comments made by respondents.

Strategy and Resources Committee

136. Almost half of respondents were supportive of the Strategy & Resources Committees proposals to find savings through reducing the number of buildings the council owns and corporate savings.

Property	• Citizens were positive about reducing the council's building stock, particularly in a context of more hybrid working changing how staff use the workplace. • Concerns that selling off property provides a short-term budget fix and that renting out SCC premises could potentially provide income streams for the longer term. • Concern that reducing building stock may impact on service provision and make contacting SCC more difficult • People want to understand what SCC plan to do with any income raised from SCC accommodation reductions and more detail about the properties involved (eg. some concern about impact on city's historic and heritage buildings).
Wider efficiencies	• Citizens were very keen to ensure that SCC reduced senior pay and cut waste and inefficiencies

Adult Health and Social Care Policy Committee

137. Respondents were asked to consider the budget proposals from the AHSC Policy Committee. The Committee have made proposals to review care and support for individuals, improve and redesign services and increase external funding/income.

138. Respondents are largely supportive of the budget proposals from the Committee, with over half of respondents agreeing with the approach being taken and clearly, while this is a population-wide survey and SCC's ASC team have been working closely with service users on the proposals here.

Pressure on social care	• Citizens recognise the pressure on adult health social care services and many reflect the importance of protecting the most vulnerable in the city and that ASC needs sustained investment • Citizens acknowledge how challenging making change in ASC services is, particularly with vulnerable citizens and the level of demand on the health system • Suggestion that ASC budgets should be protected with savings found elsewhere in SCC budgets
Efficiency and new resources	• Recognition of the opportunity to improve efficiency in ASC services, particularly in joining up services, improving leadership and making systems simple for service users • Some concerns about where additional 'external funding' will come from and how realistic it is that funding will be available.

Communities, Parks & Leisure Policy Committee

139. As the chart above demonstrates, respondents are quite evenly split in their view of the proposals from the Communities, Parks and Leisure Policy Committee with 35% agreeing, 39% disagreeing and 25% saying they neither agree nor disagree.

140. This is reflected in the comments that respondents have made:

Impact of increasing fees and charges	• Some Sheffielders said they understand the need to increase fees and charge for services in order to make services affordable and viable • a number of respondents argued that as the Outdoor City and a city of sporting excellence, Sheffield's parks and leisure facilities are a critical part of our city offer and should be protected • Concern about the risk that increased charges may exclude communities from our leisure offer. Some suggested that those who are able to pay more should in order to keep facilities accessible for lower income citizens.
New approaches to delivery	• Respondents demonstrated that Sheffielders love their parks and greenspaces and some suggested finding alternative ways to support provision and maintenance, including enabling more volunteering and supporting 'Friends of' groups and reducing SCC budgets elsewhere (eg. senior salaries).
Fairness	• Some concerns about the parity of investment in parks across the city and the need for 'levelling up' of investment in smaller local greenspaces

Economic Development & Skills Policy Committee

141. 54% of respondents said that they agreed with the EDS Committee's budget approach which is focused on maximising external grant income and delivering service and operational efficiencies. Only 10% said they disagreed and the comments provided by citizens recognised the importance of economic development whilst questioning whether delivering efficiencies and new funding was going to be achievable.

Importance of economic development	• Recognition of the need to prioritise activity that supports growth and business development as vital to the growth of a modern, skilled city.

	• Questions about whether budget reductions in this area are a false economy
Questions about efficiencies and external resources	• Some challenges about whether SCC are able to delivery 'efficiencies' to reduce spending • Concerns about whether external funding will be available in the current climate and whether Government should be doing more to support Sheffield • Question the role of other partners in supporting and investing in economic growth in Sheffield.

Housing Policy Committee

142. The Housing Policy Committee is responsible for the Housing Revenue Account (HRA) and the wider housing budget. The HRA is dealt with separately and while we stated this in the supportive material, many of the comments were focused on investment in Council Housing, including rent levels.

143. 42% of respondents said they agreed with the Housing Committee's approach to find new funding, redesigning services and reducing internal costs.

144. Key comments from respondents included:

Quality of housing stock	• Questions about whether the savings will make improvement to housing quality harder and curtail the investment in needed housing growth. • Want to see repairs and refurbishment of empty properties prioritised to ensure homes are safe and occupied • Concerns about whether funding reductions in housing services essentially removes support for prevention and potentially stores up problems for people and services in the longer term
Impact on housing services	• Concern about the need for and the ability of SCC to deliver efficiencies in housing services • Concern about the impact of further budget reductions on homelessness services and the consequences for vulnerable people and statutory duties.
Value of social	• Concerns about the impact of the Right to Buy scheme on available social housing in the city

housing to the city	• Comments about the importance of social housing in supporting good life chances
Availability of external funding	• Respondents concerned about the availability of new external funding to support housing services.

Waste & Street Scene Policy Committee

145. Just over a third of respondents said that they agreed with the proposed approach by the Waste and Street Scene Committee but over 37% said that they disagreed. This was the second highest level of disagreement with proposals after those of the Communities, Parks and Leisure Committee.

146. As set out below, the main reasons for the level of disagreement with the proposals were concerns about reductions in service and environmental quality, the existing standards being delivered by our waste and highways contractors, and the sustainability of those contracts in a challenging financial context.

Partnership working	• Stronger partnership working (eg police) to tackle environmental street quality issues (littering, flytipping etc) • Some concerns about contracted partners for waste and street scene services – including SCC's role in ensuring delivery partners deliver high standards and the sustainability of contracts • Concern about the cost of waste and street scene contracts • Explore more opportunities for volunteering (litter picking etc).
Service standards	• Concern about whether savings would impact on services and particularly where citizens already feel that services are not meeting their expectations • Street scene issues – a number of issues raised with specific local examples of poor street quality; dangerous pavements (leaves, conditions) • Potential for savings in environmental and waste services to have knock-on consequences for fly tipping etc. • Cultural change and education needed to prevent littering but also reduced use of packaging.
Specific proposals	• Some support for street lighting adjustments at certain times (ie. middle of the night). Question if lighting could be sensor-based (ie. switch on when needed in some areas)

Transport, Regeneration and Climate Policy Committee

147. Just over 38% of respondents supported the proposals from the TRC Committee but respondents raised significant concerns about public transport services in the city (buses) and the impact that poor and more expensive services could have on communities and commuters.

Public transport	• A large number of comments and concerns about the quality of bus services and impact on communities in the city; impact on commuters (including wellbeing and stress) trying to get to work; • Importance of keeping public transport affordable to incentivise use/disincentivise car use • Concerns about the impact of higher fees and fares and the impact this may have on lower income communities
Clean Air Zone and climate	• Impact on incomes of businesses dependent on vehicles that are affected by CAZ (eg. taxis) • Some concerns about the cost and impact of climate policies, including some active travel schemes (eg. whether causing more congestion/pollution) • Consequences of service reductions (buses) on climate and air quality • A number of comments how the city could make positive climate change investments and decisions which could reduce longer term costs/demand (green energy, active travel etc)

Education, Children and Families Policy Committee

148. Over 57% of respondents said that they agreed with the proposals from the ECF Committee with respondents emphasising the importance in education and supporting vulnerable children in Sheffield. However, a number of citizens commented that they wanted more detail about the proposals from the ECF Committee to enable them to better understand the impact of the budget choices.

Education is a key priority for citizens	• A number of comments emphasising the importance of investing in education and looking after vulnerable children and young people • Importance of core STEM subjects (esp. Maths and English)

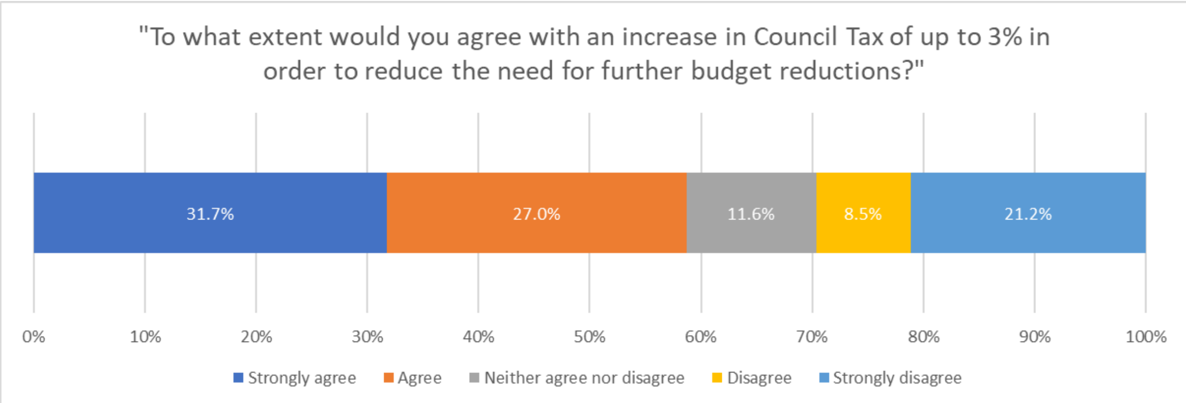
Specificity of budget proposals	• A number of comments about the detail that was provided in the ECF Committees budget proposals

Council Tax and Adult Social Care Precept

149. In the Autumn Statement 2022, the Government enabled councils to increase Council Tax by up to 3% and increase the Adult Social Care Precept (ASCP) by up to 2% (so, a combined total of 5% increase in Council Tax) without triggering a local Council Tax referendum. In our Budget Consultation, we asked two separate questions to enable Sheffielders to give their views on options for Council Tax and ASCP increases.

Council Tax

150. We asked citizens about the extent to which they would support a Council Tax increase of up to 3% in order to reduce the need for further savings in the budget.



151. The chart above shows that 58.7% of respondents agreed with a Council Tax increase of up to 3%. This almost identical to the response in the 2022/23 Budget Survey (59%) although the proposed increase last year was lower at 1.99%. However, a smaller proportion of respondents said that they disagreed with the possible increase this year (30% compared to 36% last year).

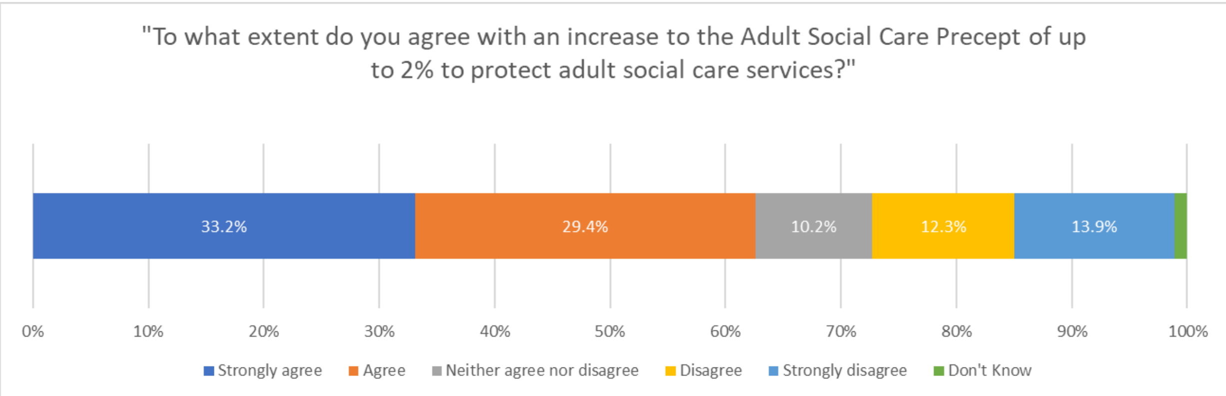
152. In explaining why they agreed or disagreed with the option for a Council Tax increase, respondents focused on a small number of issues which are summarised below:

- **Cost of living** – a number of respondents cited the multiplicity of cost increases they have experienced in the last year (energy, fuel, food) and that an increase in council tax would simply add to this burden. Also, some were concerned that we will struggle to collect the increases because people can't afford to pay.

- **Council efficiency and using the money wisely** – a large number of respondents made comments both for and against the potential Council Tax increase with a concern about whether SCC will use the money effectively. Some citizens said they recognised that increasing Council Tax was necessary but wanted reassurance that SCC will invest the money in key services (eg. supporting vulnerable people); others said they disagreed with the potential increase on the premise that SCC may not use the money wisely.
- **Protecting services –** some citizens said that they recognised that while increasing Council Tax at this time wasn't ideal, it was necessary to protect services from cuts.
- **Recognition for the difficult choices that the council has to make** – with a number of people saying that Government should better fund local government services.
- **Equity within the Council Tax system** – a small number of respondents said they would like to see greater equity within the Council Tax system whereby those with higher incomes/higher value properties could pay more.

Adult Social Care Precept

153. In addition to the question on Council Tax, we also asked citizens about their views on the option that Government have made available to councils to increase the Adult Social Care Precept (ASCP) by up to 2%. This is funding which is also raised through Council Tax to support adult health and social care services.



154. As the chart above shows, 62.6% of respondents said they would support an increase of up to 2%. This is a reduction from last year in the proportion of respondents that agreed with an ASCP increase (70% in 2022/23) which may reflect the fact that the increase available this year is higher (2% rather than 1% in 2022/23) and the financial pressure that households are experiencing.

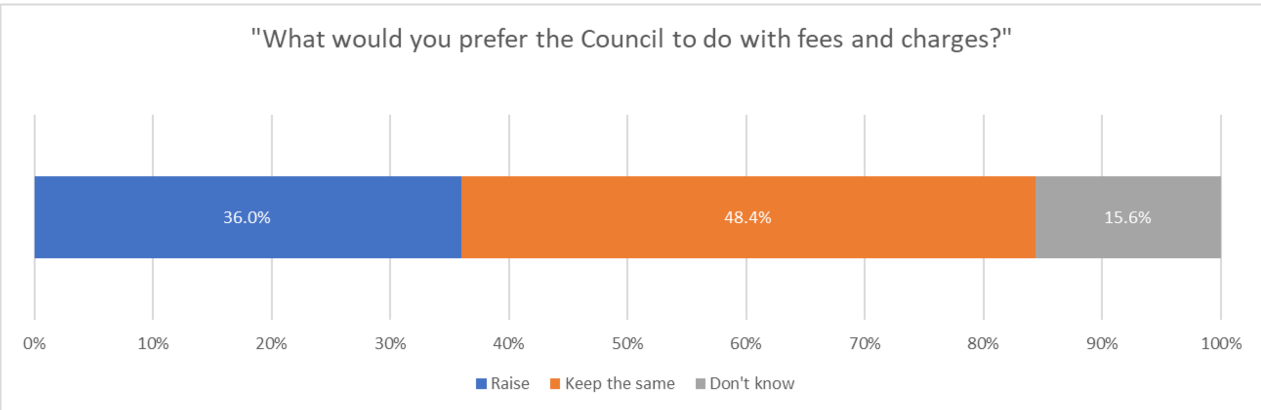
155. The main reasons that respondents gave for their answers were:

- **Support for social care is needed** – respondents recognise that investment is needed in adult social care but a number said that they had very little more money to give because of the wider inflationary pressures on their incomes
- **Delivering impact** – respondents said that if the increase was introduced, it's vital that it is effectively invested in good, well-led and managed services for people and that our ASC services need to be efficient and effective at meeting needs of Sheffielders.
- **Interconnection with the NHS** – several respondents suggested that investing in adult social care was important to relieve the pressures on the NHS (and not investing would make the situation worse) but also that investing resource in preventative activity was vital.

Fees and Charges

156. 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.

157. 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.



158. The response this year was almost identical to that in the 2022/23 budget with the overwhelming majority of respondents wanting fees and charges to stay the same with around a third willing to see an increase.

