Strategy and Resources Policy Committee (Extraordinary Meeting)

Tuesday 21 February 2023 at 1.00 pm

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

The Press and Public are Welcome to Attend

Membership

Councillor Terry Fox
Councillor Julie Grocutt
Councillor Angela Argenzio
Councillor Dawn Dale
Councillor Douglas Johnson
Councillor Bryan Lodge
Councillor Shaffaq Mohammed
Councillor Joe Otten
Councillor Martin Smith
Councillor Richard Williams
Councillor Paul Wood

Sheffield City Council

PUBLIC ACCESS TO THE MEETING

The Strategy and Resources Policy Committee comprises 11 Members and has the following responsibilities:

- Cross-cutting responsibility for development and submission to Full Council for adoption of the Budget and Policy Framework
- Providing strategic direction to the operation of the Council by developing and recommending the Corporate Plan (including determination of the priorities set out therein) to Full Council and making decisions on cross-cutting policies and practice where such decisions are not reserved to full Council
- Responsibility for any issue identified as being of significant strategic importance or financial risk to the Council (which is considered to be by its nature cross-cutting)
- Responsibility for any policy matter not otherwise allocated to a Committee
- Considering reports which an Ombudsman requires to be published by the Council where it is proposed that the Council take the recommended action

Meetings are chaired by the Leader of the Council.

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk . You may not be allowed to see some reports because they contain confidential information. These items are usually marked * on the agenda. Members of the public have the right to ask questions or submit petitions to Policy Committee meetings and recording is allowed under the direction of the Chair. Please see the Council website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Policy Committee meetings are normally open to the public but sometimes the Committee may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last on the agenda.

Meetings of the Policy Committee have to be held as physical meetings. If you would like to attend the meeting, please report to an Attendant in the Foyer at the Town Hall where you will be directed to the meeting room. However, it would be appreciated if you could register to attend, in advance of the meeting, by emailing committee@sheffield.gov.uk, as this will assist with the management of attendance at the meeting. The meeting rooms in the Town Hall have a limited capacity. We are unable to guarantee entrance to the meeting room for observers, as priority will be given to registered speakers and those that have registered to attend.

Alternatively, you can observe the meeting remotely by clicking on the 'view the webcast' link provided on the meeting page of the website.

If you wish to attend a meeting and ask a question or present a petition, you must submit the question/petition in writing by 9.00 a.m. at least 2 clear working days in advance of the date of the meeting, by email to the following address: committee@sheffield.gov.uk.

In order to ensure safe access and to protect all attendees, you will be recommended to wear a face covering (unless you have an exemption) at all times within the venue. Please do not attend the meeting if you have COVID-19 symptoms. It is also recommended that you undertake a Covid-19 Rapid Lateral Flow Test within two days of the meeting.

If you require any further information please email committee@sheffield.gov.uk.

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms. Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

STRATEGY AND RESOURCES POLICY COMMITTEE AGENDA
21 FEBRUARY 2023

Order of Business

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1. Welcome and Housekeeping Arrangements
The Chair to welcome attendees to the meeting and outline basic housekeeping and fire safety arrangements.

2. Apologies for Absence

3. Exclusion of the Press and Public
To identify items where resolutions may be moved to exclude the press and public.

4. Declarations of Interest or Inability to Vote on the Setting of the Council Tax Charge (Pages 7 - 10)
Members to declare any interests they have in the business to be considered at the meeting, or an inability to vote on any recommendation, resolution or other decision which might affect the making of the Council Tax calculation, where an amount has become payable on a Council Tax account they are solely or jointly liable for, and it has remained unpaid for at least 2 months.

5. Public Questions and Petitions Relating to the Issues to be Discussed
To receive any questions or petitions from members of the public relating to the issues to be discussed at the meeting.

(NOTE: In accordance with the arrangements published on the Council's website, questions/petitions relating to the issues to be discussed at the meeting are required to be submitted in writing, to committee@sheffield.gov.uk, by 9.00 a.m. on Friday 17th February. Questions/petitions submitted after the deadline will be asked at the meeting subject to the discretion of the Chair.)

Formal Decisons

6. Revenue Budget and Capital Programme 2023-24 (Pages 11 - 318)
(A) Revenue Budget
(B) Capital Programme

Report of the Interim Director of Finance and Commercial Services.

NOTE: The next meeting of Strategy and Resources Policy Committee will be held on Wednesday 15 March 2023 at 2.00 pm

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.

- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

  *The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –

  - under which goods or services are to be provided or works are to be executed; and
  - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

- Any tenancy where (to your knowledge) –
  - the landlord is your council or authority; and
  - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -

  (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and

  (b) either -
    - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or

- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Standards Committee in relation to a request for dispensation.

Further advice can be obtained from David Hollis, Interim Director of Legal and Governance by emailing david.hollis@sheffield.gov.uk.

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Report to Policy Committee

Author/Lead Officer of Report: Tony Kirkham, Interim Director of Finance & Commercial Services

Tel: *+44 114 474 1438*

Report of:	*Tony Kirkham*
Report to:	*Strategy & Resources Committee*
Date of Decision:	*21st February 2023*
Subject:	*Budget Report for 2023/24*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	✓	No	
If YES, what EIA reference number has it been given? *(Insert reference number)*				
Has appropriate consultation taken place?	Yes	✓	No	
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	✓	No	
Does the report contain confidential or exempt information?	Yes		No	✓

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (**report/appendix**) is not for publication because it contains exempt information under Paragraph (**insert relevant paragraph number**) of Schedule 12A of the Local Government Act 1972 (as amended)."*

Purpose of Report:

The purpose of the Revenue Budget 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

Recommendations:

1. Recommends that Strategy and Resources Committee:

   a) notes that the South Yorkshire Fire & Rescue Authority precepts have not yet been issued;

   b) authorises the CFO to add the information to Full Council; and

   c) recommends to Full Council the recommendations as set out in the Revenue Budget report, subject to the addition of the precept information.

Background Papers:
Medium Term Financial Analysis - MTFA

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: *Liz Gough*
		Legal: *David Hollis*
		Equalities & Consultation: *Adele Robinson*
		Climate: *Jessica Rick*
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.	
2	**EMT member who approved submission:**	*Tony Kirkham*
3	**Committee Chair consulted:**	*Terry Fox*
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: *Liz Gough*	**Job Title:** *Head of Service: Finance & Commercial Business Partnering*
	Date: *(13th Feb 2023)*	

1. PROPOSAL

1.1 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 to 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 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 services 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.

2. HOW DOES THIS DECISION CONTRIBUTE ?

2.1 The purpose of this report is to recommend to Full Council to:

- approve the City Council's revenue budget for 2023/24, including the position on reserves and balances;
- approve a 2023/24 Council Tax for the City Council; and
- note the levies and precepts made on the City Council by other authorities.

Please refer to paragraph 202 of the main report for the recommendations.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 *Yes – please see paragraphs 123 - 171 of the main report*

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

4.1.1 *See paragraphs 172 – 201 and Appendix 8 of the main report for details.*

4.2 Financial and Commercial Implications

4.2.1 *Yes – Signed off by Liz Gough Head of Service: Finance & Commercial Business Partnering*

4.3 Legal Implications

4.3.1 *See paragraphs 84-95 of the main report*

4.4 Climate Implications

4.4.1 *See paragraphs 113-122 of the main report*

4.4 Other Implications

4.4.1 *Workforce impact of this Budget are detailed in paragraphs 103-106 of the main report*

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 *A number of alternative courses of action are considered as part of the Business Planning process undertaken by Officers before options are recommended to individual policy committees. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.*

6. REASONS FOR RECOMMENDATIONS

6.1 *The City Council on 1 March 2023 meets to consider the Revenue Budget for 2023/24 and to determine the Council Tax for that year. The report provides information to enable the Council to set a budget and determine the Council Tax. The proposals set out in this report provide for a balanced budget to be recommended to Full Council*.

Sheffield City Council

Revenue Budget 2023/24

Sheffield City Council

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.

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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.

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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

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

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.

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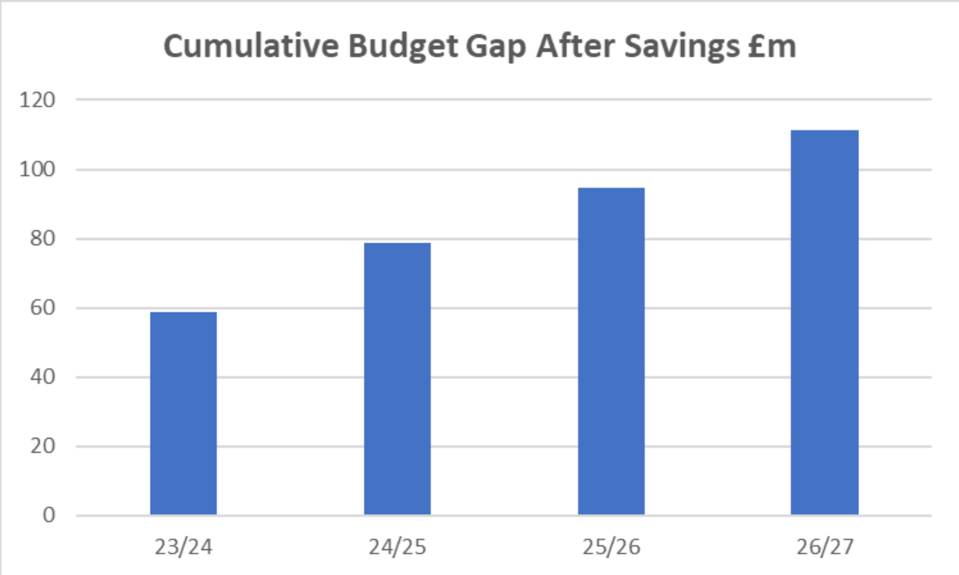
[1] The Business Implementation Plans (BIPS) are published online here;https://www.sheffield.gov.uk/home/your-city-council/budget-spending

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:

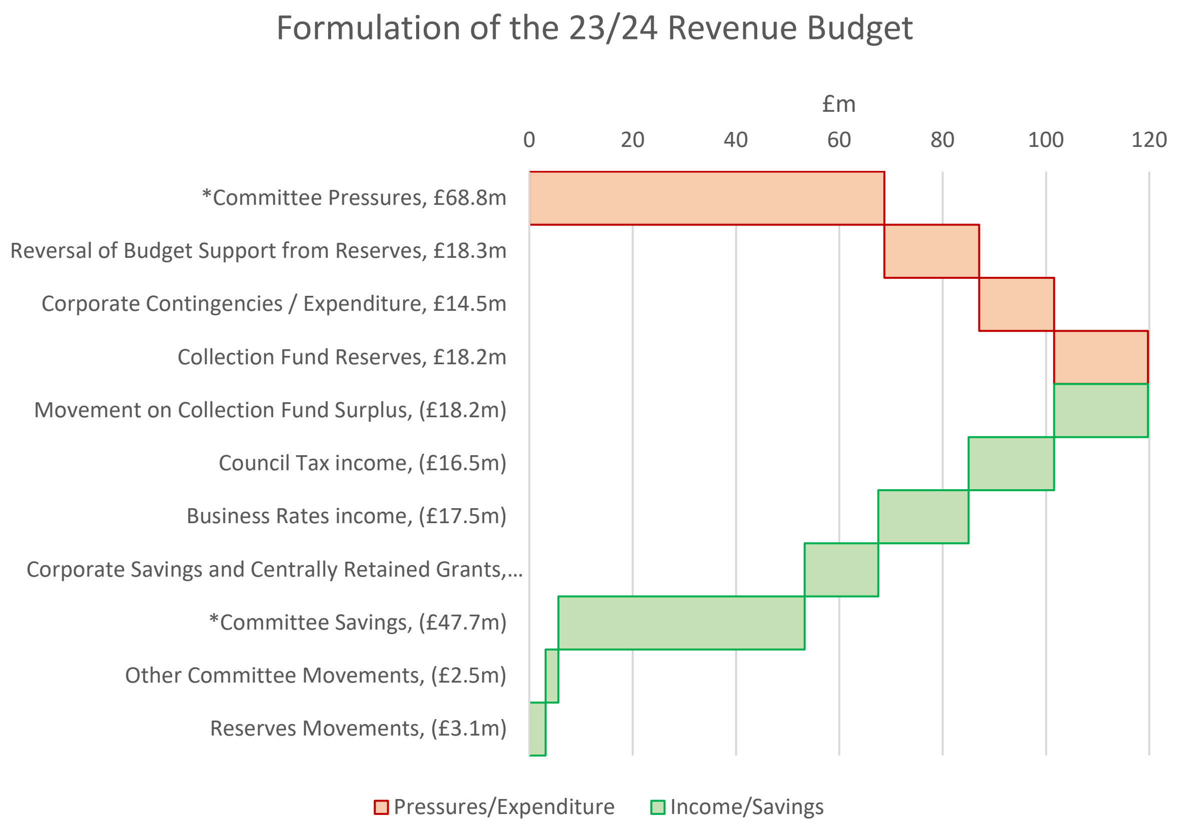
- the assessment of likely increases or reductions to income sources such as Central Government grants, Council Tax and Business Rates.
- assessment of increased expenditure for both Corporate funded items and cost pressures within Committees resulting from increased demand for services, cost inflation 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

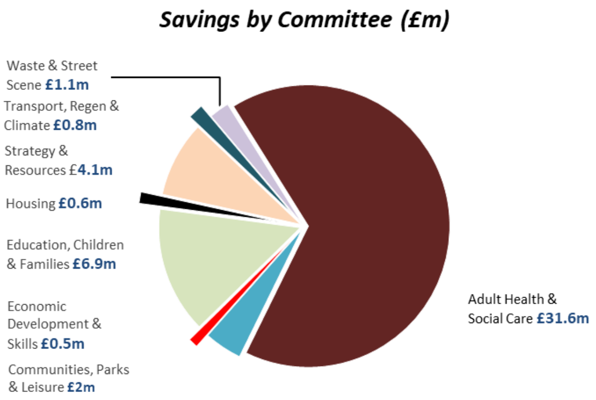


Figure. 4

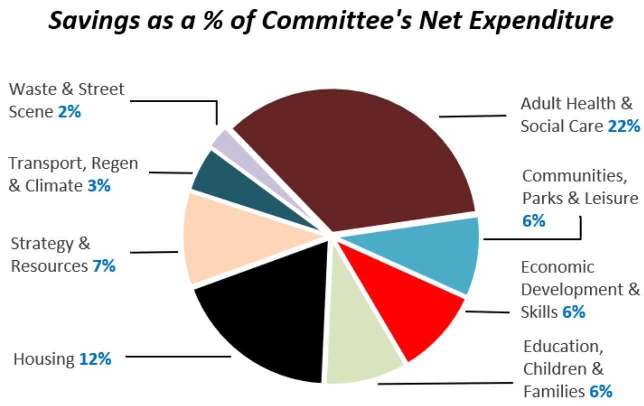
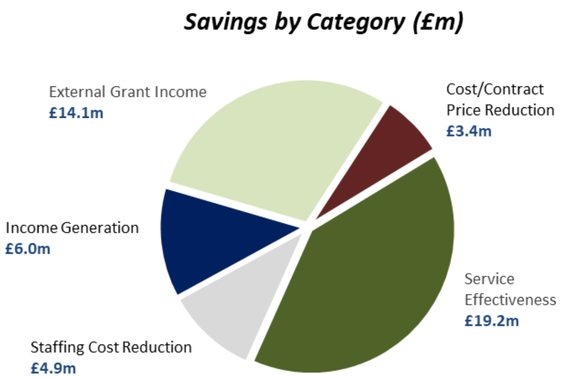
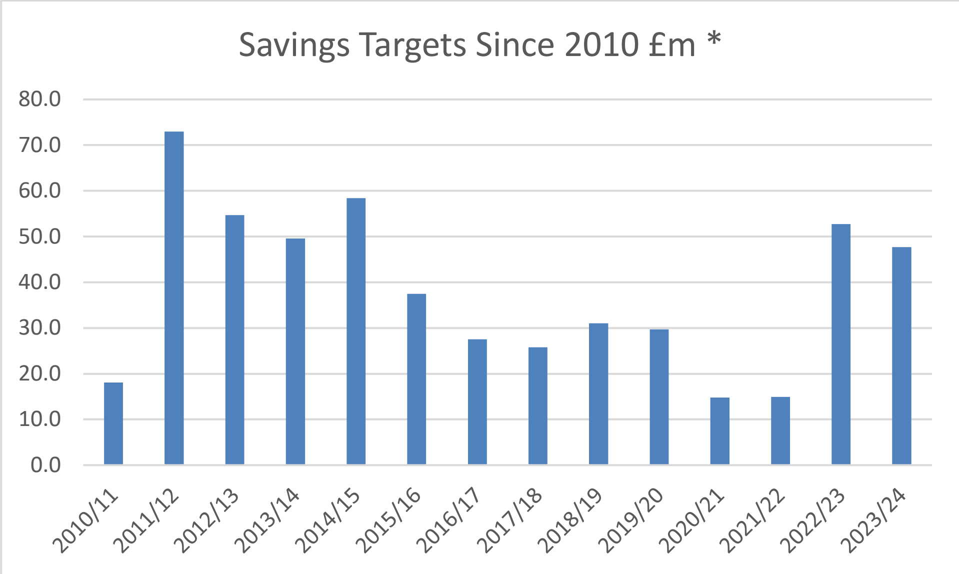


Figure.5



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.

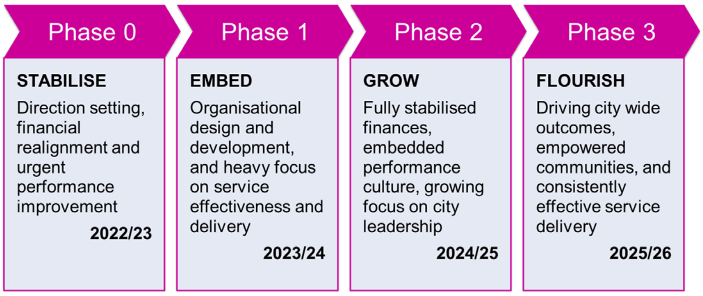
74. Building on the progress we have made with the commitments in the One Year Plan, Members have this year set out six strategic goals for SCC.

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

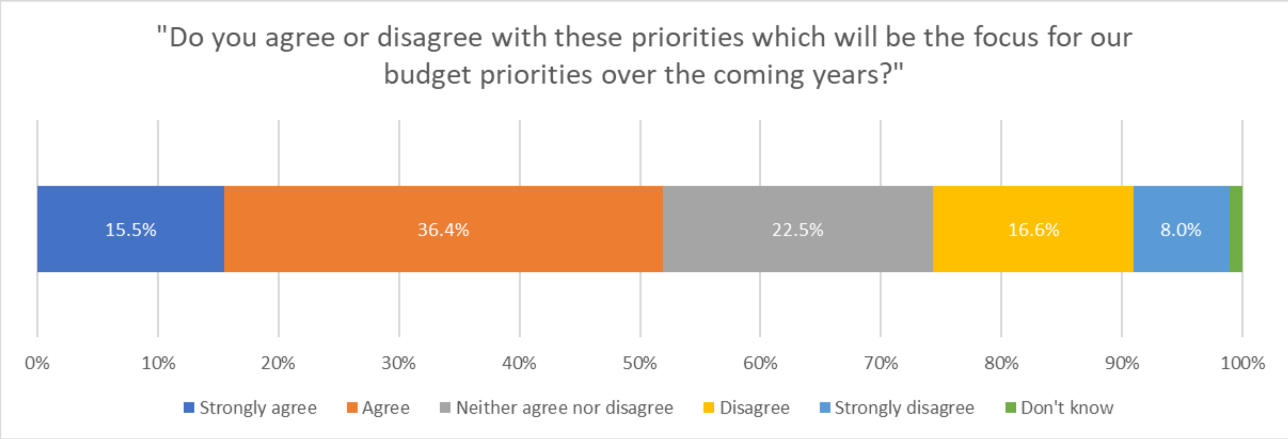
126. We launched a survey for citizens to give their views on our budget proposals on the 19th December 2022 and it closed on 13th January 2023. The survey asked citizens for their views on the Council's Strategic Goals, service priorities, Council Tax levels and the specific budget proposals that have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