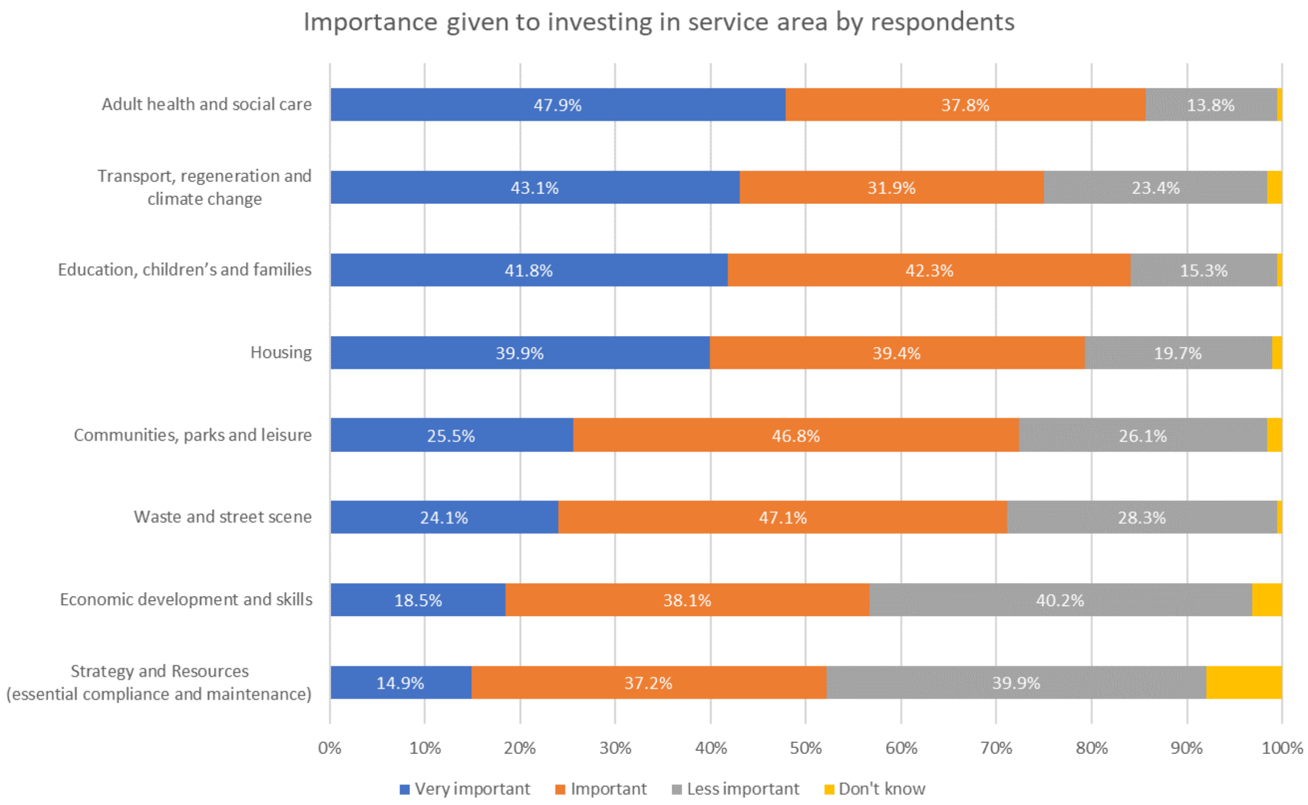
159. In the free text responses that accompanied this question, respondents suggested that where they were content for fees and charges to increase, they were keen to see this focused on those that could most afford to pay and a number of respondents raised concerns about fee increases stopping lower income citizens accessing vital services. Respondents were also concerned about the type of services that would see fees and charges increased with

services such as planning, parking, licensing, building control (ie. where there is more individual choice) seen as more acceptable than increased fees for areas such as bereavement services. A number of respondents also raised concerns about knock-on consequences from increased charges, particularly with parking charges potentially impacting on city centre vibrancy.

Investing in Sheffield – capital programme

160. As part of the budget survey, we asked Sheffielders about how important they feel it is that the City Council invests its capital funding in different policy areas. We provided respondents with a breakdown of the £244m capital programme from 2022/23 and stated that over the 5-year life of the Capital Programme, most of our capital projects are paid for by borrowing, contributions from our revenue budget, grants or the sale of surplus assets.

161. With our move to the Committee System, we aligned the categories here to the Policy Committees and asked citizens to say how important they felt capital investment was in those areas.



162. As the chart above shows, respondents overwhelmingly feel that investment in capital projects for Adult Health and Social Care, Transport, Regeneration and Climate Change, Education Children and Families and Housing are the top four most important areas. It is notable that of all the Policy Committee areas, respondents said that capital investment in Economic Development was less

important. This may be explained by a large number of the free text comments being focused on the future of the city centre (esp Fargate and Castlegate) and concerns about whether the Heart of the City II redevelopment will attract retail and visitors to the city.

163. Respondents also identified affordable housing, climate change and transport as critical for the capital programme.

Suggestions on how the Council could increase income, reduce costs or make savings to balance the budget

164. Finally, we asked citizens whether they had any suggestions about how we could better manage our budget by increasing income or making further savings.

165. We had a large number of suggestions from respondents which have been summarised and reflected below:

- **Making best use of public money** – a large number of respondents suggested that it was vital that SCC delivered good value for money with the funding we have available. Suggestions including reducing senior officer salaries; taking an intense focus on improving efficiency and delivery in a smaller, prioritised number of services; reducing/managing contracts with consultants; reducing office accommodation.
- **Income generation** – maximising opportunities for income generation, including market value/full cost recovery of paid for services; polluter-pays and increased fines for environmental and parking offences (pavement parking, flytipping); and ensuring full Council Tax payment
- **Campaigning for a fairer settlement from Government** – a number of respondents said they felt that SCC should be better funded by government and should be campaigning with other councils for a better funding settlement.
- **Stronger community involvement and supporting volunteering** – building stronger connections with communities to better understand local needs; exploring and innovating community empowerment to support service delivery (eg. Friends of groups) and crowdfunding/community donations to support services.
- **Promote the city and support inward investment** – citizens keen to see SCC maximise the potential of the city to secure economic investment

- **Climate change** – there was a mix of views about the city's focus on climate change with some respondents suggesting that investing in sustainable policy interventions will generate savings and economic opportunity. Others suggested that climate policy should be deprioritised (particular references to the Clean Air Zone and active travel infrastructure).

Business engagement

166. On the 17th January 2023, we held a budget conversation with around 20 representatives of the Sheffield's business community. The session was organised by Sheffield Chamber of Commerce.

167. SCC's Interim Director of Finance and Commercial Services presented an overview of the Council's budget proposals for 2023/24, including the scale of the financial challenge that has faced this year following over a decade of budget reductions and the covid pandemic. The presentation also included a forward look of SCC's finances based on our Medium Term Financial Strategy and the announcements made by Government in the 2022 Autumn Statement.

168. Key areas of discussion included:

    - **Opportunity to collaborate with South Yorkshire Combined Authority** – maximising our potential with existing and potential future devolution to invest in Sheffield and South Yorkshire, focusing investment on the region's key economic assets to attract investment and create new business and new jobs
    - **Making the most of the external funding available** – including Shared Prosperity Fund (SPF) to support the city's social and economic outcomes
    - **Understanding our population** – businesses keen to make sure that we (all partners in the city) use the latest Census data and citizen insight to fully understand the capabilities and needs of our communities.
    - **Housing** – with significant focus on the safety and quality of homes, business leaders were keen to understand the scale of the challenge in improving housing stock and availability in the city, including how quickly SCC were bringing voids back into use.

Voluntary, community, faith and social enterprise sector engagement

169. On 26th January 2023, we had a conversation on the Council's budget proposals with over 20 representatives from Sheffield's VCFSE sector. The meeting was held online and people had been invited (and encouraged to

share the invite) through existing networks in the city, including through the VCS Forum and the Sheffield Equality Partnership.

170. To introduce the discussion, the Interim Director of Finance and Commercial Services summarised the Council's budget position this year and the steps we have taken, working through Policy Committees, to manage the pressures on the budget. We also summarised the key messages from the citizens in the budget conversation (as set out above) and provided an overview of our medium-term view of the City Council's budget and how this connects to the city's developing vision (City Goals) and SCC's corporate strategy.

171. We then had a busy and discursive discussion which included:

- **Shared priorities** – strong recognition of the importance of having clear priorities for the city and for SCC which bring focus and priority to how SCC (and wider city organisations) use their resources to deliver for Sheffielders. The developing work on City Goals is seen as key to this and that VCS partners have a critical and collaborative role in helping SCC deliver its outcomes.

- **Stronger collaboration to deliver impact with scarce resources** – Sheffield's VCS sector are in vulnerable financial positions, using remaining reserves to support activity and delivery. There is recognition of the pressures on SCC's budget but concern that funding to the VCS sector from SCC has not kept up with the demand organisations are facing. SCC and VCS are vital partners; we need to collaborate more and undertake some collective planning and sharing of our financial challenges with a focus on developing collective solutions. This needs to be built upon 'shared priorities, empowerment and sharing the available resources'.

- **Co-design of solutions** – we need to improve/standardise practice in commissioning and decommissioning activity. VCS partners can explore / design/ develop options and solutions with a ground-up/whole community and crosscutting perspectives.

- **Pressure on communities** – increasing Council Tax risks increasing arrears and debt. We need clear mitigations in place to support communities.

- **Investment in the Race Equality Commission recommendations** – VCS partners were keen to see explicit investment in delivering the REC recommendations for the city

- **Ensuring accessibility** – we must ensure that there are rigorous Equality Impact Assessments in place and accessibility for disabled people at a minimum gets no worse. This means undertaking major policy implementation and change in a wholly inclusive manner (e.g. net zero). We need to invest in fully understanding the implications of budget measures for communities, especially those vulnerable to isolation (e.g. impact of street light dimming – needs to be assessed in winter months).

- **Community buildings** – need to use the learning from LACs to understand availability and use of accessible community buildings to assess which are strategically important to communities (links to Accommodation Strategy).
- **Working together on service delivery:**
    - Housing – working together on a shared approach, planned to housing delivery
    - Adult health and social care – opportunity to reassess care packages with culturally appropriate support rather than simply looking to private providers.

Equality Impact Assessment Summary

172. The Council in its annual budget-setting process must consider the Equality Act 2010 and the Public Sector Equality Duty. This requires the Council, in the exercise of its functions, to have due regard to:

- Eliminating discrimination, harassment, and victimisation,
- Advancing equality of opportunity, and
- Fostering good relations

173. Having due regard to these involves:

- Removing or minimising disadvantage suffered by people,
- Taking steps to meet the needs of people 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.

174. This relates both to people who share protected characteristics under the Act and those who don't. The protected characteristics cover: age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race (including colour, nationality, ethnic or national origin), religion and belief, sex and sexual orientation.

175. The Duty means we need to understand the effect of our policies and practices on inequality. To do this we examine the available evidence and work with our

employees, residents and people who use services to consider the impact of any proposals or projects on the people who share protected characteristics.

176. One of the ways we fulfil this duty is through conducting Equality Impact Assessments (EIAs). Whilst there is no legal requirement to do EIAs, this process enables a rigorous analysis of decision making and identifies any negative and positive impact on people with protected characteristics.

177. The Council also goes beyond the statutory duty under the Equality Act 2010 and also assessed impacts on unpaid carers, health and wellbeing, poverty and financial exclusion, the Voluntary and Community and Faith Sector (VCFS), cohesion and armed forces.

178. We have undertaken an initial EIA on every savings proposal but only undertaken a full one when it is indicated that the proposal will have a significant impact (more than minor). The EIA process has helped to shape both proposals which were in the end not accepted and not included in the budget and those that were.

179. The EIAs are 'live' documents, ensuring that they evolve over time as the budget proposals develop. Through this process, we will be monitoring closely any adverse equality impacts as reductions and changes in provision occur during the next year.

180. Some EIAs start out as exploratory in nature, setting out a broad intention and committing to further development as more detail and information becomes known and proposals take shape. Some proposals may be subject to the outcome of consultation or the further analysis of other evidence. Each EIA should be a record of the process and not just the ultimate outcome.

181. As a consequence, not all EIAs are currently complete, and this summary should therefore be seen as reflecting our initial understanding of impacts and not necessarily how they may look in three- or nine-months' time. It is important to ensure that all equality impacts are further considered when services report on the specific implementation plans for their Budget Saving Proposals.

182. It is possible that some decisions will have a disproportionate impact on some groups in comparison to others, for example, on certain geographic locations or on certain groups of people. EIAs help us to identify, avoid or mitigate any negative impacts and promote positive ones where possible. We will monitor closely for any adverse equality impacts as reductions and changes in provision occur during the next year.

183. It is also important that we consider the cumulative effect of any decisions made – i.e. whether there are year-on-year impacts from a single proposal or

different proposals and factors affecting the same group of people at the same time.

184. Inevitably, further funding reductions on top of those seen for more than a decade, during a cost-of-living crisis and while impacts from the pandemic are still very real, does mean there will be implications for the front-line services we deliver. There will be impacts for those in greatest need and for some of the work we do with groups who share protected characteristics. We will seek 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. Funding reductions at the scale and pace that we have experienced over a significant time have implications for front-line services.

185. Groups of people impacted across EIAs continue to be people most likely to need this support, especially people on low income who are also more likely to be disabled people, older and young people, women, unpaid carers, lone parents and some people from Black, Asian and Minority Ethnic (BAME) communities.

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

187. As in previous years, our approach to these budget savings is, where possible, to begin with areas which have the least direct impact on people, and where there are opportunities to re-shape services and any ongoing investment and funding. We are using various evidence sources, including the outcomes of previous consultations or engagement activity, to inform the proposals.

188. We will continue to mitigate impacts of the proposals where possible. We are committed to tackling inequalities and ensuring inclusivity and will continue to try to make it easier for individuals and communities to overcome barriers and achieve their potential. We will continue to focus on 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.

189. 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 seeking to continue to do this, but it has had an impact on what the Council can continue to deliver.

190. Within the constraints we face, we have aimed to ensure that key sources of financial help remain available:

- Council Tax Hardship Scheme
- Local Assistance Scheme
- Council Tax Support Fund
- Household Support Fund

191. We have seen increasing demand and/or cost pressures for our services in key areas like social care. We have furthermore sought to ensure that funding available meets Fair Cost of Care (FCoC) and National Living Wages (NLW) pressures.

192. 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 an increase in waiting times for services and see service changes. We also seek to achieve this through the deletion of vacant posts and voluntary employee schemes but this does have an impact and pressure on staff.

193. We are seeking to ensure that our new ways of working through Policy Committees, Local Area Committees and other governance structures are informed by equalities and evidence from public engagement and other sources. EIAs are an integral part of the Committee Decision process.

194. The Council launched its One Year Plan to help rebuild from COVID-19, empower communities, deliver for Sheffield and lay the foundations for long-term change. Equality and inequality were and remain key drivers in its priorities, outcomes and resulting work.

195. As summarised in this report, the Council’s Corporate Delivery Plan goals include a strong equality emphasis around inclusion and community, health and financial wellbeing, inclusive growth, healthy young people and tackling inequality and discrimination.

196. Through the Council’s Equality Objectives 2019-23, we continue to demonstrate our commitment to challenging inequality and promoting a fair and inclusive Sheffield. The Objectives are to:

- 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, and
- (From 2023) to become an anti-racist organisation

197. In 2020 we supported the setup, management and running of the Sheffield Race Equality Commission. The Commission published its pivotal and much-anticipated report in June 2022, which set key challenges and recommendations for the Council and other organisations:

- Sheffield: An Antiracist City
- Educating Future Generations and Showing Leadership in our Educational Institutions
- Inclusive Healthy Communities: Wellbeing and Longevity for All
- One Sheffield in Community Life: Inclusion, cohesion and confidence
- Celebrating Sheffield Through Sport and Culture: Past, Present and Future
- Proportionality and Equity in Crime and Justice
- Sheffield Equal and Enterprising: Supporting Black Asian and minoritized ethnic Business and Enterprise

198. As a Council we have prioritised 3 areas in the next year

- Developing Learning, Training, Education and Racial and Cultural Literacy
- De-Biasing Systems
- Accurate Data Collection

199. Our equality impact analysis is underpinned by a robust evidence base, including demographic analysis. The recently published data from the 2021 Census will enable up to date analysis of how the city is made up and, with other Sheffield data sources including Joint Strategic Needs Assessment, Open Data and Community Knowledge Profiles, will help us identify possible impacts. We make use of other evidence sources including welfare and poverty data and health impact analysis following COVID-19.

200. Consultation feedback and other insights from people who live and/or work in Sheffield is a critical source of equalities evidence and assessment. In the calendar year 2022, the Council ran over 300 public consultation exercises and over 200 targeted consultations (including internal consultation with its employees). The 2023/24 Budget is itself subject to public consultation.

201. **Appendix 8** shows the Council's overall 2023-24 Revenue Budget EIA.

Recommendations

202. Council is recommended:

a) To approve a net Revenue Budget for 2023/24 amounting to £500.762m;

b) To approve a Band D equivalent Council Tax of £1,840.69 for City Council services, i.e. an increase of 4.99% (2.99% City Council increase and 2% 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 2023/24, in consultation with elected Members;

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

f) To approve the revenue budget allocations for each of the services, as set out in **Appendix 3a**

g) To note that, based on the estimated expenditure level set out in **Appendix 3** to this report, the amounts shown in part B of **Appendix 5** would be calculated by the City Council for the year 2023/24, in accordance with sections 30 to 36 of the Local Government Finance Act 1992;

h) To note the information on the precepts issued by the South Yorkshire Police & Crime Commissioner and of South Yorkshire Fire & Rescue Authority, together with the impact of these on the overall amount of Council Tax to be charged in the City Council's area;

i) notes the precepts issued by local parish councils which add £660,954 to the calculation of the budget requirement in accordance with Sections 31 to 36 of the Local Government Finance Act 1992;

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

k) To approve the Minimum Revenue Provision (MRP) Policy set out in **Appendix 6**; which takes into account the revisions proposed for 2023/24 onwards;

l) To agree that authority be delegated to the Interim Director of Finance & Commercial Services to undertake Treasury Management activity, to create and amend appropriate Treasury Management Practice Statements and to report on the operation of Treasury Management activity on the terms set out in these documents;

m) To approve a Pay Policy for 2023/24 as set out in **Appendix 7**; and

n) To agree that (a) the Members allowances scheme introduced in 2022/23 be implemented for 2023/24 and (b) to note that the Independent Remuneration Panel will review the Scheme after the committee system has been in operation for 12 months, to make sure the scheme supports the new governance structure and the roles and responsibilities of elected members.

Kate Josephs
Chief Executive

Tony Kirkham
Interim Director of Finance & Commercial Services

Appendix 1

Committee Pressures

	BIP Reference*	Loss of Funding/ Income £'000	Increasing Demand on Services £'000	Pay & Price Inflation £'000	Contract Inflation £'000	Other £'000	Total £'000
Adult Health & Social Care							
Pay Inflation	1.E1 / 1.E5 / 2.E1 / 2.E5 / 3.E1 / 3.E3 / 4.E1 / 4.E3 / 5.E1 / 5.E2 / 6.E1 / 6.E6 / 7.E1 / 7.E4 / 9.E1			2,720			2,720
Price Inflation	1.E2 / 2.E3 / 6.E3 / 7.E2			21,137			21,137
Client Growth	1.E3 / 2.E2 / 6.E2 / 6.E9		6,391				6,391
Reablement Team One off Costs	6.E8		316				316
Staffing Costs	1.E6 / 3.E4 / 6.E9		480				480
PIP Outcome Payments	1.E4		881				881
Investment in Citizens Board	3.E2		55				55
Loss of Grant Funding & Sundry Income (Debt Recovery)	2.E4 / 4.E2 / 6.E4 / 6.E5 / 8.E1	696					696
		696	8,123	23,857	0	0	32,676
Communities, Parks & Leisure							
Pay Inflation	10.E1 / 11.E1 / 12.E1 / 13.E1 / 14.E1 / 15.E1 / 16.E1 / 17.E1 / 18.E1 / 19.E1 / 21.E1 / 22.E1			1,247			1,247
Energy & Fuel Costs	10.E2 / 14.E2 / 16.E2 / 17.E2 / 17.E3 / 17.E4			738			738
Increases in Service Provision	12.E2		220				220
Staffing Costs	11. E2 / 12.E3		41				41
Loss of Grant Funding	19.E2	57					57
		57	261	1,985	0	0	2,303
Economic Development & Skills							
Pay Inflation	24.E1 / 25.E1 / 26.E2 / 27.E1 / 28.E1 / 29.E2			528			528
Energy Costs	29.E1			45			45
Business Growth Advisor	26.E1	70					70
		70	0	573	0	0	643
Education, Children & Families							
Pay Inflation	30.E1 / 31.E1 / 32.E1 / 33.E1 / 34.E1 / 35.E1 / 37.E2 / 38.E3 / 39.E1 / 40.E1 / 41.E1 / 44.E1 / 45.E2 / 46.E1 / 47.E2 / 49.E2 / 50.E4			2,641			2,641
Contract Inflation	42.E1				500		500
Insurance & Price Inflation	38.E2 / 42.E2			380			380
Energy Costs	49.E1			10			10
Increased Demand for Social Care & SEN Transport	35.E2 / 41.E4 / 42.E3 / 45.E1		765				765
Increased Usage of Family Time Service	41.E2		700				700
Increased Demand for Children's Services	35.E3 / 41.E5		477				477
Staffing Costs	31.E2 / 34.E2 / 37.E1 / 38.E1 / 38.E7 / 41.E7 / 50.E1 / 50.E2		1,655				1,655
Increased NRTPF Payments and Section 17 schemes	41.E3		235				235
Undelivered Reduction in Agency Usage	38.E6		500				500
Undeliverable Savings - Business Support	33.E2					400	400
Second Secure Home Not Being Built	38.E5	2,000					2,000
		2,000	4,332	3,031	500	400	10,263
Housing							
Pay Inflation	51.E1 / 51.E2 / 52.E1 / 52.E2 / 53.E1 / 53.E2 / 55.E1 / 55.E2			482			482
Energy & Fuel Costs	52.E3 / 52.E4			55			55
Reduction in CIF Funding	53.E3	140					140
		140	0	537	0	0	677
Strategy & Resources							
Pay Inflation	56.E1 / 56.E2 / 59.E1 / 59.E2 / 60.E1 / 61.E1 / 61.E2 / 63.E1 / 63.E2 / 64.E1 / 64.E2 / 64.E3 / 64.E4 / 64.E5 / 64.E6 / 65.E1 / 66.E1 / 66.E2 / 67.E1 / 69.E1 / 69.E2 / 70.E1			3,661			3,661
Energy Costs	60.E2 / 60.E4 / 67.E3			1,795			1,795
Indexation of 3rd Party Contracts	56.E3				85		85
Staffing Costs	63.E3 / 63.E4 / 64.E7 / 65.E2 / 65.E3		752				752
ICT Pressures	56.E4 / 56.E5 / 56.E6 / 56.E7		460		65		525
Income Pressure	60.E3 / 64.E8 / 67.E2	795					795
		795	1,212	5,456	150	0	7,613
Transport, Regen & Climate							
Pay Inflation	74.E1 / 75.E1 / 77.E1 / 78.E1			389			389
Increased SYMCA Transport Levy	76.E1		500				500
Clough Dyke Flooding	78.E2		26				26
Ash Die Back (Public Rights of Way)	78.E3		10				10
Reduction in Income from the Clean Air Zone	72.E1	2,081					2,081
Reduction in External Funding	77.E2	240					240
Permanent Funding for Climate Change Team	78.E4		110				110
		2,321	646	389	0	0	3,356
Waste & Street Scene							
Pay Inflation	79.E1 / 80.E1 / 82.E1 / 83.E2 / 86.E1 / 87.E1 / 88.E1 / 89.E2			704			704
Energy Costs (Including Street Lighting Electricity Costs)	79.E2 / 82.E2 / 84.E2 / 84.E3 / 86.E2 / 88.E2			3,740			3,740
Contract Inflation	84.E1 / 89.E1				6,700		6,700
Staffing Costs	80.E2		78				78
		0	78	4,444	6,700	0	11,222
Total Savings		6,079	14,652	40,272	7,350	400	68,753

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

Appendix 2

Committee Savings

	BIP Reference*	Cost/ Contract Price Reduction £'000	Service Effectiveness £'000	Staff Cost Reductions £'000	Income Generation £'000	External Grant Income £'000	Total £'000
Adult Health & Social Care							
Social Work Practice	1.B5 / 2.B1	(443)	(1,050)				(1,493)
Direct Payment Costs	2.B3 / 2.B6		(1,355)				(1,355)
Contract Reviews	1.B6 / 2.B4 / 2.B7 / 2.B8 / 2.B9 / 6.B16	(1,379)			(50)		(1,429)
Residential Care Offer Review	2.B5 / 6.B8 / 6.B9	(487)	(500)				(987)
Service Improvements for Young Adults	2.B2		(365)				(365)
Operational Reviews	2.B10 / B.12		(166)				(166)
Maximising External Funding	1.B1 / 1.B7 / 1.B8 / 2.B13 / 2.B14 / 2.B15 / 2.B16 / 6.B1 / 6.B15 / 6.B17 / 6.B18		(1,800)			(13,796)	(15,596)
Improved Charging & Reassessments	1.B4 / 6.B2 / 6.B4 / 7.B2				(3,530)		(3,530)
Homecare Review	6.B3 / 6.B6 / 6.B7 / 6.B11	(1,000)	(872)				(1,872)
Reviewing Post Covid Related Costs	6.B12 / 6.B13 / 6.B14		(1,385)				(1,385)
Living & Ageing Well Review	6.B19 / 7.B4			(828)			(828)
Promoting Independence Project (PIP)	1.B2 / 1.B3		(1,031)		(253)		(1,284)
Other Reviews	4.B1 / 4.B2 / 4.B3 / 5.B1 / 7.B1		(397)	(865)			(1,262)
		(3,309)	(8,921)	(1,693)	(3,833)	(13,796)	(31,552)
Communities, Parks & Leisure							
Parks & Countryside Income Generation & Service Redesign	17.B1				(400)		(400)
Enhanced Bereavement services Fees & Charges	10.B1				(150)		(150)
Strategic Review of Libraries	16.B1		(585)				(585)
Efficient Use of Public Health Funding	17.B2			(200)			(200)
Staffing Review	11.B1 / 11.B2 / 12.B1 / 12.B2 / 13.B1 / 19.B1 / 22.B1			(414)			(414)
Sheffield City Trust Operational Review	18.B1		(300)				(300)
		0	(885)	(614)	(550)	0	(2,049)
Economic Development & Skills							
Operational Efficiencies	25.B3 / 29.B2		(117)				(117)
Recharging to External Funding	29.B3			(315)			(315)
Maximising External Funding	25.B1					(80)	(80)
		0	(117)	(315)	0	(80)	(512)
Education, Children & Families							
Increase In House Fostering Placements & Service Review	38.B2 / 43.B8		(1,605)				(1,605)
Contract Reviews	39.B1	(85)					(85)
Review of Social Work Incentive Scheme	41.B6		(400)				(400)
Review of S17 Funding	41.B4				(235)		(235)
MAST Budget Review	46.B4			(1,156)			(1,156)
Reduction in Provision & Support for 18 Year Old Care Leavers	30.B1 / 38.B4 / 43.B2	(13)	(870)				(883)
Operational Efficiencies	31.B3 / 40.B1 / 41.B1 / 46.B2 / 46.B3		(781)				(781)
Staffing Review	34.B1 / 41.B3 / 41.B5 / 41.B8 / 41.B9 / 47.B1 / 47.B2			(780)			(780)
Former Employee Pensions Payments	45.B1		(200)				(200)
Review of Transport Provision	45.B2		(355)				(355)
Recharging to External Funding	49.B1				(17)		(17)
Virtual School Increased Income	31.B1				(100)		(100)
Review use of Barristers and Independent Experts	41.B2		(300)				(300)
		(98)	(4,511)	(1,936)	(352)	0	(6,897)
Housing							
Staffing Review	52.B2 / 52.B5 / 52.B6			(146)			(146)
Increased Gypsy & Traveller Pitch Fees	52.B3				(3)		(3)
Increased Income	52.B4 / 55.B1				(157)		(157)
Use of One off Income	55.B2				(110)		(110)
Operational Efficiencies	53.B1		(191)				(191)
Recharging to External Funding	52.B1					(20)	(20)
		0	(191)	(146)	(270)	(20)	(627)
Strategy & Resources (Excluding Corporate)							
Delivery of the Second Phase of the Digital Mailroom Project	60.B3		(100)				(100)
Accommodation Strategic Review	60.B6		(2,500)				(2,500)
Support Services Review	60.B4		(50)				(50)
Discontinuation of Remaining Catering Services	60.B5		(60)				(60)
Increased Income	59.B2 / 59.B3 / 67.B1				(328)		(328)
Former Employee Pension Costs	57.B1		(250)				(250)
Close the Cashiers Office	59.B4		(100)				(100)
Reversal of Wi-Fi & Remote Network Pressures	56.B3 / 56.B4		(747)				(747)
		0	(3,807)	0	(328)	0	(4,135)
Transport, Regen & Climate							
Fees & Charges Increase	75.B2 / 75.B3 / 78.B1 / 78.B3				(324)		(324)
Operational Efficiencies	75.B1 / 78.B2 / 78.B4		(78)		(189)		(267)
Maximising External Funding	77.B1					(240)	(240)
		0	(78)	0	(513)	(240)	(831)
Waste & Street Scene							
Increased Income from Car Parks	86.B3 / 86.B5				(110)		(110)
Staffing Review	83.B1			(200)			(200)
Operational Efficiencies	80.B1 / 80.B3		(206)				(206)
Freeze Moor Markets Sinking Fund Contributions	88.B1		(300)				(300)
Training Budgets Cut	80.B2			(42)			(42)
Reduced Hours of City Centre Fountains & Street Light Dimming	79.B1 / 84.B1		(230)				(230)
		0	(736)	(242)	(110)	0	(1,088)
Total Savings		(3,407)	(19,246)	(4,946)	(5,956)	(14,136)	(47,691)

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

Appendix 3

Restated 2022/23	Summary Revenue Budget	2023/24
£000		£000
	Portfolio budgets:	
140,825	Adult Health & Social Care	141,949
40,377	Communities, Parks & Leisure	35,483
8,085	Economic Development & Skills	8,216
113,832	Education, Children & Families	117,805
5,214	Housing	5,264
56,730	Strategy & Resources (Excluding Corporate)	61,467
23,189	Transport, Regen & Climate	25,449
53,130	Waste & Street Scene	64,336
441,382		**459,969**
	Corporate Budgets:	
	Specific Grants	
-3,435	New Homes Bonus (CIF)	-2,692
-7,804	22/23 Services Grant	-5,624
0	Social Care Grant held Centrally	-9,858
-941	Lower Tier Services Grant	0
	Corporate Items	
5,500	Redundancy Provision	5,500
1,593	New Homes Bonus (CIF)	0
420	ITA Levy	0
0	Change Budget	4,300
0	Budget Inflation Contingency	4,000
0	Social Care Contigency	9,858
420	Other	-781
	Capital Financing Costs	
11,662	General Capital Financing Costs	11,662
7,873	Heart of the City 2	7,173
12,025	Streets Ahead Investment	11,663
7,339	MSF Capital Financing Costs	8,259
	Reserves Movements	
-32,211	Contribution to / (from) Reserves	-2,667
443,823	**Total Expenditure**	**500,762**
	Financing of Net Expenditure	
-38,865	Revenue Support Grant	-43,611
-167,584	Business Rates Income (Including Grants)	-185,047
-221,637	Council Tax income	-232,855
13,883	Collection Fund (Surplus)/Deficit	-4,303
-29,620	Social Care Precept	-34,946
-443,823	**Total Financing**	**-500,762**

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Adult Health & Social Care Policy Committee			
Adult Health & Social Care	293,468	(159,432)	134,036
Integrated Commissioning	18,191	(10,278)	7,913
	311,659	**(169,710)**	**141,949**
Communities, Parks & Leisure Policy Committee			
Community Services	12,745	(3,750)	8,995
Integrated Commissioning	1,839	(1,006)	833
Parks, Leisure & Libraries	42,968	(17,313)	25,655
	57,552	**(22,069)**	**35,483**
Economic Development & Skills Policy Committee			
Economy, Culture & Skills	10,278	(3,371)	6,907
Education & Skills	5,083	(4,145)	938
Street Scene & Regulation	879	(508)	371
	16,240	**(8,024)**	**8,216**
Education, Children & Families Policy Committee			
Children & Families	125,263	(21,890)	103,373
Education & Skills	263,587	(253,595)	9,992
Integrated Commissioning	32,155	(27,715)	4,440
	421,005	**(303,200)**	**117,805**
Housing Policy Committee			
Direct Services	45,298	(45,298)	-
Housing General Fund	9,673	(4,477)	5,196
Inclusive Growth & Development	877	(809)	68
	55,848	**(50,584)**	**5,264**
Strategy & Resources Policy Committee (Excluding Corporate)			
Business Change & Info Solutions	18,905	(1,825)	17,080
Central Costs	12,916	(18,119)	(5,203)
Community Services	1,451	-	1,451
Contract Rebates & Discounts	-	(723)	(723)
Customer Services	7,200	(1,745)	5,455
Direct Services	40,721	(25,770)	14,951
Finance & Commercial Services	61,724	(42,629)	19,095
Housing Benefit	128,464	(128,309)	155
Human Resources	6,754	(1,504)	5,250
Inclusive Growth & Development	4,725	(9,474)	(4,749)
Legal & Governance	9,244	(3,140)	6,104
Policy, Performance & Comms	5,887	(3,434)	2,453
Public Health PPC	1,678	(1,813)	(135)
Resources Management & Planning	283	-	283
	299,952	**(238,485)**	**61,467**
Transport, Regen & Climate Policy Committee			
Inclusive Growth & Development	6,608	(6,212)	396
Planning, Investment & Sustain	32,913	(7,860)	25,053
Street Scene & Regulation	1,297	(1,297)	-
	40,818	**(15,369)**	**25,449**
Waste & Street Scene Policy Committee			
Street Scene & Regulation	**134,074**	**(69,738)**	**64,336**
	1,337,148	**(877,179)**	**459,969**

Reserves Strategy

Introduction

1. This report analyses 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 Director of Finance and Commercial Services) 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. 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. 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.
   - 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.