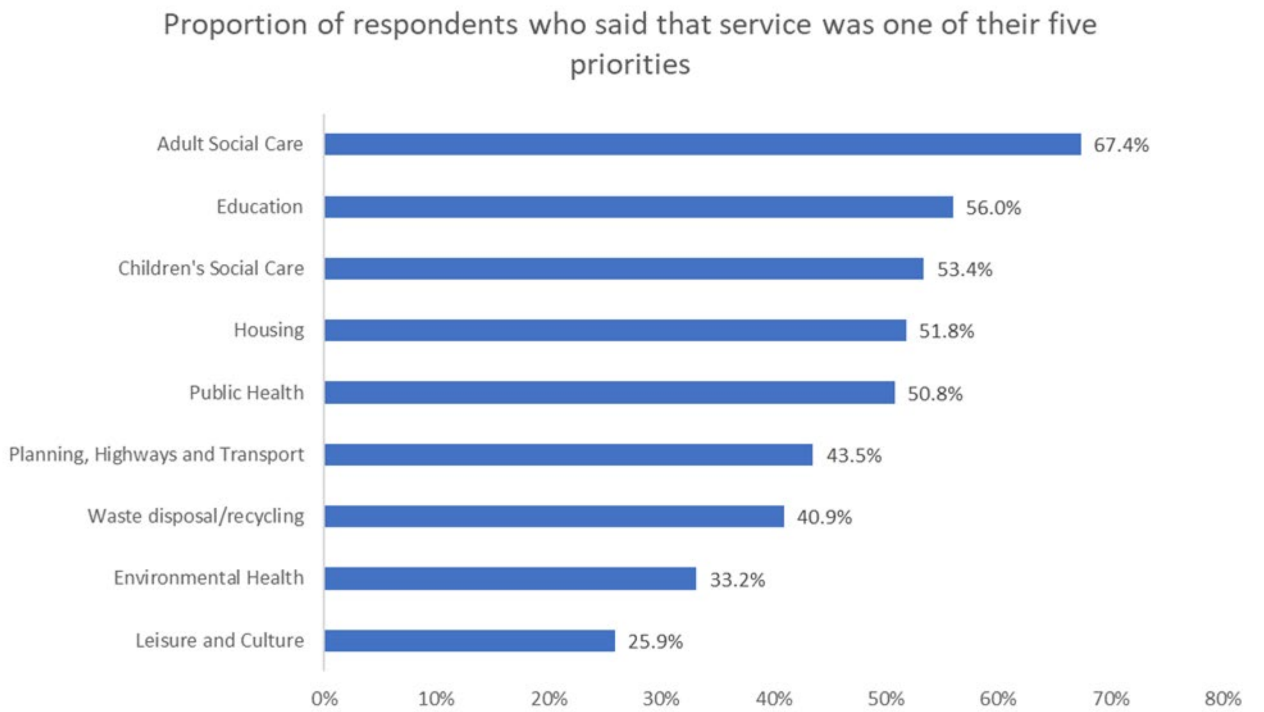
128. The online survey was supported by a social media campaign and was included SCC's e-newsletter alerts to citizens that are registered to receive them.

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.



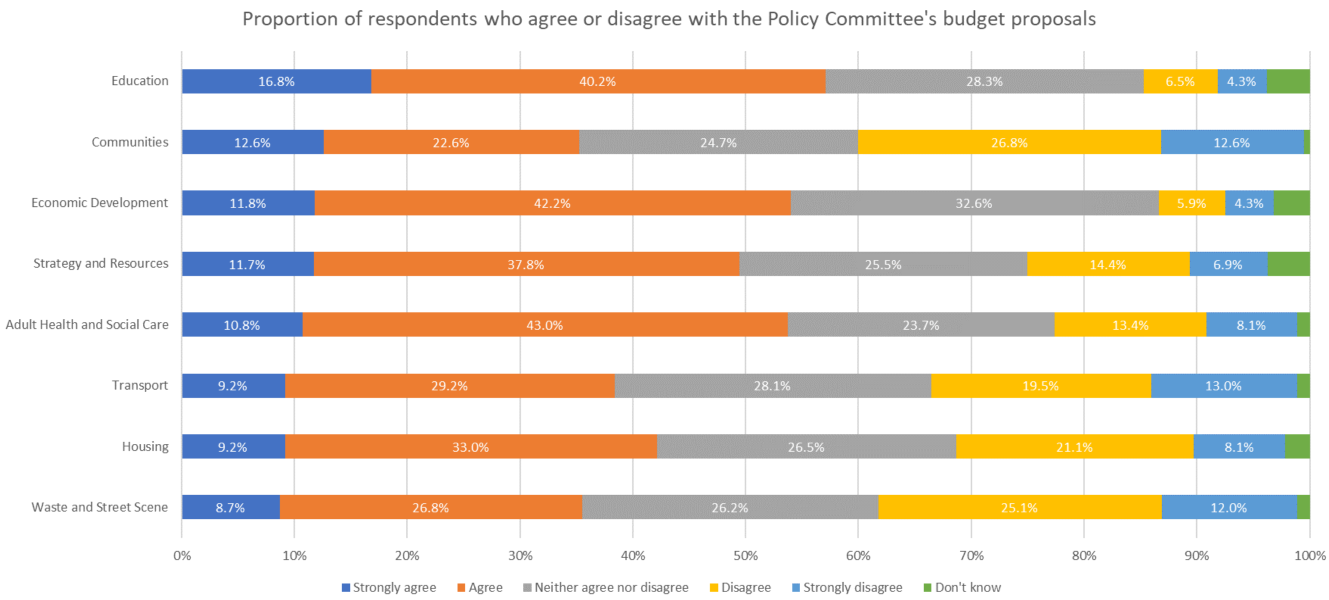
131. We asked people to give some reasons why they had prioritised the areas above and throughout the comments, respondents emphasised the importance of supporting vulnerable Sheffielders, investing in education, housing and improving public transport as essential to Sheffield. There were also a number 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)

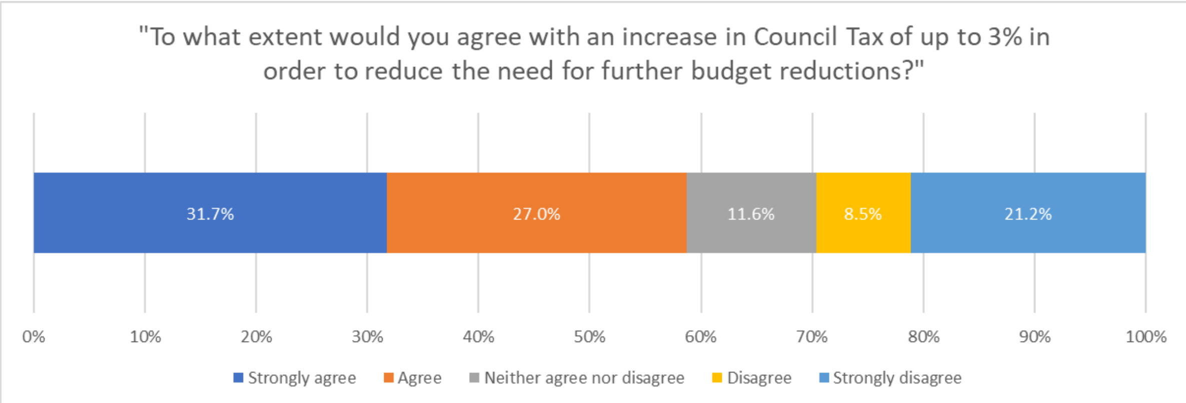
Specificity of budget proposals	• A number of comments about the detail that was provided in the ECF Committees budget proposals

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).

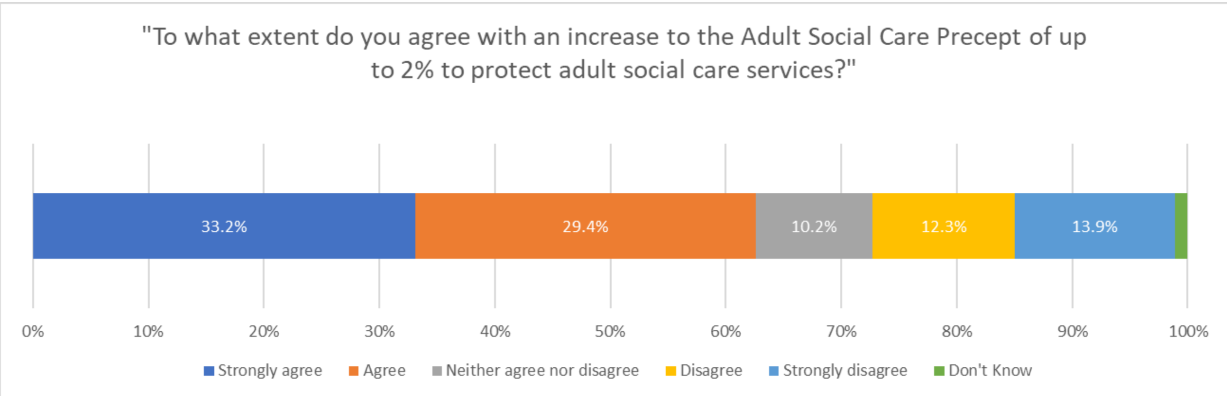
152. In explaining why they agreed or disagreed with the option for a Council Tax increase, respondents focused on a small number of issues which are summarised below:

- **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.

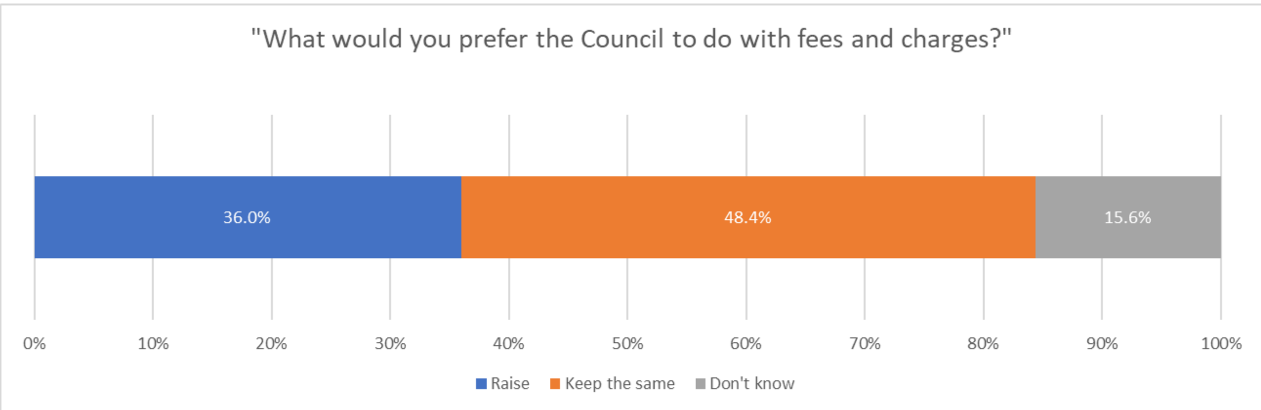
155. The main reasons that respondents gave for their answers were:

- **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.