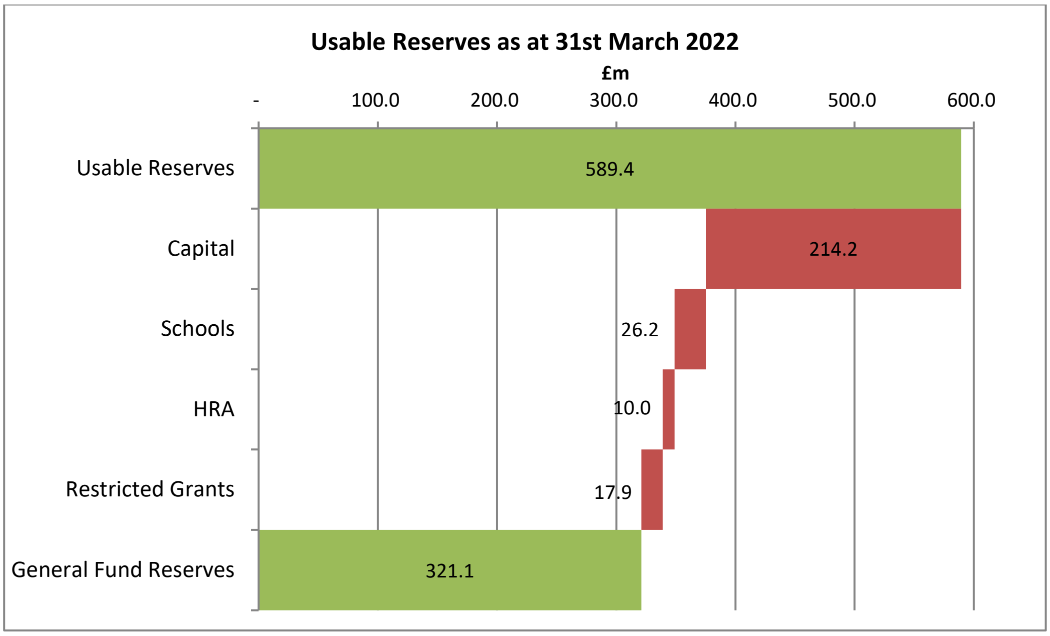
Total Reserves at 31st March 2022

4. The Council's Un-Audited Statement of Accounts for 2021-22 shows a figure for "usable" reserves in the balance sheet on page 31 of £589.4m as at 31st March 2022. However, this figure is a technical accounting one and is not relevant for the purposes of setting the General Fund revenue budget.

5. The Council's total spending and reserves is separated in to five main blocks:

   - Capital - Sums set aside to provide funding for the capital programme or to manage the impact of new capital schemes.
   - Schools - funds that have been allocated to, and held in trust for, schools, and which remains unspent at the year end. This reserve is only available to support schools expenditure.
   - Housing Revenue Account (HRA) - amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA;
   - 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.

6. For the purposes of setting the budget and this reserves strategy, £268.3m of the "usable reserves" are irrelevant as below:



7. This leaves around £321.1m of General Fund reserves as at 31st March 2022. However, £308.3m of this is "earmarked" i.e. committed to cover liabilities for expenditure which is already committed but not yet paid for.

8. Just £12.8m is un-earmarked reserves. If the reserve is used, it will be replenished to the stated minimum level as soon as practically possible.

Estimate of reserves at 31 March 2023 & 31 March 2024

9. Table 1 below shows the movement since March 2022 and the forecast reserves forecasts for 31st March 2023 and 31st March 2024.

10. The forecast for 31st March 2023 shows a steep decline in reserves of £48.0m due mainly for the need to un-earmark reserves to cover ongoing overspends. This equates to 15% of all General Fund reserves.

11. £31.6m of the forecast drawdown comes from other earmarked reserves to cover the £14.5m used to fund the Council's 2022/23 budget gap and a further £17.1m forecast to be required for the 2022/23 overspend.

12. The £13.7m reduction in the Collection Fund Reserve is for the anticipated distribution of the retail discount grant from Government that was carried forward from the previous year.

13. The forecast for 2023/24 only currently shows a small decrease in reserves of £2.7m as it is not anticipated they will be required for balancing the 2023/24 budget.

Table 1

Description	Balance at 31/03/22 £000	*Forecast Movement in 2022/23 £000*	Balance at 31/03/23 £000	*Forecast Movement in 2023/24 £000*	Balance at 31/03/24 £000
Non-earmarked Reserves					
General Fund Reserve	12,851	0	12,851	0	12,851
	12,851	**0**	**12,851**	**0**	**12,851**
Earmarked Reserves					
Major Sporting Facilities	43,228	977	44,205	(1,531)	42,674
Collection Fund	49,834	(13,652)	36,182	4,295	40,477
PFI Reserve	28,850	(4,900)	23,950	(6,185)	17,765
Service Area Reserves	24,353	(2,483)	21,870	0	21,870
New Homes Bonus	21,134	(2,458)	18,676	0	18,676
Capital Charges	15,385	1,500	16,885	0	16,885
Insurance Fund	10,939	0	10,939	0	10,939
Heart of the City II	5,980	0	5,980	0	5,980
Public Health	6,130	(1,200)	4,930	0	4,930
Invest to Save	875	1,411	2,286	265	2,551
Children's and Adults Social Care	5,837	(5,837)	0	0	0
Other earmarked	95,710	(21,311)	74,399	488	74,887
Total Earmarked Reserves	**308,255**	**(47,953)**	**260,302**	**(2,667)**	**257,634**
Total Revenue Reserves	**321,106**	**(47,953)**	**273,153**	**(2,667)**	**270,485**

Earmarked Reserves

14. 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.

15. A list of earmarked reserves, their purpose and proposed use are set out below. Figures in brackets represent their balance at 31/3/2023.

Major Sporting Facilities (MSF) (£44.2m)

16. 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.

Collection Fund (£36.2m)

17. This reserve is required to cover potential reductions in Business Rates and Council Tax income, ensuring any short-term fluctuations in collection rates don't have a direct impact on budget setting and/or cause additional financial pressures across portfolios. The reserve reduced by £13.7m in 2022/23 due to the

distribution of the retail discount grant from Government that was carried forward from the previous year. There is an expected £4.3m Collection Fund surplus anticipated to be moved to this reserve in 2023/24. £3.0m of this is due to an accounting regulation requiring us to replenish the reserve. £1.3m is the underlying estimated surplus for 2022/23. This will be transferred to reserves to cover risks relating to future collection.

Private Finance Initiative (PFI) Reserve (£23.9m)

18. 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.

19. The PFI reserve is expected to reduce by £6.2m over the course of 2022/23 in line with the established PFI spend profile.

Service Area Reserves (£21.9m)

20. These are a variety of service specific reserves set aside for long term projects / plans, examples include the Workplace Accommodation Strategy and the Flexible Development Fund.

New Homes Bonus / Corporate Investment Fund (£18.7m)

21. 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.

Capital Financing Charges (£16.9m)

22. Funds 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.

Insurance Fund (£10.9m)

23. 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.

Heart of the City II (£6.0m)

24. Funds set aside for future costs in relation to the city's Heart of the City II regeneration scheme.

Public Health (£4.9m)

25. Public Health grant funding is given to the Council on a yearly basis and is restricted to spending on public health functions. The conditions of the grant specify that any surpluses must be carried to a reserve for use in future years. The balance on this reserve therefore represents underspends in prior years.

Invest to Save Projects (£2.3m)

26. The Council has delivered a number of business transformation projects that are essential to the future success of the Council's operations, and which have been used to help offset budget pressures over the last few years. This will continue with support to deliver future savings identified, including a number of strategic reviews. This reserve will be bolstered by £1.4m in 2022/23.

Other Earmarked Reserves (£74.4m)

27. This includes various specific earmarked reserves. These include:

- contingencies for potential budget deficits
- redundancies
- pension deficit payments
- corporate energy reserve
- highways PFI contingency

28. As at March 2022 the contingency for budget deficits had been reduced from £70m to £50.2m due to the 2021/22 overspend. £14.5m of this remaining £50.2m was used to fund the Council's 2022/23 budget gap and a further £17.1m is forecast to be required for the 22/23 overspend, leaving just £18.6m specifically set aside for budget deficits.

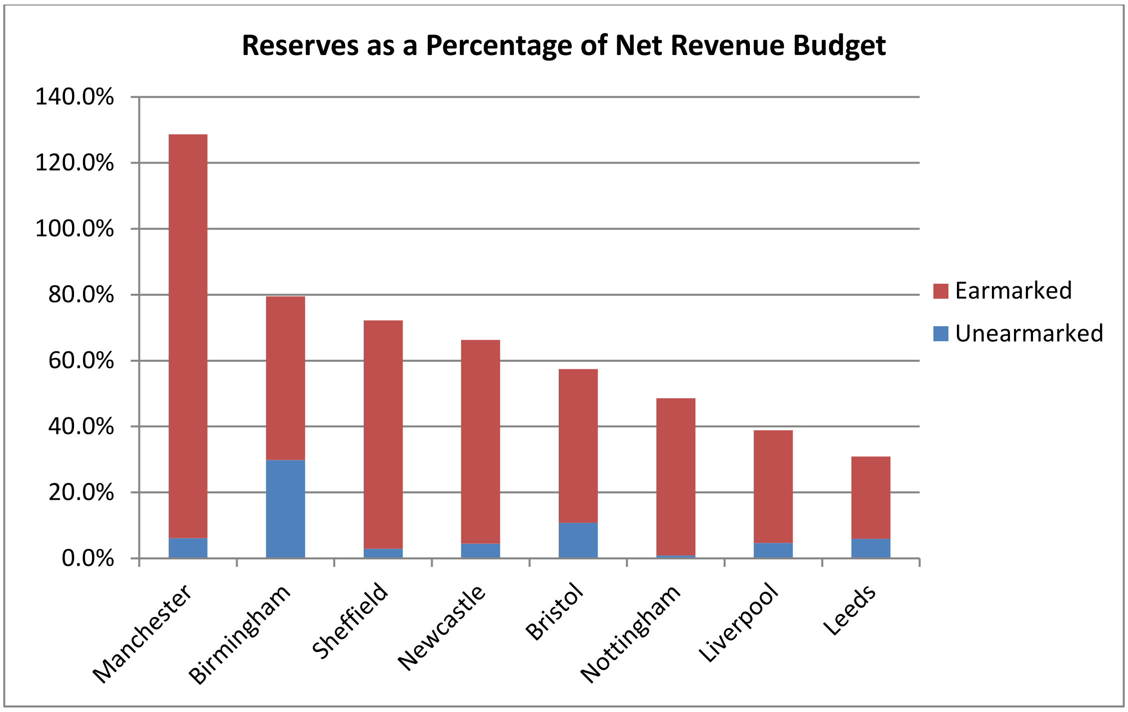
Assessment of levels of reserves

29. 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.

30. 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. 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.

31. 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.

32. The graph below shows a comparison of both earmarked and un-earmarked reserves as a percentage of Net Revenue Budget in relation to other major cities for the same period.



N.B Reserve levels based on 2021-22 Statement of Accounts (un-audited) except for Nottingham whose latest published accounts are 2019/20.NRB data based on 2022-23 RA data.

33. Based on March 2021 data, as this is the last comparable data available from accounts, SCC has the second lowest un-earmarked reserves of all core cities at just 2.9% of Net Revenue Budget (NRB). However, once Earmarked Reserves are added on SCC has the 3rd highest level of the 8 core cities with 72.2% of NRB. The decline in reserves for 2022/23 would drop SCC to 4th, all other things being equal.

34. 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. Future over spends would require further un-earmarking of reserves, leaving the Council at far greater risk of future unfunded expenditure.

<u>Recommendations</u>

35. The Director of Finance & Commercial Services recommended during the 2023/24 budget process that:

- The General Fund Balance be maintained at around £12.9m, and broadly in line with the recommended minimum level of 3% 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. This will be reviewed in 2023/24 as the Councils Net Revenue Budget increases.

- There are currently significant external risks to Local Authorities budgets but those that were already an ongoing risk, for example, the cost pressures in social care have been exacerbated by the pandemic and then the Cost of Living crisis driving inflation. These have also brought significant other risks, such as impacts on the collection fund, primarily due to Business Rates pressures.
- The position is not yet critical, but stringent monitoring will be essential to ensure that reserve levels are adequate to cover future expected pressures in the medium term.

Appendix 5 (the Council tax Determination) will be completed following formal approval of Parish and Preceptor Council Tax Levels for 2023/24, and will appear here.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and The Annual Ethical Investment Strategy For 2023/24

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 2023/24 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 (Chartered Institute of Public Finance and Accountancy) 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 £1.57bn in 2021/22 to £1.66bn in 2026/27. The narrative behind this is that General fund CFR reduces and the HRA CFR increases reflecting the forecasts for future capital expenditure. See section 4.1.

Minimum Revenue Provision (MRP)

Section 5 sets out its MRP policy for the 2023/24 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 2023/24 is unchanged from 2022/23. Under International Financial Reporting Standards (IFRS) 16, the requirement to show the principal elements of leases as MRP will be applied from 2024/25.

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.

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.

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 2022/23, no rescheduling of the Council's debt was undertaken. One LOBO loan was considered for repayment but refinancing the principal and premium repayment was not economical.

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.

Section 1 - Introduction

Key Messages

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

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

1. 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, this document provides a strategic framework for the achievement of the following objectives:

   Borrowing

   - Proposed levels of borrowing are sustainable and affordable.
   - The expected costs are well-matched to the relevant revenue streams to maximise budgetary certainty.
   - Financing is readily available when required for major capital expenditure.

- The most economical sources of borrowing for a given situation are identified and made use of.

Investments

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

Effective Balance Sheet Management

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

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 Strategy & Resources Policy Committee or Finance Sub-Committee

Section 2 - The 2023/24 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 Finance Sub Committee and Chairs / Spokespeople for all other Committees will be offered treasury management training. This may be delivered by officers or the Councils treasury advisors Link 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 uses Link Asset Services as its external treasury management advisors.

7. 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.
8. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources.
9. 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. The table below shows total capital expenditure, the comparison to last year's TMS figures show material slippage in the programme.

Capital Expenditure	2021.22 Actual £'m	2022.23 Forecast £'m	2023.24 Budget £'m	2024.25 Estimate £'m	2025.26 Estimate £'m	2026.27 Estimate £'m
ADULT HEALTH & SOCIAL CARE	6.5	6.8	0.0	0.0	0.0	0.0
COMMUNITIES, PARKS & LEISURE	20.4	25.3	19.8	0.0	0.0	0.0
ECONOMIC DEVELOPMENT & SKILLS	0.4	3.0	12.2	4.1	0.6	0.0
EDUCATION, CHILDREN & FAMILIES	9.3	20.5	12.3	0.0	0.0	0.0
HOUSING	50.4	64.1	106.9	121.9	134.4	121.7
STRATEGY & RESOURCES	3.3	6.5	2.0	0.0	0.0	0.0
TRANSPORT, REGEN & CLIMATE	55.9	107.1	61.0	0.9	0.0	0.0
WASTE & STREET SCENE	0.1	0.9	0.0	0.0	0.0	0.0
CORPORATE TRANSACTIONS	4.7	0.0	0.0	0.0	0.0	0.0
Total	**151.0**	**234.0**	**214.1**	**126.9**	**135.0**	**121.7**
Previous TMS (22/23)	192.7	302.7	166.6	138.6	114.3	
Change	-41.7	-68.7	47.5	-11.7	20.7	

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 potentially limits our ability to access PWLB borrowing.

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:	2021.22 Actual £'m	2022.23 Forecast £'m	2023.24 Budget £'m	2024.25 Estimate £'m	2025.26 Estimate £'m	2026.27 Estimate £'m
Capital expenditure:						
Non-housing	£100.6	£170.0	£107.2	£5.0	£0.6	£0.0
Housing	£50.4	£64.1	£106.9	£121.9	£134.4	£121.7
Total	**£151.0**	**£234.0**	**£214.1**	**£126.9**	**£135.0**	**£121.7**
Financed by:						
Capital Receipts	£10.0	£20.3	£8.2	£1.5	£1.3	£1.4
Capital Grants & Contributions	£39.5	£85.6	£57.8	£19.4	£15.5	£5.8
Revenue Contributions	£42.3	£31.1	£57.3	£64.5	£74.5	£75.4
Net borrowing need for the year	**£59.1**	**£97.0**	**£90.8**	**£41.4**	**£43.6**	**£39.1**
Fund Split						
General Fund	£59.1	£78.0	£56.0	£0.9	£0.0	£0.0
HRA	£0.0	£19.0	£34.8	£40.5	£43.6	£39.1
Total	**£59.1**	**£97.0**	**£90.8**	**£41.4**	**£43.6**	**£39.1**
Previous TMS (22/23) General Fund	£68.2	£91.9	£29.1	£0.0	£0.0	£0.0
Previous TMS (22/23) HRA	£0.0	£28.3	£82.2	£65.8	£53.2	£0.0
Change General Fund	-£9.1	-£13.9	£26.9	£0.9	£0.0	£0.0
Change HRA	£0.0	-£9.3	-£47.4	-£25.3	-£9.6	£0.0

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

8. Forecast borrowing is materially down on 22/23 forecasts, General Fund appears to slip to 2023/24 but HRA is down in all years.

9. 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.

10. 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).

11. The above financing need excludes other long-term liabilities, such as Public Finance Initiatives (PFI) arrangement. 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 26/27 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	2021.22 Actual £'m	2022.23 Forecast £'m	2023.24 Budget £'m	2024.25 Estimate £'m	2025.26 Estimate £'m	2026.27 Estimate £'m
CFR non-housing	£1,225.5	£1,265.1	£1,282.0	£1,234.9	£1,185.3	£1,137.5
CFR housing	£345.8	£364.8	£399.7	£440.1	£483.7	£522.8
Total CFR - Year End	£1,571.3	£1,629.9	£1,681.6	£1,675.0	£1,669.0	£1,660.3
In Year Movement in CFR	**£21.3**	**£58.7**	**£51.7**	**-£6.6**	**-£6.0**	**-£8.7**
Movement in CFR represented by:						
Expenditure not funded by grants, receipts, or contributions	£59.1	£97.0	£90.8	£41.4	£43.6	£39.1
- MRP/VMRP and other movements	-£37.8	-£38.4	-£39.1	-£48.0	-£49.7	-£47.8
In Year Movement in CFR	**£21.3**	**£58.7**	**£51.7**	**-£6.6**	**-£6.0**	**-£8.7**

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. At the end of 2022/23 the Council will have £320.1m (2021/22 £340.8m) 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 is unchanged. Changes under Accounting Standard IFRS16 to show principal elements of leases as MRP will now be adopted for 2024/25, 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 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. If 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 the 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. The Council may adopt an annuity profile for MRP charges where it is more reflective of how the acquired assets depreciate. This method still charges full MRP over the asset life, but cost will be weighted to later years.

8. 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.
9. There is no requirement for the HRA to make a minimum revenue provision, but there is a requirement for a depreciation charge to be made. The HRA may opt to make voluntary revenue provisions where it is prudent to do so.
10. 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.
11. 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.
12. 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.
13. 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, where there is no discernible asset life the Council will opt for a 20-year life.
14. 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.
15. During 2024/25, the Council will implement the new leasing standard (IFRS16) resulting in more leased assets being recognised on the balance sheet which will impact on the Council's CFR. This will lead to, an increased MRP charge (replacing the revenue impact of the principal element of the lease payments, so the impact is only presentational).
16. 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.
17. For these sums to be reclaimed for use in the budget, each year this policy must disclose the cumulative overpayment.

18. 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 Section 7.** New borrowing is required as reserves are forecast to reduce, and Capital expenditure is incurred.

Core Funds and Expected Investment Balances	2021.22 Actual £'000	2022.23 Actual £'000	2023.24 Budget £'000	2024.25 Estimate £'000	2025.26 Estimate £'000	2026.27 Estimate £'000
Year End Resources:						
Cash backed reserves*	510.7	488.4	385.5	375.5	365.5	355.5
Capital Receipts	78.7	75.0	71.0	67.0	64.0	61.0
Provisions	28.3	28.3	28.3	28.3	28.3	28.3
Total Core Funds	**617.7**	**591.7**	**484.8**	**470.8**	**457.8**	**444.8**
Working Capital	105.9	45.7	85.5	94.6	94.6	34.6
(Under)/over Borrowing	-332.1	-419.4	-419.7	-354.7	-336.9	-288.9
Expected Investments	**391.5**	**218.0**	**150.7**	**210.7**	**215.6**	**190.6**

**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, it is cheaper to use our own cash balances than use external loans at more expensive rates, this does not provide us with an incentive to hold cash on deposit.
6. 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.
7. 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.
8. Should interest rates increase markedly from the current levels, we might regret not taking out fixed interest borrowing now. However, interest rates are forecast to fall slightly in coming years. As a counterincentive, increasing our borrowing before we would use the resulting cash would incur significant interest costs. Ultimately this is a judgement call.
9. 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.
10. 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.

Over the forecast we expect external debt to increase by £230m (net). PFI Liabilities are expected to fall over the forecast period as payments are made.

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	2021.22 Actual £'m	2022.23 Forecast £'m	2023.24 Budget £'m	2024.25 Estimate £'m	2025.26 Estimate £'m	2026.27 Estimate £'m
External Debt						
Loans at 1st April	857.7	898.4	890.4	960.4	1038.4	1070.1
Loan Repayments	-9.3	-8.0	-10.0	-12.0	-18.4	-11.7
New Loans Taken	50.0	0.0	80.0	90.0	50.0	70.0
PFI liabilities at 1st April	360.4	340.8	320.1	301.5	281.9	262.1
Expected change in PFI liabilities	-19.6	-20.7	-18.6	-19.7	-19.8	-19.0
Actual Gross Debt at 31st March	1239.2	1210.5	1261.9	1320.3	1332.1	1371.4
The Capital Financing Requirement	1571.3	1629.9	1681.6	1675.0	1669.0	1660.3
Authority Under/(Over) Borrowing	**332.1**	**419.4**	**419.7**	**354.7**	**336.9**	**288.9**
HRA under/ (over) borrowing	67.8	86.9	61.7	12.1	7.3	37.6
GF Under / (Over) Borrowing	264.2	332.5	357.9	342.6	329.6	251.3
	332.1	**419.4**	**419.6**	**354.7**	**336.9**	**288.9**

3. To reduce the risks associated with under borrowing, new external debt is expected to be needed over the forecast period. However, with interest rates expected to ease in towards the end of the forecast period, it remains prudent to delay borrowing where possible.

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 2022/23 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 its effect on the Council's overall finances.

This section details the indicators for:

- Revenue cost as a proportion of net revenue
- Limits to Borrowing activity

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 forecasts a modest rise in costs over the period, the obvious exception is 2024/25 where accounting adjustments for historic early repayment of debt ends and MRP increases.

4. HRA cost also rises over the forecast period due to significant capital expenditure following the lifting of the debt cap.

5. Including PFI:

Ratio of Financing Costs to Net Revenue Stream:	2021.22 Actual	2022.23 Forecast	2023.24 Budget	2024.25 Estimate	2025.26 Estimate	2026.27 Estimate
General Fund	16.1%	15.2%	15.0%	16.2%	16.1%	15.5%
HRA	8.0%	7.9%	8.7%	10.3%	10.5%	10.3%

6. Excluding PFI:

Ratio of Financing Costs to Net Revenue Stream:	2021.22 Actual	2022.23 Forecast	2023.24 Budget	2024.25 Estimate	2025.26 Estimate	2026.27 Estimate
General Fund	7.0%	6.3%	7.0%	8.6%	8.9%	8.8%
HRA	8.0%	7.9%	8.7%	10.3%	10.5%	10.3%

7. This reveals several 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. But for General fund this is broadly in line with expected increases in revenue.
   - The revenue income streams used for this calculation increase very modestly.

- General Fund sees a significant jump in 2024/25 as the reduction for reprofiling MRP ends (adding £5m to MRP cost).

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

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

10. 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.

11. Despite this indicator showing borrowing costs increasing as a proportion of net revenue (when excluding PFI), the forecast level of borrowing remains affordable and is indicative of sound long-term strategic decisions taken by the Authority.

Limits to Borrowing Activity

12. 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.

13. 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	2021.22 Actual £'m	2022.23 Actual £'m	2023.24 Proposed £'m	2024.25 Proposed £'m	2025.26 Proposed £'m	2026.27 Proposed £'m
Loans	£1,240	£1,320	£1,400	£1,420	£1,450	£1,460
Other Long Term Liabilities	£400	£340	£320	£300	£280	£260
Lease Arrangements	£10	£10	£10	£10	£10	£10
Total	**£1,650**	**£1,670**	**£1,730**	**£1,730**	**£1,740**	**£1,730**

14. 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.

15. 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.

16. 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	2021.22 Actual £'m	2022.23 Actual £'m	2023.24 Proposed £'m	2024.25 Proposed £'m	2025.26 Proposed £'m	2026.27 Proposed £'m
Loans	£1,240	£1,370	£1,450	£1,470	£1,500	£1,510
Other Long Term Liabilities	£440	£340	£320	£300	£280	£260
Lease Arrangements	£10	£10	£10	£10	£10	£10
Total	**£1,690**	**£1,720**	**£1,780**	**£1,780**	**£1,790**	**£1,780**

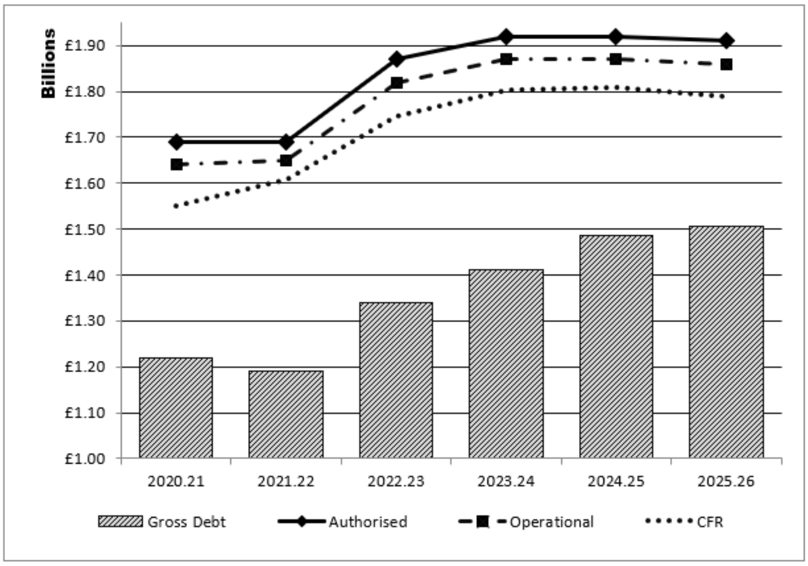
17. The government removed the HRA debt cap in the October 2018 budget giving the Council more freedom to borrow to help address the city's housing needs. However, as the HRA is self-financed, any additional borrowing must remain prudent, affordable, and sustainable. Consequently, the operational and authorised limits below have been established which also forms part of the overall limits above.

18. The Housing Service has ambitious plans to expand housing stock over the term of the HRA Business plan. The limits below provide headroom to borrow should other sources of income fall short of target, and the CFR end up being higher than anticipated.

HRA Debt Limit	2021.22 Actual £'m	2022.23 Actual £'m	2023.24 Proposed £'m	2024.25 Proposed £'m	2025.26 Proposed £'m	2026.27 Proposed £'m
HRA Authorised Limit	£388.3	£425.0	£510.0	£550.0	£600.0	£630.0
HRA Operational Limit	£388.3	£410.0	£495.0	£530.0	£580.0	£610.0
HRA CFR	£345.8	£364.8	£399.7	£440.1	£483.7	£522.8
HRA Headroom*	**£42.5**	**£60.2**	**£110.3**	**£109.9**	**£116.3**	**£107.2**

** Authorised Limit - CFR*

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



20. 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.

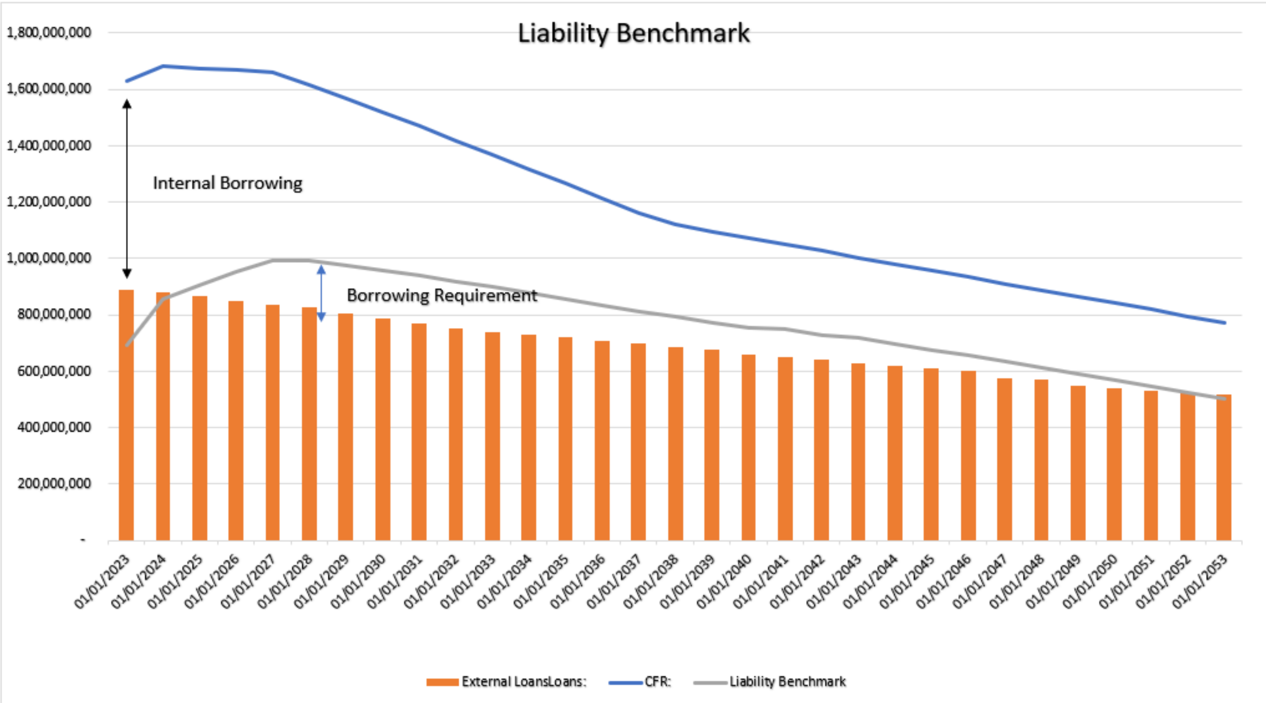
21. However, the projected CFR and gross debt figures represent current planned expenditure only and not potential pipeline projects that have yet to be approved.

Liability Benchmark

22. This is a new reporting requirement and is used to demonstrate how effectively we are using internal resources to replace borrowing. It works by assuming all reserves should be used in place of external borrowing. The benchmark is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

23. Where the Liability Benchmark line is less than the external loans column (e.g. 2023/24) we have theoretically over borrowed, in this case due to strong reserves.