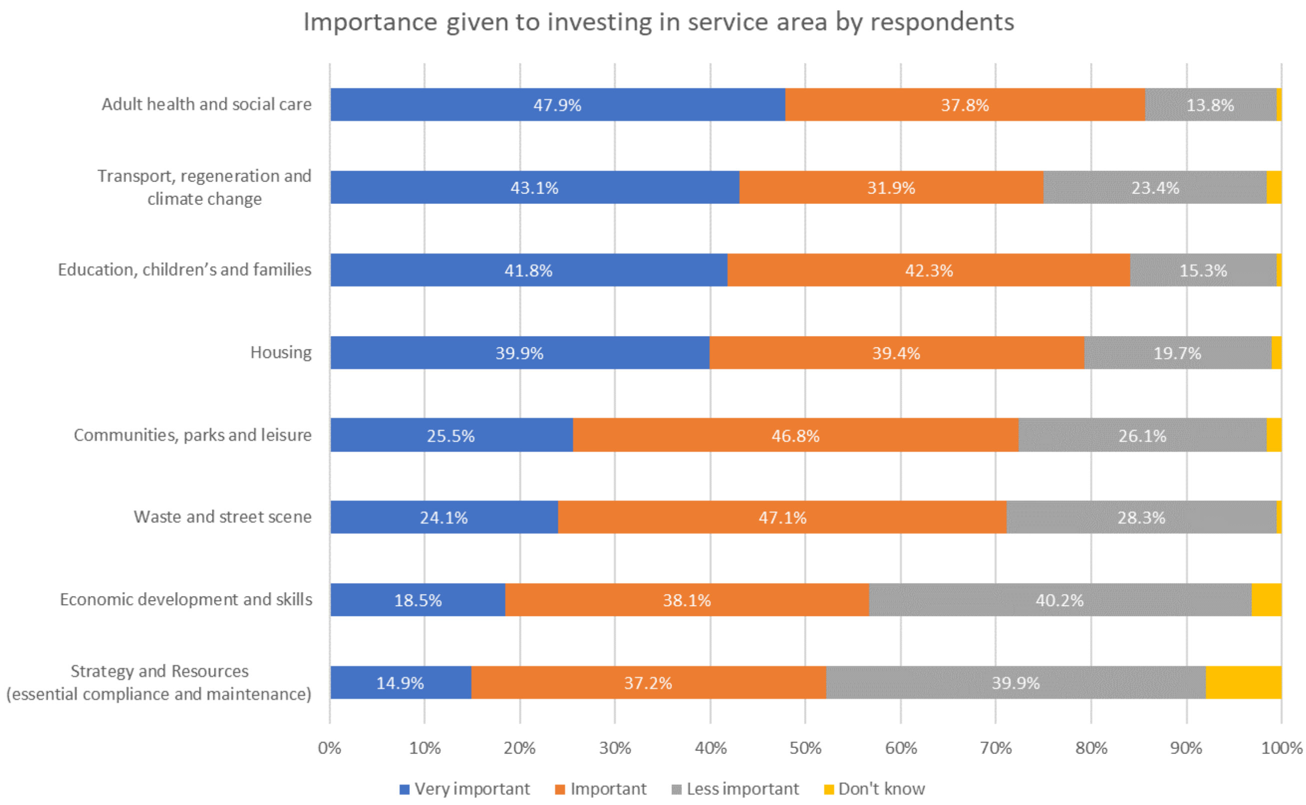
159. In the free text responses that accompanied this question, respondents suggested that where they were content for fees and charges to increase, they were keen to see this focused on those that could most afford to pay and a number of respondents raised concerns about fee increases stopping lower 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

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**

Appendix 3a

	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.

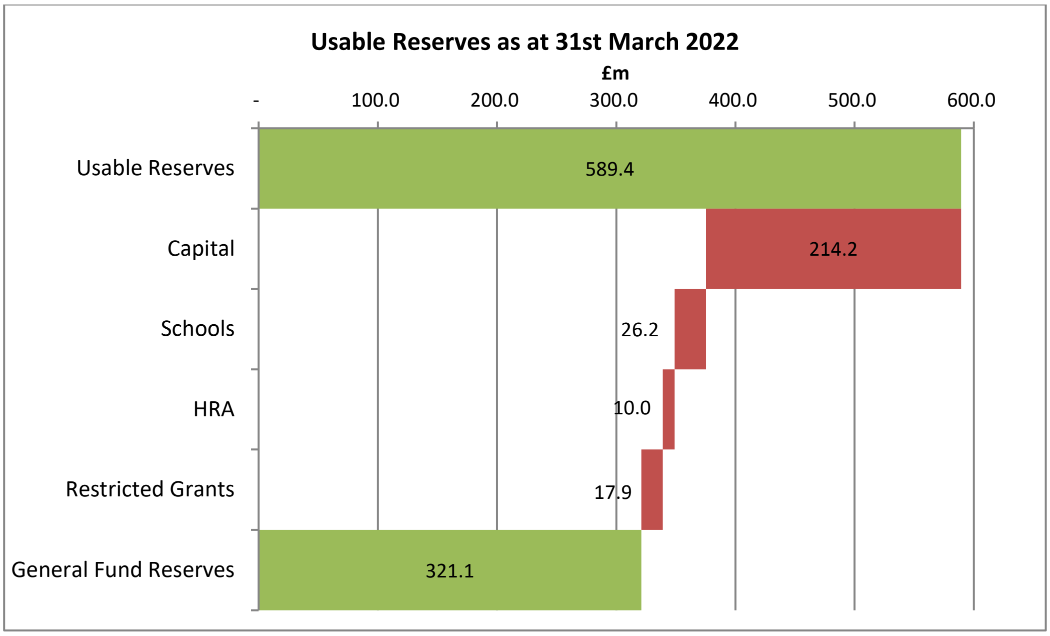
Total Reserves at 31st March 2022

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.

<u>Estimate of reserves at 31 March 2023 & 31 March 2024</u>

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.

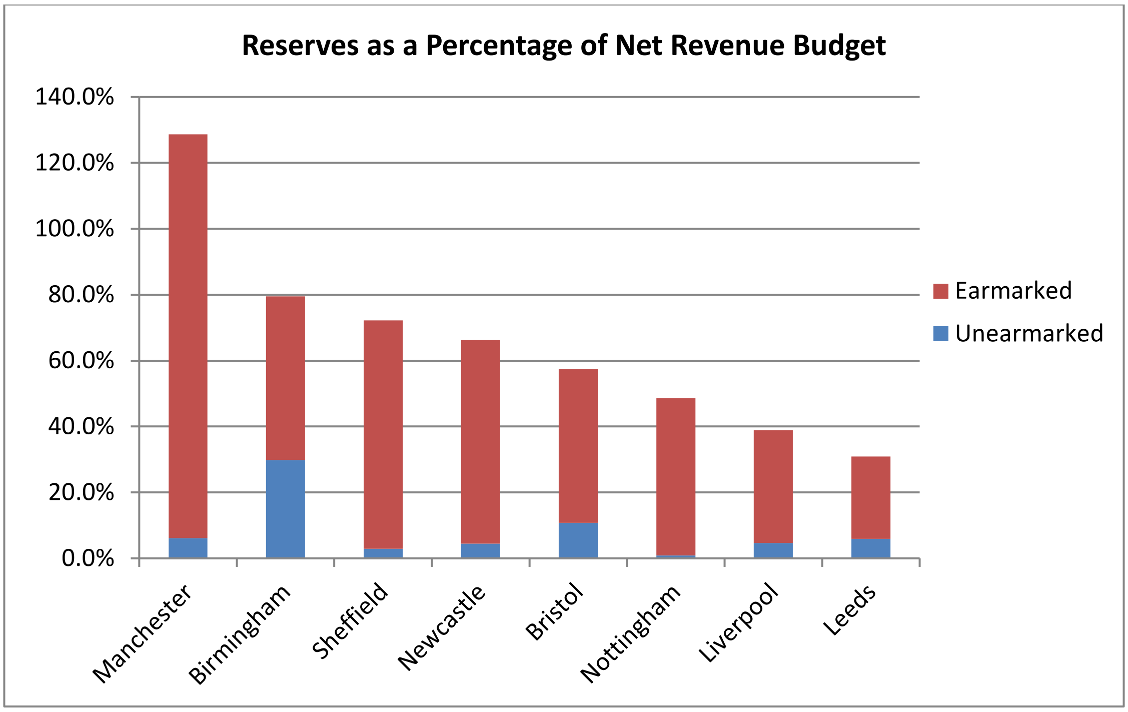
Assessment of levels of reserves

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.

Recommendations

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.

Appendix 6

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**

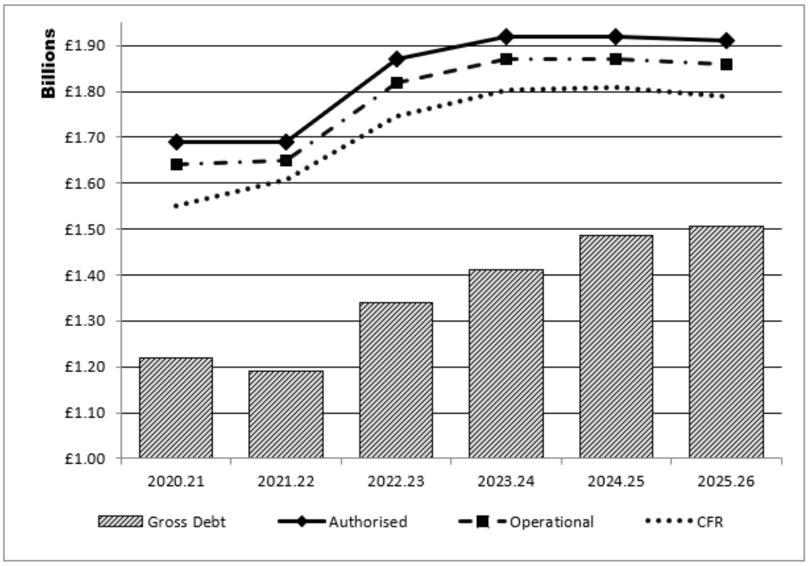
17. The government removed the HRA debt cap in the October 2018 budget giving the Council more freedom to borrow to help address the city's housing needs. However, as the HRA is self-financed, any additional borrowing must remain prudent, affordable, and sustainable. Consequently, the operational and 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.