24. Where the Liability Benchmark exceeds the External Loans there is a need to borrow, reserves are no longer sufficient to cover the under borrowing position. This chart intentionally excludes the new borrowing identified in Section 7.1 to further demonstrate the need for external loans.



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 there is 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:	2023.24	
	Lower	Upper
Under 12 months	1%	5%
12 months to 2 years	2%	5%
2 years to 5 years	4%	8%
5 years to 10 years	12%	20%
10 years to 20 years	16%	20%
20 years to 30 years	8%	20%
30 years to 40 years	26%	30%
40 years to 50 years	24%	25%
Over 50 years	7%	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	2023.24	
	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%

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 2022/23 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 2023/24. Break costs to exit existing loans have made the rescheduling reviewed in 22/23 unattractive at this time. This position is being monitored.
2. Approval by the Head of Accounting 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 directly 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 2022/23 financial year we made one ESG investment with 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 to reach between 4% and 4.5% by the end of 2023/24. After this it is expected to fall back steadily as inflation reduces and the UK enters a period of recession. 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	0.50%	3.00%	4.00%	3.00%	2.50%

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	2022.23 £'m	2023.24 £'m	2024.25 £'m	2025.26 £'m	2026.27 £'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 (Sterling Overnight Index Average) 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

The Bank of England's Monetary Policy Committee (MPC) has increased Bank Rate to 3.50% from 3% in December 2022. However, there was a range of views within the Committee, with six members voting for a 50 basis points increase, one for 75 basis points and two for no increase at all.

Over recent weeks, relative calm has returned to the gilt markets and the £ has now risen from a historic low of $1.03 to $1.22, and the cumulative movement in gilt yields over the course of 2022 remains broadly in line with that seen in the Euro-zone bond markets but somewhat higher than the US.

Market expectations remain for Bank Rate to peak at between 4.0% and 4.5% by mid-2023, and it has been announced that the Chancellor's Budget will take place on 15 March, accompanied by analysis from the Office for Budget Responsibility, and followed on 23 March by the planned MPC meeting.

Market views remain like those of Link Group's Interest Rate Strategy Group (IRSG). IRSG still sees the peak in Bank Rate at 4.5%, although there are several challenges ahead that could see the Bank leave rates at an elevated level for longer once the peak is reached.

The first of those challenges is the tight labour market (unemployment is at a near 48 year low 3.7%), and average wage increases are now above 6% year/year, against the backdrop of a significant number of high profile strikes throughout December and January (the Bank would broadly want wages to be in the range of 3% - 3.5%).

There is also the prospect that unless the workforce participation rate increases and/or immigration policies are relaxed, there is no clear route that would give rise to sustainable increases in economic growth.

So much of the eventual numbers will also be guided by what happens in Ukraine too, particularly the implications for further need for energy subsidies for UK households and businesses. The current Government support is due to be extended from April, but households can typically expect to pay £3,000 per annum under the revised scheme compared to the current £2,500.

Regarding our forecast for PWLB rates, investors will likely remain a little nervous over the UK's future fiscal policy and foreign investors may require a "confidence premium" until the Sunak Government is able to meet most of its spending commitments within acceptable financial constraints.

However, in addition, the OBR forecasts the Central Government Net Cash Requirement is £650bn between 2023/24 and 2027/28 and maturing gilts will swell that figure to >£1.2trillion, and Quantitative Tightening will potentially push the eventual number even higher.

So, the Bank and the Government will need to tread carefully in their messaging to markets and the way that funding requirements are met.

As for the housing market, the most recent surveys by Halifax and Nationwide Building Society show house prices falling. Historically, the MPC has appeared reluctant to tighten monetary policy in a falling housing market, but it looks like it is going to have to at least for a further three to six months whilst unemployment remains low, and wages are rising fast.

Of course, what happens outside of the UK is also critical to movement in gilt yields. The US Federal Open Market Committee (FOMC) has led with increases of 4.25% in the year to date and is expected to increase rates further into 2023. Similarly, the European Central Bank (ECB) has also started to tighten monetary policy, currently to 2%, Nonetheless, it is US monetary policies that will continue to have the greatest impact on global bond markets.

A Summary Overview of the Future Path of the Bank Rate

Links forecast for interest rates was previously updated on 8 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government’s policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase to further than 4.5%.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.

Generally, it is thought markets have already built in nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The overall balance of risks to economic growth in the UK is to the downside.

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 19th December 2022. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

2022/23 has seen significant increases to the interest rate environment sparked by action to counter high inflation. This has been caused by runaway food and energy cost increases, war in Ukraine, supply chain problems from Brexit and covid. It is hoped that the end of 22/23 will see interest rates peak and gradually fall during the next few years as inflation returns to more usual levels.

Note 2 - The Balance of Risks to the UK Economy

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

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England acts too quickly, or too far**, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **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.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

- **The Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure considering the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.

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 one 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 £60m will be held in aggregate in non-specified investments.

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.
- Credit Default Swaps 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 2023/24.

There are currently no investments over 1 year, the limits will not be exceeded without updating this Strategy and appropriate Committee 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 or from countries with a minimum sovereign credit rating of AA- from Fitch (or Equivalent).

This is not an appropriate measure for Money Market Funds.

Investments and therefore risk are spread globally in the very highest quality investments, therefore 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

AAA

Australia

Denmark

Germany

Netherlands

Norway

Singapore

Sweden

Switzerland

AA+

Canada

Finland

U.S.A.

AA

Abu Dhabi (UAE)

France

AA-

Belgium

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 Chief 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) **Monitoring Officer**, which in Sheffield City Council is the post of the Director of Legal and Governance

   c) **Statutory Chief Officers**, which in Sheffield City Council are the posts of:

      i) Director of Adult Health and Social Care (Director of Adult Social Services under LASSA 1970)

      ii) Director of Children's Services (Director of Children's Services under Children Act 2004)

      iii) Interim Director of Finance and Commercial Services (Chief Finance Officer under Sec 151 of LGA 1972)

      iv) Director of Public Health (under National Health Service Act 2006)

   d) **Non-statutory Chief Officers** (those who report to the Head of Paid Service)

   e) **Deputy Chief Officers** (those who report to Statutory or 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 Officer Employment Committee which is a committee of the Council; membership is agreed by Council on an annual basis. A recommendation for appointment to the post of Chief Executive must be approved by Full Council; all other appointments at this level are made by the Senior Officer Employment Committee and reported to Full Council.

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 because 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:

    - 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 consisting of the Director of HR & Customer Services in consultation with the Director of Finance and Commercial Services and Director of Legal and Governance.

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 because 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 £20,258 and can be expressed as an hourly rate of pay of £10.50 (April 2022 to March 2023).

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 2023 this will increase to £10.90 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 (£206,236) and the average median salary (£29,439) is 7.01:1. 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 more than £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 2023 to the end of March 2024, 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 Strategy and Resources Policy Committee 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 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 2023

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 01/04/2023 using the Chief Officer pay scale as of 01/04/2023. Any pay award during 2023/24 would be applied as agreed.

Status	Post	Base Salary (£)	Other Payments
Head of Paid Service	Chief Executive	206,236	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.
Monitoring Officer	Director of Legal and Governance	92,911	Election duty fees are in accordance with normal authority procedures.
Statutory Chief Officers which in Sheffield City council are the posts of:	Director of Children's Services under Children Act 2004	126,925	
	Director of Adult Health and Social Care under LASSA 1970	113,869	
	Interim Director of Finance and Commercial Services (Chief Finance Officer under Sec 151 of LGA 1972)	103,343	
	Director of Public Health under NHS Act 2006	130,461	
Non-Statutory Chief Officers (those who report to the Head of the Paid Service) which in Sheffield City Council are the posts of:	Executive Director Operational Services	158,562	
	Executive Director City Futures	158,562	
	Director of Policy, Performance and Communications	94,102	Election duty fees are in accordance with normal authority procedures.

Deputy Chief Officers (those who report to Statutory or Non-Statutory Chief Officers) which in Sheffield City Council are the posts of:	Director of Children and Families	108,475	
	Director Integrated Commissioning	94,102	
	Director Communities	94,102	
	Director of Parks Leisure and Libraries	94,102	
	Director of Education and Skills	92,911	
	Director of Human Resources and Customer Services	94,102	
	Director Housing Services	103,343	
	Director Street Scene and Regulations	94,102	
	Director Economic Development, Skills and Culture	94,102	
	Director Direct Services	94,102	
	Director Investment, Climate Change and Planning	94,102	
	Head of Business Strategy and Change	79,244	
	Head of Communications	67,661	
	Head of Policy and Partnerships	67,661	
	Head of Business Planning Strategy and Improvement	79,224	
	Head of Mental Health/LD/ Transitions	79,224	
	Head of Access and Prevention	79,224	
	Head of Service (ASC Localities)	79,224	
	Head of Localities	75,734	
	Head of Commissioning	64,673	
	Assistant Director Living and Ageing Well South	75,734	
	Consultant in Public Health	90,702	

	Consultant in Public Health PH Medicine	79,224	
	Public Health Principal	66,167	
	Consultant in Public Health, Health Protection	77,486	
	Assistant Director ICT Service Delivery	79,224	
	Head of Accounting	75,734	
	Head of Finance and Commercial Business Partnering	77,486	
	Head of Business Strategy	79,244	
	Head of Revenues and Benefits	67,661	
	Director Regeneration and Development	90,842	

Annex 2 - Chief Officer Grading Structure

Grade Desc	Spinal Pt	Pay Award for 01/04/2023 not agreed yet
DG 7	1	63,174
	2	64,673
	3	66,167
	4	67,661
DG 6	1	73,981
	2	75,734
	3	77,486
	4	79,244
DG 5	1	84,623
	2	86,697
	3	88,769
DG4	1	90,842
	2	92,911
	3	94,102
DG3	1	96,409
	2	98,721
	3	101,032
	4	103,343
DG2	1	105,875
	2	108,475
	3	111,139
	4	113,869
DG 1	1	118,693
	2	121,439
	3	124,504
	4	127,449
	5	130,461
EXECUTIVE DIRECTOR	1	131,319
	2	138,142
	3	144,949
	4	151,758
	5	158,562

Chief Executive		206,236

Equality Impact Assessment

Ref. Number: 1444

Proposal Name: Sheffield City Council 2023/24 Revenue Budget

Start Date: 10/1/2023

Part A - Initial Impact Assessment

Brief aim(s) of the proposal and the outcome(s) you want to achieve
This Equality Impact Assessment (EIA) considers overall themes and potential impacts of the savings proposals that contribute towards the Council's 2023/24 Revenue Budget. It considers impacts on people interacting with the Council directly or indirectly (referred to generically in current EIA terminology as 'customers') and people employed by and working for the Council (referred to as 'staff').

Individual EIAs are carried out for all savings proposals, which will include specific analysis and detail that is available. All EIAs are iterative and subject to development and review. This applies to the individual savings EIAs, some of which start out as exploratory in nature and which will be developed further as more detail and information becomes known and proposals take shape.

Some proposals may be subject to the outcome of further consultation or the further analysis of other evidence. As a consequence, not all individual EIAs are currently complete but will continue to be developed and reviewed.

This overarching EIA should therefore be seen as reflecting our initial understanding and assessment of impacts. These assessments may change as proposals develop further and services introduce budget saving implementation plans.

This EIA does not cover all proposals and all possible impacts but seeks to highlight some likely areas of impact. It does not include proposals where impacts are considered to be none or very limited at this stage – for example, reductions in community safety funding or on training budgets. However, such proposals will also continue to be monitored. We will monitor for any and all adverse equality impacts as reductions and changes in provision occur during the next year.

As set out in the Revenue Budget Report, approaches to savings proposals reflect the needs and priorities of different service areas covered by Policy Committees and include:

- **Adult Health & Social Care** – proposals relating to individual reviews of care and support and broader service improvements.
- **Education, Children's & Families** – service improvements, managing demand and provision and seeking contributions from key partners.
- **Housing** – ending of non-essential grants and schemes, revising some service delivery timescales and asset and facilities management.
- **Strategy & Resources** – implementation of the Council's Accommodation Strategy, internal efficiencies, and IT savings.

- **Communities, Parks & Leisure; Economic Development & Skills; Transport, Regeneration & Climate; and Waste & Street Scene** – maximising external grant income, operational efficiencies, reducing service provision and fee increases.

There are many implications to the different approaches being developed and proposed. The purpose of individual EIAs is to assess how these proposals could affect people and communities and to identify any ways to reduce (mitigate) any negative impacts. Some mitigations may include:

For proposals to reduce posts and staffing costs

- Seeking to avoid compulsory redundancies by deleting vacant posts and offering voluntary early retirement (VER) and voluntary severance (VS) schemes, ahead of Managed Employee Reduction (MER), redeployment and employee support schemes.

For proposals to reduce or end service provision

- Scheduling or delaying the change/closure, if possible, to enable people affected to access alternatives and, where viable, working with individuals to identify other/new options and signposting people.

For proposals to reduce contract fees/prices

- Dialogue with organisations affected to understand the implications and options for alternative funding; scheduling, or delaying the change, if possible, to manage the impact on organisations, their staff and clients; and signposting to sources of support and advice.

Consultation, and other forms of engagement, provide further mitigation and may enable proposals to be confirmed or developed, or require them to be changed. Proposals to make service improvements will, where possible, aim to benefit from the involvement of customers or staff through various forms of engagement.

Proposal Type:	Budget	**Entered on Q Tier?**	Yes
Year of Proposal (s):	2023/24		
Decision Type:	Council		
Lead Committee Member:	Cllr Terry Fox		
Lead Director for Proposal:	James Henderson		
Equality Lead Officer:	Adele Robinson		
Officer filling in this EIA form:	Ed Sexton		

Lead Equality Objective - All:

- Understanding Communities
- Workforce Diversity
- Leading the city in celebrating & promoting inclusion
- Break the cycle and improve life chances
- Becoming an Anti-Racist organisation and city

Portfolio, Service and Team

Lead Portfolio All **Is this Cross-Portfolio?** ● Yes

Is the EIA joint with another organisation (e.g. NHS)? ● No

Consultation

Is consultation required?

● Yes

A consultation on 'Sheffield City Council Budget 2023/24' was run between 19 December 2022 and 13 January 2023. We received 193 responses, down from 457 responses last year. This might reflect changes to the way proposals have been developed through Elected Members in the new Policy Committees or changes in the survey itself. The online survey was supported by a social media campaign and through e-newsletter alerts to citizens that are registered to receive them.

The smaller numbers of respondents make it difficult to identify any significant trends by demographic or geographical communities. Further analysis is continuing to understand the feedback, but some key findings were:

2023/24 Budget proposals

Respondents were asked whether they agreed with proposals put forward by the Policy Committees. More respondents agreed than disagreed for some Policy Committee's set of proposals:

Adult Health & Social Care	54% agreed or strongly agreed
	22% disagreed or strongly disagreed
	25% neither agreed nor disagreed or didn't know
Economic Development & Skills	54% agreed or strongly agreed
	10% disagreed or strongly disagreed
	36% neither agreed nor disagreed or didn't know
Education, Children & Families	57% agreed or strongly agreed
	11% disagreed or strongly disagreed
	32% neither agreed nor disagreed or didn't know

Housing	42% agreed or strongly agreed
	29% disagreed or strongly disagreed
	29% neither agreed nor disagreed or didn't know
Strategy & Resources	49% agreed or strongly agreed
	21% disagreed or strongly disagreed
	29% neither agreed nor disagreed or didn't know

But there was a more even split for other Policy Committees proposals:

Communities, Parks & Leisure	35% agreed or strongly agreed
	39% disagreed or strongly disagreed
	25% neither agreed nor disagreed or didn't know
Transport, Regeneration & Climate	38% agreed or strongly agreed
	32% disagreed or strongly disagreed
	29% neither agreed nor disagreed or didn't know
Waste & Street Scene	36% agreed or strongly agreed
	37% disagreed or strongly disagreed
	27% neither agreed nor disagreed or didn't know

Further analysis of the responses and comments made behind the data is being undertaken to understand some context to the responses. For example, there was positive support for Strategy & Resource's proposal to reduce the Council's building stock but some concerns in relation to impacts on services, use of income/revenue and heritage.

Council Tax and Adult Social Care Precept

59% of respondents agreed and 30% disagreed with a 3% Council Tax increase in order to reduce the need for further savings in the budget. This was slightly more favourable than a similar question in last year's consultation, when 59% agreed and 36% disagreed with a lower increase, of 1.99%.