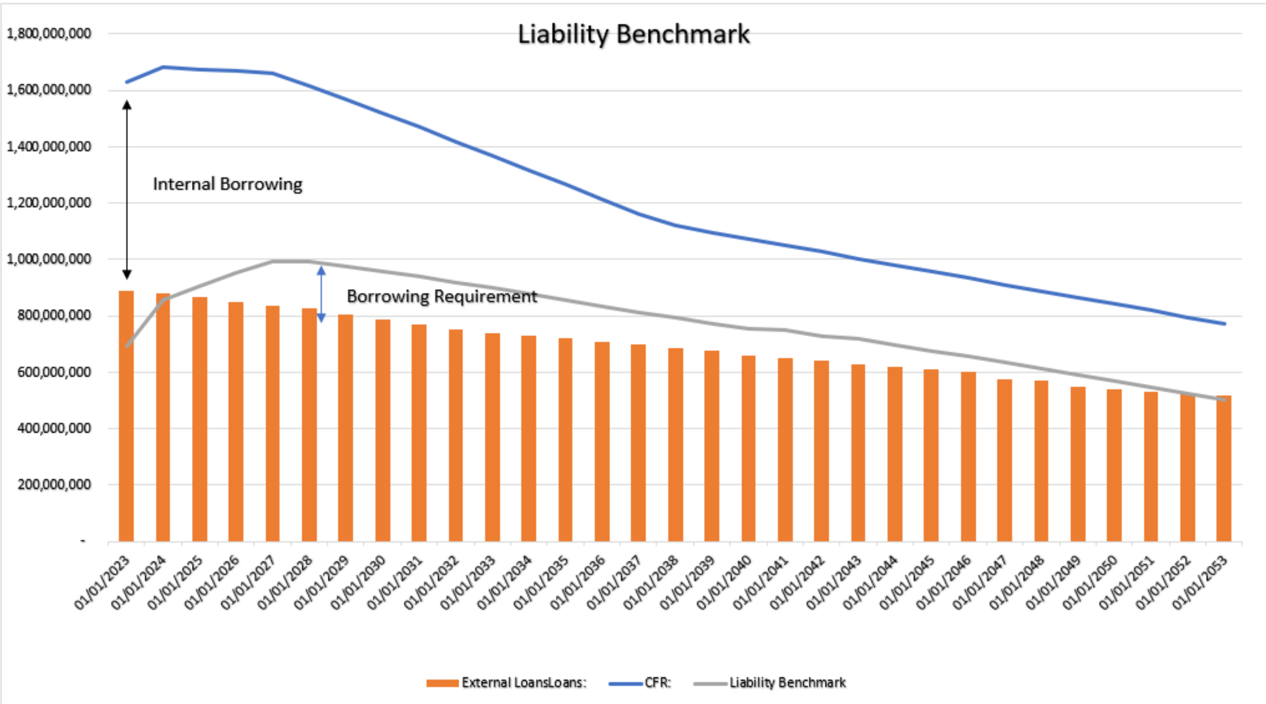
21. However, the projected CFR and gross debt figures represent current planned expenditure only and not potential pipeline projects that have yet to be approved.

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
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Savings proposal		Policy Committee	EIA
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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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Report to Policy Committee

Author/Lead Officer of Report:

Liz Gough | Head of Business Partnering

Tel: 0114 20 57303

Report of:	Tony Kirkham Director of Finance and Commercial Services
Report to:	Strategy and Resources Committee
Date of Decision:	21 February 2023
Subject:	Capital Strategy and Budget Book

	Yes		No	
Has an Equality Impact Assessment (EIA) been undertaken?	Yes		No	✓
If YES, what EIA reference number has it been given? *(still to be finalised)*				
Has appropriate consultation taken place?	Yes	✓	No	
Has a Climate Impact Assessment (CIA) been undertaken?	Yes		No	✓
Does the report contain confidential or exempt information?	Yes		No	✓
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				

Purpose of Report:

This Capital Strategy and Budget Book 2023-2053 provides a snapshot of our capital programme for the period 2023-2028, together with the background and context for our capital investment over this period.

Recommendations:

The Strategy and Resources Committee is recommended to pass to Full Council:

- That it approves the contents of the Capital Strategy and the specific projects included in the years 2023/24 to 2027/28;
- That block allocations are included within the programme for noting at this stage and detailed proposals will be brought back for separate Member approval as part of the monthly monitoring procedures; and
- That it approves the proposed Capital Programme for the 5 years to 2027/28 as per Appendix C2 of the Capital Report.

Background Papers:

Capital Strategy and Budget Book 2023/24 - 2053

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Liz Gough | Head of Business Partnering
		Legal: David Hollis | Interim Director Legal
		Equalities & Consultation: Forms part of approval for individual capital schemes which are brought forward separately
		Climate: Climate Impact Assessments are conducted for individual capital schemes which are brought forward separately
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.	
2	**SLB member who approved submission:**	Tony Kirkham Director of Finance and Commercial Services
3	**Committee Chair consulted:**	Via CMT on 07 February 2023
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Tony Kirkham	**Job Title:** Director of Finance and Commercial Services
	Date: 21 February 2023	

1. **PROPOSAL**

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code governs how the Council manages its finances. Councils are required to produce a Capital Strategy which:

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

The Capital Strategy and Budget Book discharges this obligation. It does not bring forward any specific schemes for approval.

BACKGROUND

Each year, the Council produces a Capital Strategy and Budget Book. Our overarching approach to our capital spend for the next five years is set out in this document, split by Policy Committee.

The document also sets out:

- an indicative 10-year investment pipeline, setting out potential projects which we should prioritise seeking funding for; and
- a 30-year 'horizon scan' which, although largely speculative, provides some key pointers on the City's direction of travel over the coming decades and where investment may be required.

Again, these are both split by Policy Committee.

This document also sets out the full existing capital programme at appendix C2 for approval.

All proposed projects contained within this Capital Strategy will be brought forward for individual approval in the usual way.

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

By delivering these schemes the Council seeks to improve the quality of life for the people of Sheffield.

3. **HAS THERE BEEN ANY CONSULTATION?**

Any appropriate consultation will be carried out as part of individual projects, which will be brought forward for approval in the usual way.

4. **RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

Equality Implications

Any Equality implications are the responsibility of the service area under which the approval falls. Equality Impact Assessments will be completed for each individual project as part of our usual governance processes.

Financial and Commercial Implications

This report does not approve any new schemes or allocations of funding. These will be brought forward for separate, individual approval in the usual way.

There are also no changes proposed to our Investment Strategy.

There are therefore no financial or commercial implications arising directly from this report.

Legal Implications

The Chief Finance Officer has several 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 Capital Budget
- 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.

Legal implications of capital schemes will again be considered on a per project basis. There are therefore no legal implications arising directly from this report.

Other Implications

Human Resources Implications

None

Environmental Implications

None arising directly from this report. The climate implications of individual schemes will be considered before they are brought forward for individual approval in the usual way.

Contractual Implications

None. Schemes will be brought forward for individual approval in the usual way.

5. ALTERNATIVE OPTIONS CONSIDERED

None. It is a requirement for all local authorities to produce a Capital Strategy.

6. REASONS FOR RECOMMENDATIONS

Approval of the Capital Strategy and Budget Book will endorse the Council's proposed approach to capital investment for the next five years and will approve the capital programme to date set out at appendix C2.

CAPITAL STRATEGY

and **BUDGET BOOK**

2023- 2053

Sheffield City Council

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CONTENTS

A1 EXECUTIVE SUMMARY AND RECOMMENDATIONS

A succinct summary of our overall position and Committee priorities.

1.1 Headline summary of capital programme and levels of spend

2022 has been another challenging year. The effects of the COVID-19 pandemic continue to ripple throughout supply chains, driving up prices and causing delays to schemes. The war in Ukraine has further compounded these issues. Climate change is accelerating, with 2022 being the first year that the UK has experienced an average temperature over 10°C. The window for us to effect meaningful change continues to diminish.

The Council's budgetary position is extremely challenging. We have been very successful in securing external funding to support capital projects. But our internal funds cannot come close to addressing the issues this Council – and the wider City – needs to tackle.

We will of course continue to spend our resources as effectively as we can to 'build back better', improving our resilience and sustainability for the long term. The council will respond swiftly and with flexibility, reprioritising programmes to meet emerging needs and trends to support the City and its communities.

And as ever, we will strive to deliver the best possible value to the taxpayer.

What is 'capital' spending?

Capital spending – as opposed to *revenue* spending – pays for assets, such as buildings, roads and council housing - and for major repairs to them. *Revenue* spend pays for the day-to-day running costs of council services.

This Capital Strategy provides a high-level, longer-term view of the Council's ambitions for capital investment which reflect the priorities and concerns of Sheffield people.

Snapshot of our position

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

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

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

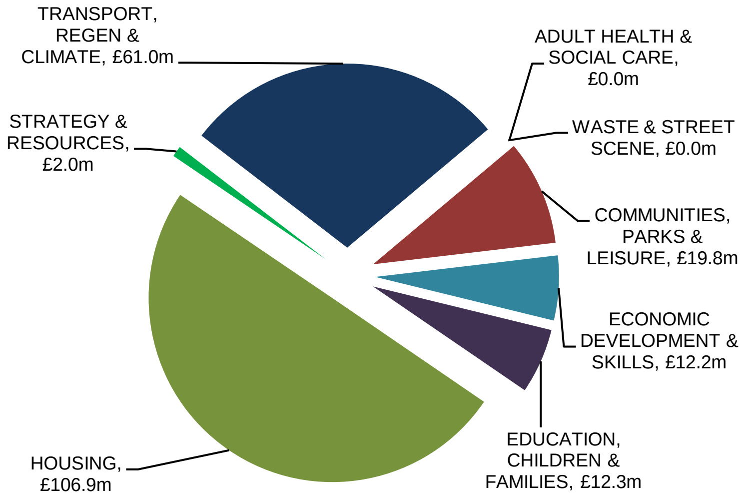
And the scale of the challenge is immense. We are an ambitious Council: ambitious to do our bit to tackle climate change, ambitious for good jobs and opportunities for our citizens, ambitious to build a destination City where everyone can thrive. We need to carefully prioritise our activities, using our Corporate Delivery Plan to inform these priorities.