Service priorities

Respondents said the five most important services that the Council should prioritise are adult social care, education, children's social care, housing and public health. This is in line with previous years.

Strategic goals

Over half of respondents agreed that the strategic goals in our Corporate Delivery Plan should be the focus for budget over the coming years:

1. Fair, inclusive and empowered communities
2. Strong and connected neighbourhoods which people are happy to call home

3. Tackling inequalities and supporting people through the cost-of-living crisis
4. Healthy lives and wellbeing for all
5. Clean economic growth
6. Happy young people who have the start they need for the future they want

The full analysis of the consultation will help to inform decision-making. Some proposals will also be subject to their own individual consultations.

All consultation feedback and other insights from people who live and/or work in Sheffield is a critical source of evidence and assessment. In the calendar year 2022, the Council ran over 300 public consultation exercises and over 200 targeted consultations (including internal consultation with its employees). This has also informed the development of individual savings proposals.

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

- No

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

- No

If you have said no to either, please say why:

Notification of the 2023/24 Budget and individual savings proposals is subject to the timing and requirements of the Council's governance processes.

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

Identify Impacts

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

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

Does the proposal have a cumulative impact?

● Yes

● Year on Year ● Community of Identity/Interest ● Geographical Area

If yes, details of impact:

The 2023/24 Revenue Budget is affected by numerous individual savings proposals, many of which have cumulative impacts:

Year-on-year

- This includes proposals for further service reductions continuing from previous years or which are expected to have future impacts.

Across a community of identity/interest

- This includes proposals the effect of which are exacerbated by other factors affecting the same groups of people and communities.
- Very significant current examples of this are the impacts of the COVID-19 pandemic and cost-of-living crisis. Beyond their very widespread consequences, in equality terms there are significant impacts in particular in relation to health and wellbeing, disability, age, race, poverty and financial inclusion.

In a geographical area

- This includes proposals that are more localised rather than citywide. For example, the Waste & Street Scene and Communities, Parks & Leisure Policy Committees include proposals that affect certain geographical areas.

Does the proposal have a specific geographical impact across Sheffield?

- No

All areas of Sheffield are affected by the Revenue Budget. Individual proposals affecting certain local areas are considered in their own EIAs.

Local Area Committee Area(s) impacted

- All

Initial Impact Overview

Some of the EIAs start out as exploratory in nature, setting out a broad intention and committing to further development as more detail and information is known and proposals take shape. Some proposals may be subject to the outcome of consultation or the further analysis of other evidence. As a consequence, not all EIAs are currently complete, and this summary should therefore be seen as reflecting our initial understanding of impacts and not necessarily how they may look in three- or nine-months' time.

It is important to ensure that all equality impacts are further considered when services report on the specific implementation plans for their Budget Saving Proposals. We will monitor for any adverse equality impacts as reductions and changes in provision occur during the next year.

Inevitably, further funding reductions on top of those seen for more than a decade, during a cost-of-living crisis and while impacts from the pandemic are still very real, does mean there will be implications for the front-line services we deliver.

There will be impacts for those in greatest need and for some of the work we do with groups who share protected characteristics. We will seek 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 and funding reductions at the scale and pace that we have experienced over a significant time does have implications for front-line services.

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

Across the individual EIAs, groups of people most affected continue to be those most likely to need this support, especially people on low income who are also more likely to be disabled people; older and young people; women; unpaid carers; lone parents and some people from Black, Asian and Minority Ethnic (BAME) communities. For example, any changes to dimming street lighting or neighbourhood resourcing is likely to most impact those who feel less safe, who are the same groups noted above.

As in previous years, our approach to these budget savings is, where possible, to begin with areas which have the least direct impact on people, and where there are opportunities to re-shape services and any ongoing investment and funding. We are seeking to continue to do this, but it has an impact on what the Council can continue to deliver. We have aimed to ensure that sources of financial help are available:

- Council Tax Hardship Scheme
- Local Assistance Scheme
- Council Tax Support Fund
- Household Support Fund

Initial Impact Sign Off

Based on the information is a Full impact Assessment required? ● Yes

Has this been signed off by an Equality Lead Officer? ● Yes

Date Agreed: 13/01/2023

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? ● Yes

Staff ● Yes

Customers ● Yes

Full impacts are identified and explored in individual EIAs. Many proposals are likely to affect people's health and wellbeing, either directly or indirectly, including proposals that cover:

Adult Health & Social Care

- Facilitating greater collaboration with Health partner organisations (e.g. funding arrangements and enablement).
- Reviewing people's care and support arrangements.
- Mental health support and funding.
- Recommissioning community-based support.
- Residential Care (and the commissioning of a new Adults with Disabilities framework).

Communities Parks & Leisure

- Parks' income and design/environment.

Education, Children & Families

- Pre-Birth Team changes, which will reduce staffing but regrade staff and improve casework to support women facing vulnerabilities, including domestic abuse, mental health problems and substance misuse.

Note that proposals relating to staff/service changes in safeguarding and social work are not assessed as having negative impacts on customers, although there are impacts on staff.

Housing

- Increase in rental income, which will impact tenants' financial wellbeing and, exacerbated by the cost-of-living crisis, is likely to have some impact on health; support and signposting through a Housing Officer and/or through Housing Benefit or Universal Credit may provide some mitigation for some tenants.
- City Wide Housing staff savings, which could impact on some customers in vulnerable circumstances, and on cleaning and waste management, as well as the staff themselves.
- Staff savings in Neighbourhood Intervention, which could affect tenants' access to hardship funds, exacerbated by the cost-of-living crisis, further benefit migration to Universal Credit and consequential staff resource pressures.
- Making improvements in disrepair management.

Waste & Street Scene

- Trialling further dimming of street lighting.

Note that the initial assessment is that reductions in community safety funding and in South Yorkshire Roads Safety Partnership contributions will not have negative impacts on health and wellbeing because of other resources available.

Public Health funding is being utilised across service areas where appropriate, including to meet pay pressures. It is expected that using the funding in this way would not impact on other Public Health commitments.

With the exception of Waste & Street Scene, all Policy Committees are proposing staff cost reductions. Although it is initially expected that reductions in staffing levels can be achieved through deletion of vacant posts and voluntary employee schemes, the effects of introducing formal schemes and/or reducing capacity can be a source of stress and anxiety for employees. Resources including the Employee Assistance Programme and Mental Health Support Service will need to be made available to employees.

Age

Impact on Staff ● Yes

Impact on Customers ● Yes

Full impacts are identified and explored in individual EIAs. Some proposals are likely to impact in relation to people's age, either directly or indirectly, including proposals that cover:

Adult Health & Social Care

- Working age disabled people – reviewing care and support arrangements; mitigating cost increases and new demand; recommissioning community-based support; introducing frameworks and other measures covering residential care.
- Older people – similar measures as above covering reviews, mitigating costs, community support and residential care; ensuring consistent contributions through financial assessments, annual uplift of contributions to care costs, applying contributions to short-term reablement and improved debt collection.

Communities, Parks & Leisure

- Parks' income and design/environment, which will impact on park users of all ages, including children and young people, and will see older workers leave and more apprentices introduced.
- Increases in bereavement fees and charges, which may have a disproportionate impact on older people.
- The Libraries Service redesign, which will include harmonising opening hours, reducing the books/materials fund and increasing stock circulation and supporting volunteer-run libraries, will affect all users, including older people, younger people and working-age people.

Education, Children & Families

- Increasing the number of fostering families.
- Care-leavers progressing to secured tenancies (via semi-independent living if needed).
- More appropriate PA support for care leavers aged 21 and above.
- Recommissioning alternative provision for school exclusions and lapsing the exclusion mentoring project.
- Reviewing use of Barristers and Independent Experts in family proceedings and which could reduce delays.
- Virtual School additional income generation.

Housing

- Increase in rental income, which may impact tenants' health and financial wellbeing, even with support and benefit mitigations for some; the highest number of tenants are aged 51-60 and some areas have higher proportion of certain ages.
- Ending the HRA Community Fund, as Tenants & Residents Associations (TARAs) have under-used this and have other resources available, which may have limited impact.
- Not re-opening four closed access points, which may have some continued impact for the affected communities, including older people; mitigations include alternative sources of support/contact, and consultation.

Strategy & Resources

- The Council's accommodation strategy and plans to reduce our building stock, which will impact on all staff, and may have some impact on customers across different ages.

Disability

Impact on Staff ● Yes

Impact on Customers ● Yes

Staff

The Council's overall 2021/22 workforce profile showed that 12.2% of all employees have a declared disability and/or long-term health condition, and that this had increased from the year before. The figure provides a proxy for this EIA, although specific workforce profiles may be needed to inform individual EIAs affecting service areas. In 2021/22, 13.9% of employees leaving the Council had a disability (compared to 11.8% of new starters with a disability). This difference may in part be to higher percentages of older employees leaving.

Full impacts are identified and explored in individual EIAs. Some proposals are likely to impact in relation to people's disability, either directly or indirectly, including proposals that cover:

Adult Health & Social Care

- Working age disabled people – reviewing care and support arrangements; mitigating cost increases and new demand; recommissioning community-based support; introducing frameworks and other measures covering residential care.
- Mental health support and funding.

Communities, Parks & Leisure

- Parks' income and design/environment, which may impact on disabled park users.
- The Libraries Service redesign, which will cover harmonised opening hours, stock funding and circulation and supporting volunteer-run libraries, will impact all communities, including disabled people.

Education, Children & Families

- Recommissioning alternative provision for school exclusions and lapsing the exclusion mentoring project.

Housing

- Increase in rental income, which may impact tenants' health and financial wellbeing, even with support and benefit mitigations for some; around 29% of tenants classify themselves as having a disability.
- Not re-opening four closed access points, which may have some continued impact for the affected communities, including disabled people; mitigations include alternative sources of support/contact and consultation.

Transport, Regeneration & Climate

- People with disabilities are exempt from charges that are the subject of fee increases.

Pregnancy/Maternity

Impact on Staff ● Yes

Impact on Customers ● Yes

There is a proposal from **Education, Children & Families** to enhance the support available through the Pre-Birth Team to women facing vulnerabilities, including domestic abuse and mental health problems; the proposal includes staffing reductions but also regrading and expected improved casework processes.

Full impacts are identified and explored in individual EIAs. No other proposals have a direct impact on people in relation to pregnancy/maternity but there may be indirect impacts, for example in areas including:

- Staff cost reduction and employee reduction proposals – services will need to ensure full compliance with employment law and Council policy.

- Changing services that support children and families, or support other women of maternity age – such services should already have signposting and information channels in place.
- Maintaining services, such as baby time sessions in libraries.

Race

Impact on Staff ● Yes

Impact on Customers ● Yes

Staff

The Council's overall 2021/22 workforce profile showed that, where known, 16.6% of all employees are BAME (Black Asian & Minority Ethnic, continuing an increasing, year-on-year trend. The figure provides a proxy for this EIA, although specific workforce profiles may be needed to inform individual EIAs affecting service areas. In 2021/22, BAME employees made up 15.4% of employees leaving the Council and 21.6% of new starters).

One proposal from **Housing** relates directly to race:

- Annual review and increase of Gypsy & Traveller site pitch fees.

Full impacts are identified and explored in individual EIAs. There may be indirect impacts from several proposals, for example including:

Adult Health & Social Care

- Through all approaches to proposals, including community support and residential care, work interfacing with health services, mental health, reviewing care, mitigating costs of care and new demand.

Communities, Parks & Leisure

- Parks' income and design/environment, which may impact on parks in areas with higher BAME communities.
- The Libraries Service redesign proposal will impact all communities, including people from BAME communities and other backgrounds accessing local libraries and all services.

Education, Children & Families

- Covering a wide range of areas of service and support, including recommissioning alternative provision for school exclusions, targeting increases in the number of fostering families within BAME communities and other measures that may have some impact on addressing affect inequality in education.

Housing

- Increase in rental income, which may impact tenants' health and financial wellbeing, even with support and benefit mitigations for some; around 23% of council tenants are from a BAME background.

- The loss of one Housing Strategy and Policy post may impact on the speed of implementation of Sheffield Race Equality Commission recommendations but this will be monitored closely.
- Reductions in HRA-funded community buildings, which could impact BAME communities, but would need to be subject to consultation, including any options for continued community use.
- Not re-opening four closed access points, which may have some continued impact for the affected communities, including people from BAME communities (informed by data from each area); mitigations include alternative sources of support/contact, translation/interpretation services and consultation.

Many areas covered by proposals need to ensure service take-up and data monitoring is representative of ethnic diversity in Sheffield.

Religion/Belief

Impact on Staff ● Yes

Impact on Customers ● Yes

Staff

The Council's overall 2021/22 workforce profile indicated that around 53% of all employees have a religion or belief and around 47% have none. This provides a proxy for this EIA, although specific workforce profiles may be needed to inform individual EIAs affecting service areas.

Full impacts are identified and explored in individual EIAs. No proposals have noted a direct impact on people in relation to religion/belief, however, there may be indirect impacts from proposals to change services/support that support people's inclusion and therefore enable people to exercise their religion/belief.

These may include community-based social care support; library services; family support services; housing support; transport and travel environments.

Sex

Impact on Staff ● Yes

Impact on Customers ● Yes

Staff

The Council's overall 2021/22 workforce profile showed that 60.6% of all employees are female and 39.4% male. This provides a proxy for this EIA, although specific workforce profiles may be needed to inform individual EIAs affecting service areas, some of whom have high prevalence of either female or male employees. Other associated factors are that female employees are more likely than male employees to work part-time or to have unpaid caring responsibilities.

Full impacts are identified and explored in individual EIAs. There may be direct or indirect impacts relating to sex from several proposals, for example in areas including:

Adult Health & Social Care

- Proposals in particular affecting older people needing care and support, a majority of whom are female.
- Proposals affecting staff, a majority of whom are female.

Education, Children & Families

- Pre-Birth Team changes, which will enhance support to women facing vulnerabilities, including domestic abuse, mental health and substance abuse problems and financial exclusion; the proposal includes staffing regrading and post reductions, which would disproportionately affect women.
- Other proposals affecting staff, a majority of whom are female.
- Family support or measures that address inequality in education.

Housing

- Increase in rental income, which may impact tenants' health and financial wellbeing, even with support and benefit mitigations for some; there are currently a higher proportion of female tenants.
- Proposals affecting staff, a majority of whom in some services are male.
- Staff savings in Neighbourhood Intervention, which could disproportionately affect women.

Strategy & Resources

- Proposals affecting staff, where either female and male employees are the majority in the services concerned.

Waste & Street Scene

- Trialling further dimming of lighting.

Sexual Orientation

Impact on Staff ● Yes

Impact on Customers ● Yes

The Council's overall 2021/22 workforce profile indicated that 4.7% of all employees are LGB+, and that this had increased from the year before. This provides a proxy for this EIA, although specific workforce profiles may be needed to inform individual EIAs affecting service areas.

Two proposals from **Education, Children & Families** expect to have direct benefits to LGBTQ+ people:

- Increasing the number of fostering families, which includes work to promote fostering to LGBTQ+ families.
- Recommissioning alternative provision for school exclusions, which includes a support for the emotional health and wellbeing of young LGBTQ+ people.

There may be indirect impacts associated with other proposals. Full impacts are identified and explored in individual EIAs.

Many areas covered by proposals need to ensure service take-up and data monitoring is representative of LGB+ communities in Sheffield.

Gender Reassignment and Transgender

Impact on Staff ● No

Impact on Customers ● Yes

Staff

The Council's overall 2021/22 workforce profile indicated that 0.5% of all employees are Transgender and 0.2% are non-binary (other than male or female). This provides a proxy for this EIA, although specific workforce profiles may be needed to inform individual EIAs affecting service areas.

As highlighted above, potential impacts are identified in two proposals from **Education, Children & Families**:

- Increasing the number of fostering families.
- Recommissioning alternative provision for school exclusions.

There may be indirect impacts associated with other proposals. Full impacts are identified and explored in individual EIAs.

Many areas covered by proposals need to ensure service take-up and data monitoring is representative of Trans+ communities in Sheffield.

Carers

Impact on Staff ● Yes

Impact on Customers ● Yes

Staff

The Council's overall 2021/22 workforce profile showed that 15.9% of all employees are unpaid carers, continuing an increasing, year-on-year trend. More carers left the Council than started in the year, indicating that higher numbers of current employees became carers, (which may have been related to the effects of the pandemic). These figures provide a proxy for this EIA, although specific workforce profiles may be needed to inform individual EIAs affecting service areas.