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

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

Capital Programme Committee Priorities | 2023/24 | £214.1m

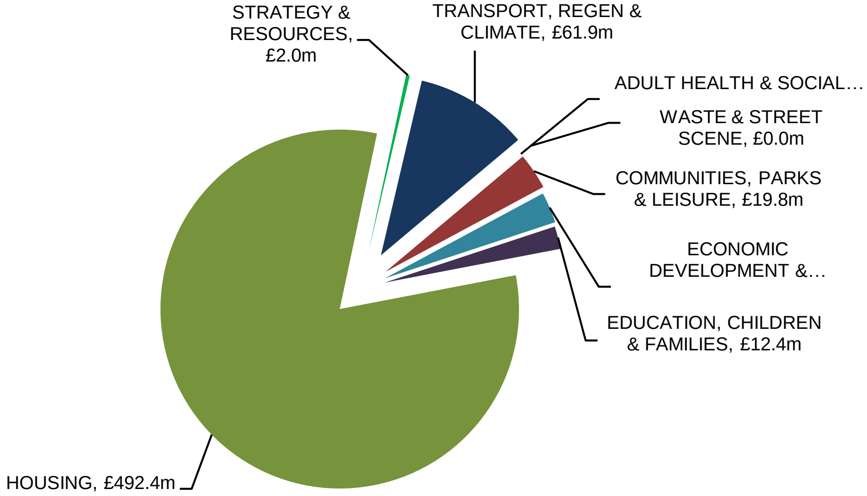
Transport Regen & Climate	£61m
Housing	£106.9m
Communities Parks & Leisure	£19.8m
Education Children & Families	£12.3m
Adult Health & Social Care	£0m*
Economic Development & Skills	£12.2m
Strategy & Resources	£2m
Waste & Street Scene	£0m**



*Budget for Adult Health & Social Care currently under review
**No future projects currently allocated to Waste & Street Scene

Capital Programme Committee Priorities
2023/24 to 2027/28 | £605.2m

Transport Regen & Climate	**£61.9m**
Housing	**£492.4m**
Communities Parks & Leisure	**£19.8m**
Education Children & Families	**£12.4m**
Adult Health & Social Care	**£0m**
Economic Development & Skills	**£16.8m**
Strategy & Resources	**£2m**
Waste & Street Scene	**£0m**



These amounts represent headline figures for existing commitments within the Capital Programme and those currently within the approvals process. They do not, however, include allocations for potential pipeline projects which have not yet received approval.

1.2 How this document is structured

This document is split into the following sections:

Section A2:	sets out the background to the Capital Programme, including its size, shape and how it is funded.
Section A3:	sets out our overarching approach to sustainability and climate change; a cross-cutting priority which impacts every project we undertake.
Sections B1 – 8:	set out the key investment priority principles for each Policy Committee, together with the highest value existing projects and high-level, potential 'investment pipeline projects' – some of which may be brought forward for approval following feasibility and consultation. These sections also set out potential developments over the next 30 years, together with some key challenges faced by each Policy Committee and how we are addressing them.
Appendix C1:	provides background information relating to Corporate Investment Fund, together with our investment proposals.
Appendix C2:	sets out a full list of projects in the Capital Programme for approval.

1.3 The Policy Committee areas in more detail

This section takes each of the priority areas (contained at sections B1-8) in turn, for the period 2023-2024.

1.3.1 Transport, regeneration & climate change: £61m

This Committee supports investment into Sheffield's infrastructure. We want a City that's easier to get around and better to navigate; a City that promotes active travel to its citizens. A City which attracts its residents to its centre; a destination for surrounding areas which builds on its proud heritage but is a forward looking, sustainable destination of choice. A City which is mindful of its environmental impact; a City which recognises the Climate Emergency and continually strives to do better to minimise its environmental impacts for the benefit of not only its residents, but the wider World.

1.3.2 Housing: £106.9m

This Committee exists to ensure the Council supports its aspiration to deliver – directly or indirectly - high quality, energy efficient housing for its citizens. It has two key areas of focus:

Housing growth - this focuses on not only building new Council houses through its Stock Increase Programme (SIP), but also facilitating the delivery of housing through other routes to ensure sufficient housing stock for our residents.

Housing investment - this area ensures existing Council housing is well maintained and as energy efficient as possible to minimise residents' cost of living.

1.3.3 Communities, parks and leisure: £19.8m

This Committee pulls together capital investment priorities from several areas. Investment in leisure facilities and Sheffield's precious green and open spaces is now combined with an emerging priority of investing specifically in young people in our communities, centred on bids to the Youth Investment Fund.

1.3.4 Education, children & families: £12.3m

This Committee ensures the Council supports children, young people and their families. It has six key areas of focus:

1. Giving everyone the best start in life
2. COVID-19 recovery for children and young people

3. An exemplar in children's services and support our Children Looked After to achieve their full potential
4. Delivering effective Special Educational Needs and Disabilities (SEND) services
5. Reducing exclusion in all its forms
6. Maintaining schools to ensure they are safe, warm, and dry.

Every single person in Sheffield should be able to achieve their full potential. But not all children and young people have the start in life that they deserve, and there are increasing numbers of vulnerable children whose safety we have serious concerns about. Despite huge strides over recent years, substantial educational inequalities remain in the City and are likely to have been exacerbated by the pandemic. This will be a key focus for our work.

1.3.5 Adult health and social care

In January 2020 changes to the local private sector housing policy were agreed to supplement the Disabled Facilities Grants legislation to enable 'critical Accelerated Adaptations grants (AAG)', like stairlifts, hoists, and level access showers up to a value of £10K for a disabled person or child to be delivered without means testing, and to allow for increases to the statutory DFG grant for major adaptations of up to £30,000 by an additional £20,000 at the discretion of the Director of Adult Health and Social Care.

This Committee therefore supports the delivery of adaptations recommended by Occupational Therapists to be delivered to people to enable them to fulfil the necessities of life – such as a wash or being able to get safely in and out of their home.

1.3.6 Economic development & skills: £12.2m

Our ambition is for Sheffield to be a flourishing, sustainable and inclusive City economy which creates opportunity, good jobs and better jobs for Sheffielders. As a strong partner alongside businesses, we want a City with a dynamic environment for development and enterprise with a culture of businesses able to start-up, scale up and innovate here in Sheffield.

A significant amount of the activity under the Economic Development and Skills area is revenue investment, rather than Capital. However, as we move forward with ambition on Advanced Manufacturing Innovation District (AMID), Business Support, Decarbonisation, Skills and Culture we expect there will be an increase in capital requirements and opportunities for capital bids, to add to the City's assets and underpin the capital infrastructure in these areas.

1.3.7 Strategy & resources: £2m

One of this Committee's roles is to oversee investment into Sheffield City Council's portfolio of 932 establishments (excluding Council Housing and Schools) which consist of land, buildings, assets and monuments. These establishments are physical assets which need to be properly maintained to ensure they continue to function as efficiently and effectively as possible, comply with our statutory obligations and to support our delivery of a wide range of services. We have significant backlog maintenance and we will need a radical approach to ensure our corporate estate is sustainable in the medium to long term.

The Fleet Investment Programme commenced during 2019/20. By the end of 2022/23 we will have replaced more than a third of our fleet with 397 cleaner more efficient vehicles, including 42 fully electric vehicles. This has been a significant challenge during the last 2 years due to COVID-19 related supply chain issues. In the 4th year of the programme, we are looking to replace a further 96 vehicles and 9 items of plant to further reduce our emissions and maintenance costs.

1.3.8 Waste & street scene

The projects for future investment straddle the Waste and Street Scene Policy Committee (changes to the Energy Recovery Facility, waste collection and household waste recycling centre) and the Transport, Regeneration and Climate Change Committee (District Energy Network development).

Two of the projects (Energy Recovery Facility and Waste Collection Changes) are driven by legislative changes so we have a clear mandate to implement. The Recycling Centre and District Energy Network projects reflect investments in the City's infrastructure to reduce our carbon impact.

1.4 How we will deliver these priorities

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

- **Sustainability** is at the heart of our decision-making process. Over £114m of projects in our current capital programme have a direct or indirect impact on the City's sustainability, resilience, and carbon impact.

  Whether delivering electric vehicle charging points, promoting active travel, or further improving the environmental performance of our built assets, consideration of each project's impacts on 'net zero' is now embedded in our business cases. We're mindful of our environmental impact and have been investing for several years to begin to mitigate this.

  But there is always more we can do. We look forward to hearing the views of our residents and businesses on how we can do more to create a sustainable city for the future. Further details on our approach to sustainability are set out at sections A2.1.6 and A3.

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

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

  We'll support our local economy wherever we can, prioritising Sheffield's businesses whenever we can legally do so. We promise to do what we can to keep Sheffield's economy moving.

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

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

  Further details on procurement and governance are set out at section A2.8.2.

1.5 Purpose of this Strategy

- Set out the Council's key priority areas for capital investment;
- Provide an overview of current and anticipated specific projects included in the years 2023 to 2028, together with an overview of anticipated developments and challenges up to 2053;
- Set out the overall shape of the current Capital Programme for the 5 years to 2028 (at Appendix C2) for approval. Block allocations are included within the programme for noting at this stage and detailed proposals will be brought back for separate approval as part of the monthly approval cycle;
- Set out our principles for how we invest in non-cash assets; and
- Provide background to our Corporate Investment Fund Policy at Appendix C1.

A2 BACKGROUND AND KEY FACTS

The policy environment, how the programme is funded and how it is governed

2.1 The policy environment: external

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code governs how the Council manages its finances. Councils are required to produce a Capital Strategy which:

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

This Strategy takes a 30-year view of capital investment. As before, we have the 5-year Capital Programme. But rather than a general list of potential projects, we now have a 10-year investment pipeline, setting out potential projects which we should prioritise seeking funding for. This is supplemented by a 30-year 'horizon scan' which, although largely speculative, provides some key pointers on the City's direction of travel over the coming decades.

Our Capital Strategy is shaped by several central government policies:

2.1.1 Devolving of capital spending allocations

Over recent years, many capital spending decisions have been devolved to City Region authorities and Local Enterprise Partnerships (LEP). The Council anticipates that the trend to devolve capital allocations to regional and sub-regional bodies will be maintained and accelerate.

2.1.2 Creation of revolving investment funds

The Council has seen a shift towards capital funding of economic regeneration projects which generate a financial return to repay the initial investment and create a revolving investment fund. For example, the Council has intervened to ensure regeneration schemes like 'New Era' and Heart of the City take place successfully, where the benefits of increased business rates and council tax repay the cost of that intervention many times over.

2.1.3 Rewarding economic development

We can no longer rely on historical levels of revenue support grant from Government. Places are increasingly reliant on their local tax base. This means that Sheffield needs a growing, resilient local economy that provides the income streams which can be re-invested – in things that promote new growth and in wider social and environmental goals. Funding streams that reward economic development - such as Community Infrastructure Levy – have been created.

Furthermore, we expect to see the creation of UK funds which focus upon investment, job creation and economic growth (including improving transport links). We anticipate that the Sheffield City Region Mayoral Combined Authority (SYMCA) will remain the principal body to seek and allocate this funding across the South Yorkshire authorities.

2.1.4 Austerity and the wider economy

The ongoing austerity programme has reduced resources by over 50% since 2010. The impact of the Government's austerity programme on the rest of the non-housing programme has not only led to less capital funding, but is also reducing Revenue Budget funding. This has limited the scope for additional contributions to the Capital Budget and to fund the revenue implications of capital decisions (such as Minimum Revenue Provision and Interest costs).

Uncertainty surrounding the wider economy – including the impacts of rising inflation and interest rates – means we must plan to continue to deliver more, to more people, with ever-decreasing resources.

The Council is not immune from the cost-of-living crisis, fuelled by the Covid-19 pandemic and the war in Ukraine. Our energy bills are forecast to rise by over 50% next year. The wider challenges in the revenue budget are well-known. This impacts on our ability to fund prudential borrowing, as the repayments are funded from revenue budgets. This puts further pressure on our capital spending power.

2.1.5 Self-financing Housing Revenue Account (HRA)

The self-financing regime for the Housing Revenue Account (HRA) has historically provided for a relatively well-funded programme of investment in existing and new Council housing stock. However, the recently announced reductions in the permitted level of annual increases – together with the cost inflation seen over the past couple of years – is putting considerable pressure on this source of funding at a time when our ambitions to build new council housing and improve the environmental performance of existing stock are increasing. These pressures are compounded by our continually losing stock through the 'Right to Buy' initiative.

We want to increase the number of new Council houses and invest more money in upgrading our existing stock. But tough decisions need to be made. We simply cannot afford to do everything we want to do.

The HRA ‘debt cap’ has been removed, which allows us more freedom. But we must still apply the principles of prudence, affordability, and sustainability from the Prudential Code.

2.1.6 Climate Emergency

Sheffield City Council has declared a Climate Emergency. As part of our commitment to work towards Sheffield becoming ‘zero carbon’ by 2030, currently over £114m of projects are directly or indirectly related to sustainability and minimising our impacts on climate change. New projects to help us tackle this challenge will continue to be brought forward.

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

We now actively consider the sustainability implications of all our projects across all Programme areas and will continue to improve our work in this area. We have embedded Climate Impact Assessments into our standard operating processes. And we’ll continue to engage with stakeholders throughout the City so we can work together to tackle not only our carbon emissions, but also improve our resilience to the effects of climate change.

2.1.7 The push to build new homes

Central government has announced new powers for councils to borrow money to build a new generation of council houses. Sheffield is already building new council properties and a Housing Growth Delivery Plan – amongst other initiatives - is now in place to stimulate the wider market. The Council is considering how best to use these new powers to increase the supply of housing in the City.

2.1.8 The drive towards academies

Education policy now mandates that all new schools should be academies. This transfers maintenance responsibilities away from the Council’s Local Education Authority (LEA) role. It will also subsequently reduce central grant funding (which is formula-driven based on pupil numbers).

2.1.9 Streets Ahead

The Streets Ahead programme is providing massive investment in the City's roads and street lighting, funded via a Private Finance Initiative (PFI) and Council investment. This expenditure now sits outside the capital programme – the final capital contribution to the initial core investment period was made in 2017/18.

2.2 The policy environment: internal

Several current or anticipated locally developed policies will impact upon our Capital Strategy over the coming years. At the time of writing, these include the Council's 2022/23 Corporate Delivery Plan and four-year journey, proposed Local Plan, Treasury Management Strategy, Corporate Asset Management Strategy, Land and Property Plan, Infrastructure Delivery Plan, Infrastructure Funding Statement and Medium Term Financial Strategy.

This Capital Strategy will be regularly reviewed to ensure it supports the aims and objectives set out in those documents.

Further details on specific capital financing policies are provided at section 2.7 below.

2.3 Working in partnership

We will work proactively and in partnership with other public, third sector and private organisations - both locally and nationally - to deliver the best possible outcomes for the citizens of Sheffield, whilst ensuring that we remain accountable and responsible for the activities we deliver.

The Council must build effective partnerships to deliver its ambitions for the City, including:

- **Sheffield City Region Mayoral Combined Authority** (SYMCA) – we continue to work closely with SYMCA to push for greater control over the things that matter to Sheffield and the wider City Region, with a focus on skills, transport and jobs. The devolution deal unlocks further investment monies for our region, and we will continue to lobby hard to get the best possible deals for Sheffield from the funding allocations.
- **Core cities throughout the North** – we are working with other northern cities with the hope of unlocking additional funding to drive economic growth. We are focussing particularly on opportunities for investment in transport to make Sheffield a more attractive place to live, work and invest.

- **Health and social care -** we are working closely with our partners in this area to take advantage of joint investment opportunities, co-location and more efficient working.
- **Other public sector partners** – we participate in a Strategic Estates Group which brings together the Integrated Care Board (the successor body to the Clinical Commissioning Group), NHS Property Services and both Universities to consider the establishment of integrated public sector hubs, mapping existing estates and developing proposals to improve utilisation to deliver ever-increasing value to the public purse.
- **Other private sector partners** – to be ambitious for Sheffield, we must all work together to drive our City forward. An example of this is our work to improve the City's sustainability through our Green City Strategy, which requires both public and private sectors to work together to create an environment where sustainable development can thrive and the threats from Climate Emergency can be tackled.

2.4 Our key capital planning and investment principles

2.4.1 Capital planning principles

Our capital spending will be used support the delivery of the Council's aims and objectives. We must also ensure we comply with all the rules and regulations which govern how local authorities can spend public money. To this end, we will always ensure that:

- Capital planning is **integrated into the Council's overall strategic planning**, ensuring capital activities are considered in relation to the Council's overall corporate plans, its revenue budget, its financial strategies and our strategic goals;
- We **maximise the external funding** of capital investments wherever possible to maximise the availability of the Council's scarce funds to support agreed activity, using our scarce funds as 'match' funding to lever in external investment;
- Our capital investments are **affordable, sustainable and prudent** (ensuring compliance with the CIPFA Prudential Code);
- Our capital projects **deliver value for money**, by ensuring that our governance processes for the appraisal and approval of capital projects are robust and challenging; and
- We ensure **effective risk management** through our governance, in accordance with best professional practice set out in the Treasury Management Code of Practice.

2.4.2 Investment principles for Non-Cash investments (including Land and Property, Loans to third parties and Equity Investments)

Land and property

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income-driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

Some local authorities are speculatively investing monies in land and commercial property outside of their local areas to purely generate a return. This has led to several well-publicised issues in recent years when these investments have not paid off.

Sheffield City Council has made no such investments to date and currently has no intention to do so in the future. We will only acquire investment property when there is an ongoing service objective (such as the regeneration of our City).

Loans to third parties and equity investments

The Council has the discretion to make loans and equity investments for several reasons - primarily for service delivery, economic development, or regeneration. However, such investments are limited and only granted in exceptional circumstances.

In making loans, the Council is exposing itself to the risk that the borrower defaults on repayments. Therefore, in making these loans, the Council must therefore ensure they are prudent and has fully considered the risk implications of not only the individual loan, but also that the cumulative exposure of the Council is proportionate and prudent.

The Council will ensure that a full due diligence exercise is undertaken and, where appropriate, adequate security is in place. The business case will balance the benefits and risks.

Risk appetite

The Council's risk appetite to any such investments is low. Risk taken to date and going forward on such investments has been at the amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time. It is important to note that risk will always exist in some measure and cannot be removed in its entirety.

A risk review is embedded within the investment strategy principles and will be considered in line with the risk management strategies we have in place. This risk review is commensurate with the Council's low risk appetite.

Investment strategy principles

Sheffield City Council will invest in Land and Property and provide loan / equity investments to third parties when:

- The **primary purpose of the investment is to benefit the people of Sheffield** – for example through regeneration or redevelopment – rather than income generation for its own sake;
- The investment **supports the delivery of an existing Council policy or strategy**;
- The investment will take place **within Sheffield City Council's boundary**;
- The investment adheres to **clear criteria** set for investment decisions and risk management both individually and cumulatively;
- A **full risk and return analysis of the investment** has been completed and Members and senior officers are content that any risks are appropriate for the Council to take and proportionate to the potential benefit being delivered;
- The investment has been taken through Sheffield City Council's **robust and transparent governance** procedures and been subject to **robust decision making and scrutiny** prior to approval;
- The investment would be subject to **ongoing monitoring and management** with reporting by exception to Full Council when necessary; and
- The loan to a third party/equity investment complies with the new, international obligations on **subsidy control**.

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

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

CIPFA guidance

CIPFA has recently issued new guidance which introduces a new requirement that every local authority sets a limit that cannot be exceeded for commercial income as a percentage of net service expenditure.

As set out above, our Heart of the City II investments are for regeneration purposes (as opposed to commercial activity) and are therefore not within the scope of this requirement. However, we do have some commercial income generated from advertising hoardings and 'incidental' commercial property rents.

We will therefore set a limit of commercial income not exceeding 3% of net budget. This is linked to the level of un-earmarked reserves maintained by the Council and enables us to subsume any shortfall in income in-year without affecting service delivery.

We can then amend budget plans for the following year to account for the anticipated reductions in income, but also ensure the un-earmarked reserves are repaid to the required level, as determined by the Section 151 Officer.

2.5 Size and shape of the capital programme

The capital programme over the 5 years (2023-28) shows a broadly balanced position, with proposed expenditure totalling £605.2m. The full programme is set out at Appendix C2.

Wherever possible, attempts are made to match the timing of the receipt of resources and the incurrence of expenditure to protect the Council's cash flow position. Where the levels of expenditure are significant, individual management arrangements are put in place to mitigate the impact as far as possible. These are overseen by the Director of Finance and Commercial Services (in conjunction with the respective Head of Service).

The funding of the programme comes from a diverse range of resources, such as government grants, other grants, and contributions from other public bodies or third parties, capital receipts, prudential borrowing and revenue contributions to capital. Section 2.6 below contains further detail. The majority falls within either prudential borrowing or contributions from the revenue account to the capital programme, which together represent £491.4m (81.2 %) of the overall programme value.