Full impacts are identified and explored in individual EIAs. No proposals have a primary aim in relation to unpaid carers, but several are likely to have indirect impacts, for example in relation to:

Adult Heath & Social Care

- Proposals for older people and adults with a disability, including community support and residential care, work interfacing with health services, mental health and reducing costs of care and new demand.

Education, Children & Families

- Proposals that may indirectly affect families and parents/others who are unpaid carers of children with special educational needs and disabilities, and support for families, including reviewing use of Barristers and Independent Experts in family proceedings.

Housing

- Proposals that may indirectly affect people who are unpaid carers of adults with disabilities or older people and who are themselves impacted in various ways – for example, through proposed rent increases or charges; or through service changes that will affect access to hardship funds or support to vulnerable people.

Voluntary, Community & Faith sectors

Impact on Staff ● Yes

Impact on Customers ● Yes

Full impacts are identified and explored in individual EIAs. Some proposals may have impacts on the VCF sector, including:

Adult Heath & Social Care

- Reviewing costs that increased during the COVID-19 pandemic and mitigating costs from new demand.
- Changes to services/support that support people's social inclusion and exercising of religion/belief.

Communities, Parks & Leisure

- The Libraries Service redesign, which will include harmonising opening hours, reducing the books/materials fund and increasing stock circulation and supporting volunteer-run libraries.

Education, Children & Families

- Recommissioning alternative provision for school exclusions and lapsing the exclusion mentoring project.

Housing

- Ending the HRA Community Fund, as Tenants & Residents Associations (TARAs) have under-used this and have other resources available, which may have limited impact.
- Reductions in HRA-funded community buildings, which could have implications for the VCF sector, but would need to be subject to consultation, including any options for continued community use.

There may be indirect impacts on the VCF sector through other proposals which affect social inclusion and financial inclusion.

Partners

Impact on Staff ● Yes

Impact on Customers ● Yes

Full impacts are identified and explored in individual EIAs. Several key partners may be affected by proposals, including:

Adult Health & Social Care

- Various proposals that will affect NHS organisations, social care providers, housing providers and other agencies.

Economics Development & Skills

- Reduction in activity budgets, which may limit opportunities to respond and collaborate with partners and to match-fund; and recharging and income maximisation proposals, which may also affect partners.

Education, Children & Families

- Various proposals that may affect schools and other education providers, NHS organisations, and police and criminal justice agencies.

Housing

- Various proposals that affect social housing, private sector housing and other accommodation providers and agencies.

Transport, Regeneration & Climate

- External Government funding and other income-generating measures from partners.

Cohesion

Staff ● Yes

Customers ● Yes

Some proposals may have some impact on social cohesion and are explored further in individual EIAs. These include:

Housing

- Reductions neighbourhood support resourcing.
- Annual review and increase of Gypsy & Traveller site pitch fees.
- City Wide Housing staff savings, which could impact on some customers in vulnerable circumstances, as well as the staff themselves.
- Reductions in HRA-funded community buildings, which could limit the availability of locally accessible resources, but would need to be subject to consultation, including any options for continued community use.
- Staff savings in Neighbourhood Intervention, which could affect tenants' access to hardship funds, exacerbated by the cost-of-living crisis, further migration to Universal Credit and consequential staff resource pressures.

- Maximising income recovery in Bed and Breakfast, which will impact people with vulnerabilities in need of temporary accommodation, but mitigated by continual support and the Homelessness Prevention Strategy.

Waste & Street Scene

- Trialling further dimming of lighting

Note that the initial assessment is that reductions in community safety funding and in South Yorkshire Roads Safety Partnership contributions will not have negative impacts on cohesion because of other resources available.

Poverty & Financial Inclusion

Impact on Staff ● Yes

Impact on Customers ● Yes

Several proposals are likely to have a direct or indirect financial impact, which are explored further in individual EIAs. Also some characteristics as noted above are more likely to be impacted by poverty such as disabled people and carers, women, lone parents etc. The proposals include:

Adult Health & Wellbeing

- Proposals relating to contributions to the cost of care.

Communities, Parks & Leisure

- Fee increases covering cremations, burials and memorial services.

Education, Children & Families

- Pre-Birth Team changes, which will reduce staffing but regrade staff and improve casework to support women facing vulnerabilities, including joblessness and financial exclusion.

Housing

- Increase in rental income, which will impact tenants' financial wellbeing and exacerbated by the cost-of-living crisis, is likely to have some impact on health; support and signposting through a Housing Officer, and/or Housing Benefit or Universal Credit, may provide some mitigation for some tenants.
- Increased fee charges for repair loans, which will impact homeowners.
- Recharges for repairs and measures to reduce backlogs, which will impact tenants.
- Increases in community heating charges, which will impact tenants.
- Improvement in vacant rent loss, which should increase the speed of availability of tenancies.
- Sale of high value sundry properties, which would reduce choice for future tenants (but would not impact current tenants).
- City Wide Housing staff savings, which could impact on some customers in vulnerable circumstances, and on cleaning and waste management, as well as the staff themselves.

- Reductions in HRA-funded community buildings, which could limit the availability of locally accessible resources, but would need to be subject to consultation, including any options for continued community use.
- Staff savings in Neighbourhood Intervention, which could affect tenants' access to hardship funds, exacerbated by the cost-of-living crisis, further migration to Universal Credit and consequential staff resource pressures.
- Maximising income recovery in Bed and Breakfast, which will impact people with vulnerabilities in need of temporary accommodation, but mitigated by continual support and the Homelessness Prevention Strategy.

Transport, Regeneration & Climate

- Proposals to increase fees for pre- and planning applications, building control trading accounts fee, skip permits and application fees.

Armed Forces

Impact on Staff ● No

Impact on Customers ● Yes

No proposals have a primary aim in relation to armed forces but there may be some indirect impacts.

Many areas covered by proposals need to ensure better data monitoring of armed services accessing services in Sheffield.

Action Plan and Supporting Evidence

What actions do you need to take following this EIA?

Feedback from the consultation 'Sheffield City Council Budget 2023/24' will be analysed and used to inform final decision-making in relation to the 2023/24 Revenue Budget.

This EIA will be reviewed and updated to reflect the final decision. The detail of further equality analysis and development will take place through individual EIAs.

What evidence have you used to support the info in the EIA?

- Ongoing analysis which is informing individual proposals.
- Sheffield City Council workforce profile data.
- External sources of data of Sheffield, including recently published 2021 Census data.

Detail any changes made because of the EIA

The impact and changes as a result of EIAs are more likely to be demonstrated in the individual EIAs which sit beneath this overarching document.

Following mitigation is there still significant risk of impact on a protected characteristic. ● Yes ○ No

People living in poverty and financial hardship.

Sign Off

EIAs must be signed off by an Equality lead Officer. Has this been signed off?

● Yes ○ No

Date Agreed: 13/01/2023

Name of EIA Lead Officer: Adele Robinson

Review Date: 15/08/2023

2023/24 Revenue Budget Savings Proposals and EIA References

Savings proposal		Policy Committee	EIA
108	AHSC: reviewing costs that increased during Covid (Living and Ageing Well)	Adult Health & Social Care	1431
114	AHSC: Mitigating costs from new demand (Living and Ageing Well)	Adult Health & Social Care	1386
115	AHSC: Recommissioning Community Support (Living and Ageing Well)	Adult Health & Social Care	1058
116	AHSC: Residential Care Offer (Living and Ageing Well)	Adult Health & Social Care	1412
117	AHSC: Maximising Income (Living and Ageing Well)	Adult Health & Social Care	1432
118	AHSC: External Funding (Living and Ageing Well)	Adult Health & Social Care	1256
119	AHSC: Reviewing costs that increased during Covid (Adults with a Disability)	Adult Health & Social Care	1431
120	AHSC: Mitigating costs from new demand (Adults with a Disability)	Adult Health & Social Care	1386
121	AHSC: Mitigating cost increases to existing support (Adults with a Disability)	Adult Health & Social Care	1433
122	AHSC: Recommissioning Community Based Support (Adults with a Disability)	Adult Health & Social Care	1058
123	AHSC: Residential Care offer (Adults with a Disability)	Adult Health & Social Care	1412
124	AHSC: Ongoing benefits of 2022 projects (Adults with a Disability)	Adult Health & Social Care	1435
125	AHSC: Residential Care Offer (Mental Health and Safeguarding)	Adult Health & Social Care	835
126	AHSC: Mitigating cost increases to existing support (Mental Health and Safeguarding)	Adult Health & Social Care	1433
127	AHSC: Income and Funding (Mental Health and Safeguarding)	Adult Health & Social Care	1432
128	AHSC: Commissioning Disinvestment (Commissioning and Partnerships)	Adult Health & Social Care	1411
129	AHSC: Review of Better Care Fund - Cross Cutting	Adult Health & Social Care	1413
130	AHSC: Disinvestment - Care Governance	Adult Health & Social Care	1414
305	AHSC: Enablement Test of Change (Living and Ageing well)	Adult Health & Social Care	1445
307	AHSC: Review of Living and Ageing Well	Adult Health & Social Care	1437
308	AHSC: Contract savings (Mental Health and safeguarding)	Adult Health & Social Care	1438
32	Better Parks Income & Redesign	Communities, Parks & Leisure	1423
33	Increase Bereavement fees & charges	Communities, Parks & Leisure	1330
34	Libraries Strategic Review	Communities, Parks & Leisure	1358
35	Public Health Funding	Communities, Parks & Leisure	1424
212	Communities: pay award mitigation - Staff related reductions	Communities, Parks & Leisure	1317
244	Communities: pay award mitigation - DSG	Communities, Parks & Leisure	1317
268	Sheffield City Trust	Communities, Parks & Leisure	1416
92	% Reduction in Activity budgets	Economic Development & Skills	1236
166	Recharging	Economic Development & Skills	1234
167	Further Income Maximisation	Economic Development & Skills	1233
168	Efficiency saving	Economic Development & Skills	1233
145	Increase the number of Fostering Families by 40	Education, Children & Families	1365
146	Service Review - Review Frequency of Fostering Panels	Education, Children & Families	1366
147	Rebase Mast Staffing	Education, Children & Families	1369
150	Ongoing progression to secured tenancy building	Education, Children & Families	1409
151	Social Work Incentive Scheme	Education, Children & Families	1367

Savings proposal		Policy Committee	EIA
152	Review current use of Barristers and Independent Experts in family proceedings	Education, Children & Families	1384
153	Review of Transport Provision	Education, Children & Families	1417
154	Review of Section 17	Education, Children & Families	1368
155	Appropriate level of PA to Care Leavers aged 21 plus	Education, Children & Families	1370
157	Implementation of Integrated front door (Sheffield Safeguarding Hub)	Education, Children & Families	1371
158	Children's Emergency Duty Team Operating Model	Education, Children & Families	1372
159	Undertake MER of Pre-Birth Team (Edge of Care)	Education, Children & Families	1373
160	Lapse Exclusion mentoring contract	Education, Children & Families	1374
332	Children and Families Pay Award Savings	Education, Children & Families	1410
333	Education and Skills Pay Award Saving	Education, Children & Families	1410
334	Integrated Commissioning Pay Award Savings	Education, Children & Families	1410
341	PHG Integrated Commissioning contract inflation saving	Education, Children & Families	1410
349	Remove the dedicated Signs of Safety Lead Post	Education, Children & Families	1376
350	Reduce Audit team	Education, Children & Families	1377
351	Review Safeguarding service (chairs and service manager	Education, Children & Families	1378
352	Review Establishment of Family Group Conference	Education, Children & Families	1380
353	Review establishment of Intensive Family Support Team	Education, Children & Families	1381
354	Review the establishment of Vulnerable Adolescents Team	Education, Children & Families	1383
355	Education & Skills Pension contribution for legacy arrangements	Education, Children & Families	1425
356	Education & Skills Pay Award mitigation - Use of grant funding	Education, Children & Families	1420
357	Review of Business Support	Education, Children & Families	1400
358	Recommission alternative provision around exclusion	Education, Children & Families	1421
359	Virtual school increase additional income	Education, Children & Families	1419
367	Review of existing staffing budget	Education, Children & Families	1418
48	Housing Strategy & Policy staff savings	Housing	1284
49	City Wide Housing staff savings	Housing	1285
50	Gypsy & Traveller - additional income	Housing	1286
51	Homes and Loans - additional income	Housing	1287
52	Private Sector Housing budget savings	Housing	1288
95	End the HRA Community Fund	Housing	1289
162	Recharge repairs on transfer/end of tenancy	Housing	1290
163	Sell high value sundry properties	Housing	1291
164	Review of Repair & Maintenance overheads	Housing	1292
165	Not re-opening 4 closed access points	Housing	1293
201	Corporate charges standstill	Housing	1294
204	Reduce HRA-funded Community Buildings	Housing	1295
205	End the Garden Pledge scheme	Housing	1296
217	10% staff saving in City Wide Housing	Housing	1297
218	10% staff saving in N'hood Services	Housing	1298
219	10% staff saving in N'hood Intervention	Housing	1299
220	10% staff saving in Investment & Maintenance	Housing	1300
224	Increase in rental income from 3% to 5%	Housing	1301
225	Increase rental income by 7%	Housing	1301

Savings proposal		Policy Committee	EIA
227	Improvement in vacant rent loss	Housing	1302
252	Housing Growth staff savings	Housing	1303
259	Increase in rental income - 3%	Housing	1301
260	Review of Communications SLA	Housing	1304
261	Community Safety Funding	Housing	1305
262	Improvements in disrepair management	Housing	1306
263	Increase in Community Heating charge	Housing	1307
344	UK Resettlement Programme additional grant income	Housing	1391
345	Maximising income recovery in Bed and Breakfast	Housing	1392
346	Housing Solutions Business Support	Housing	1393
36	Reduce manned security at sites through investment	Strategy & Resources	1439
37	Deliver second phase of digital mailroom project	Strategy & Resources	1428
38	Accommodation Strategy	Strategy & Resources	1388
39	Review to look at potential savings in support services	Strategy & Resources	1408
47	Extend funding for Business Applications activity	Strategy & Resources	1360
53	Discontinue remaining catering services	Strategy & Resources	1429
242	Communities: pay award mitigation - Public Health	Strategy & Resources	1317
282	Former Employee Pensions (central costs) - Contracts & Rebates	Strategy & Resources	1425
288	Increased Registry Office Income	Strategy & Resources	646
289	Close Cashiers (Stop Taking Cash in Parking Meters)	Strategy & Resources	1422
295	Reversal of Pressure for Remote Network Switches	Strategy & Resources	1436
296	Reversal of Pressure for Remote Access (Covid)	Strategy & Resources	1436
321	22/23 In Year Pay Award Funded by Additional Public Health Grant	Strategy & Resources	1441
322	23/24 Pay Award Funded by Additional Public Health Grant	Strategy & Resources	1441
323	23/24 Pay Award Funded by Additional Public Health Grant	Strategy & Resources	1441
348	Finance & Commercial Services staffing pressures income from Public Health	Strategy & Resources	1441
368	Electric Works lettings policy review	Strategy & Resources	1382
80	Pre-App fees - 10% increase	Transport, Regen & Climate	1251
81	Building control trading account fee increase	Transport, Regen & Climate	1251
83	Highways Network management sustained improvement	Transport, Regen & Climate	1319
84	STSI trading accounts fees & charges increase	Transport, Regen & Climate	1253
88	Use of Planning Mgt budget and reserve	Transport, Regen & Climate	1250
89	Secure External Grant Funding - Regeneration	Transport, Regen & Climate	1254
298	Reduction in service - SY Roads Safety Partnership	Transport, Regen & Climate	1252
301	Increase Skip Permit Fees	Transport, Regen & Climate	1251
25	New car park West Lane	Waste & Street Scene	1406
28	Planning conditions - Milton St/Devonshire Green	Waste & Street Scene	1407
44	Highways maintenance restructure	Waste & Street Scene	1355
45	Sustained improvement in Director's budget	Waste & Street Scene	1329
58	Freeze Moor Markets sinking fund	Waste & Street Scene	1427
60	Further dimming of lighting to traffic routes (Primary and secondary roads)	Waste & Street Scene	1430
61	50% cut to all training budgets	Waste & Street Scene	1328

Savings proposal		Policy Committee	EIA
265	5% reduction in Supplies and Services	Waste & Street Scene	1331
267	Fountains running times	Waste & Street Scene	1415

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 2023/24 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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