The 2022/23 programme was set in March 2022, and at the time totalled £302.7m. This has been revised in-year. The effect of outturn slippage from 2021/22, in-year additions, variations slippage and re-profiles result in a current approved programme for 2022/23 of £244m (as at 31 December 2022). The Council's current anticipated capital investment profile for existing commitments (excluding potential pipeline projects) is:

	Committee area	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/28 (£m)	TOTAL (£m)
1	Transport, regeneration & climate change	61.0	0.9	0.0	0.0	61.9
2	Housing	106.9	121.9	134.4	129.2	129.2
3	Parks, communities & leisure	19.8	0.0	0.0	0.0	19.8
4	Education, children & families	12.3	0.0	0.0	0.1	12.4
5	Adult health and social care*	-	-	-	-	-

6	Waste & street scene**	-	-	-	-	-
7	Economic development & skills	12.2	4.1	0.6	0.0	16.8
8	Strategy & resources (essential compliance)	2.0	0.0	0.0	0.0	2.0
	TOTAL	**214.1**	**126.9**	**135.0**	**129.3**	**605.2**

*Budget for Adult Health & Social Care currently under review **No future projects currently allocated to Waste & Street Scene

2.6 How the capital programme is funded

The funding of the programme comes from a diverse range of resources. The table below gives a breakdown of how the overall Capital Programme is currently funded:

	Source of funding	**2023/24**		**2024/25**		**2025/26**		**2026/28**		**Total**	
		£m	**%**	**£m**	**%**	**£m**	**%**	**£m**	**%**	**£m**	**%**
1	HRA contribution to capital	57.3	26.8	64.5	50.9	74.5	55.2	75.4	58.3	271.8	44.9
2	Prudential Borrowing	90.8	42.4	41.4	32.6	43.6	32.3	43.8	33.9	219.6	36.3
3	Government Grants	39.2	18.3	3.3	2.6	0.6	0.4	0.1	0.0	43.1	7.1
4	Capital receipts	8.2	3.8	1.5	1.2	1.3	1.0	2.7	2.1	13.8	2.3
5	Other grants and contrib's	17.1	8.0	16.1	12.7	14.9	11.1	7.2	5.6	55.4	9.2
6	C.I.L.	1.5	0.7	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.2
7	Overall total	**214.1**	**100.0**	**126.9**	**100.0**	**135.0**	**100.0**	**129.3**	**100.0**	**605.2**	**100.0**

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

2.6.1 Revenue budget contributions to Capital

The Council can use revenue resources to fund capital projects directly. However, ever-increasing pressures on the Council's revenue budget have reduced the scope of this. Revenue contributions to capital now largely reflect the contribution to the Housing Capital Programme of £271.8m. In addition, £1m has been allocated from revenue budgets to support non-housing projects, relating mostly to the replacement of cremators at City Road, and several Parks schemes.

2.6.2 Prudential borrowing

Prudential borrowing is used where no external funding is available to fund schemes which will generate a Revenue Budget saving. This saving then repays the principal debt and interest. The Council can often borrow funds at lower cost than its commercial sector partners because of its perceived higher credit rating. It therefore makes sense to inject such capital where there is a potential economic benefit.

Under the rules of the Prudential Code 2004 (revised in 2017), the Council has the power to finance capital schemes using prudential borrowing (borrowing that does not attract financial support from the Government, which is also known as 'unsupported borrowing'). The principles for entering into such borrowing were approved by Cabinet on 22 September 2004, and generally relate to 'invest to save' schemes (including land assembly and funding for major capital projects). These principles remain in accordance with the Prudential Code for Capital Expenditure for Local Authorities, namely that they adhere to the principles of affordability, sustainability, and prudence.

It remains the Council's current view that its best overall financial interest is generally served by substituting prudential borrowing for leasing. It is considered that borrowing in lieu of leasing can be undertaken as an element of 'invest to save' (where it is considered to be more cost effective over the whole life of the asset when compared to leasing) and can be contained within an overall annual limit established for such borrowing. However, this type of borrowing does have revenue implications for the Council in the form of financing costs, which include interest payable and an allocation for repayment of debt (Minimum Revenue Provision) because of the borrowing.

Included within the 23/24 Capital Programme are the following amounts of prudential borrowing for projects funded in whole or part from prudential borrowing (last year's figures shown in (brackets):

Project	Total Project Value £m	Project	Total Project Value £m
Heart of the City II	£38.060 (£72.691)	Major sporting facilities financing	£17.608 (£16.599)
New Council housing	£34.834 (£82.207)	Transport fleet	£0 (£2.477)

Hillsborough Park developments	£0 (£0.227)	Woodbourn Road Football Hub	£0.303 (£0)
TOTAL	**£90.084 (£174.160)**		
The Heart of the City II figure has reduced representing the completion of Blocks B & C in 22/23. The increase in major sporting facilities reflects the changing profile of the relevant bond payments. The New Council Housing represents the reprofiling of the New Homes Delivery Plan. The reduction in Transport Fleet reflects the fact that the next phase of purchases is awaiting formal approval.			

Any amendments to these limits will be approved by Strategy & Resources Committee in line with the Prudential Code. There are other commitments outside of the capital programme and these are described in the Revenue Budget report.

Tax Increment Financing (TIF) was announced in September 2010. The principle is to allow the authority to borrow funds to undertake capital improvements in a geographic area. The money is then repaid from increased tax revenues (i.e. business rates) in the area as land values rise because of the capital investment. This scheme has been used successfully in the United States over the last fifty years, often for major transport, infrastructure, or regeneration projects.

A scheme to develop infrastructure required for Heart of the City II is partially complete and further enabling works are underway. Some of the borrowing will be repaid out of the anticipated additional rates revenue generated by the redevelopment of the City centre.

Prudential borrowing does not receive any government support. If the Council enters into any prudential borrowing, it will incur additional capital financing costs. Prudential borrowing will only be entered into where it can be demonstrated that funding is available within the overall Council budget to meet the ongoing borrowing costs.

2.6.3 Government Grants

The largest proportion of external grant funding comes as grant allocations from Government departments. Although many of these grants are to support specific areas of investment, the Government removed capital ring-fencing in 2010. This enabled local authorities to prioritise grants to support local needs, pressures, and statutory responsibilities.

Capital Grant funding falls into two main categories: recurring annual allocations and project specific grants:

- The **major recurring allocations** relate to funding for schools' places and maintenance, Disabled Facilities Grants and Local Transport. Programmes of work are developed to obtain maximum impact from the funding received.

- In relation to **project specific grants**, officers usually bid against advertised funding streams following consideration of the terms by the Council's External Funding Team and its legal advisers. Requests to enter into funding agreements are considered by our Finance sub-committee prior to acceptance of the grant. Increasingly this funding is being channelled through the South Yorkshire Mayoral Combined Authority.

We endeavour to maximise our project specific grants to support specific priorities, and we work in effective partnership to secure these. We have been successful in securing funds to improve the energy efficiency of council housing and our corporate buildings, together with investment into Attercliffe and several interventions in the City centre, amongst others. We have also been successful in our funding bids to rebuild several our primary schools. In the new landscape, the Council must work across sectors and boundaries to drive collaboration and maximise our chances of success.

Sources of grant funding continue to evolve, with increased roles for:

- **Local Enterprise Partnerships** – working as part of Sheffield City Region, these are local, business-led partnerships between local authorities and businesses which play a role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs; and

- **Education and Skills Funding Agency** – this body provides direct support and grants to specific free school and academy build projects, as well as funding education and skills projects for children, young people, and adults.

2.6.4 Capital receipts

Capital receipts also fall into two broad categories:

1. Those generated from the sale of land and buildings falling within the Housing Revenue Account (HRA) and council houses under Right to Buy schemes. There are legislative provisions in place governing the use of these receipts restricting it to investment in housing.

2. Those generated from the sale of general (non-HRA) Council assets. These funds are those over which the Council has full discretion over how to utilise and are incorporated into the Corporate Investment Fund.

These capital receipts can be reinvested in the Capital Programme or be used to reduce the Council's borrowing liability. Any projects in the Capital Programme funded by capital receipts can only be undertaken if the receipts are realised.

The receipts from the sale of surplus assets are used to fund the Corporate Investment Fund (CIF) – see Appendix C1. This allows Members at their discretion to undertake projects for which there is no external funding. We are also often required to provide 'match' funding to secure project-specific external grants; the CIF can fund this. It is also used by the authority as a strategic reserve to cover to emergencies such as the total loss of a key piece of infrastructure e.g. as occurred in the 2007 floods.

As external funding sources are reduced because of austerity cutbacks, the CIF assumes a greater significance in funding the Capital Programme. However, the CIF only funds 3.4% of the Capital Programme. Its spending power is dwarfed by the HRA or Prudential Borrowing, for example.

But the Corporate Investment Fund is under pressure. During this period construction inflation (unprecedented in this generation), we are unable to bring some schemes in within budget – despite extensive value engineering. Our Accommodation Review is likely to require investment of around £200m – a sum which will not be able to be funded from the disposal of assets alone. The sheer scale of the climate emergency facing the City will require significant investment which we simply do not have. And every Committee area in this Capital Strategy has projects and programmes which will require investment over the next ten years.

We simply do not have the funds to deliver our investment aspirations.

These huge challenges will require a balance of allowances for both risks and opportunities. The Council must maintain a prudent level of reserves to mitigate infrastructure failures, grant claw back, match funding requirements or project overspends. There is the potential opportunity to invest in growth (in accordance with our Capital Planning and Investment Principles set out at 2.4 above), which could potentially create new revenue streams for the Council. But our key principle is ensuring our statutory obligations are met. This is no small ask in the current financial climate.

We will therefore take a balanced approach, ensuring adequate investment and reserves levels to mitigate risk and ensure our infrastructure remains fit for purpose and safe to use. In addition, an assessment of the Council's dependence on profit-generating investments (and the borrowing capacity allocated to funding these activities) to achieve a balanced revenue budget will be disclosed over the life-cycle of the Medium Term Financial Strategy.

2.6.5 Community Infrastructure Levy (CIL) / Section 106 (s.106) contributions

Elements of the Capital Programme are funded by contributions from private sector developments and partners. CIL supplements the current s.106 (Town and Country Planning Act 1990) arrangements which fund many of the local neighbourhood facility improvements.

CIL allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed because of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces, and leisure centres.

The Council has used CIL to develop strategic infrastructure projects such as roads and flood defences (such as the development of the Bus Rapid Transit North link and the Lower Don Valley Flood Defence Scheme). Further commitments will be considered and included in the Integrated Infrastructure Delivery Plan which will feed into the Local Plan. We will always seek to use our funds most effectively to drive best value and reduce costs to taxpayers.

CIL Regulations now encourage more use of S.106 and introduce the ability to use both CIL and S.106 in delivering infrastructure priorities. Previously, the Regulations restricted this. Further details on the implications of this are given at Appendix 1. However, broadly speaking, this is good news which enables us to pursue S.106 agreements on sites that will also be making a CIL contribution.

CIL and s.106 contributions are held in the Corporate Investment Fund (see Appendix 1).

2.6.6 Private Finance Initiative (PFI) / Public Private Partnership (PPP) funding

Like many other councils, Sheffield has historically made use of government funding through the above schemes when this was often the only source of funding available. This includes some schools, waste management facilities, office buildings and, most recently, the Streets Ahead programme. Both main national political parties have signalled that new PFI / PPP initiatives are to end, and no further new funding will be allocated through this route.

Sheffield currently does not fund any PFI payments out of capital.

2.7 Capital financing strategies and associated policies

Several strategies and policies relate directly to capital financing:

2.7.1 Treasury Management Strategy

Treasury management is defined by CIPFA as: “The management of the organisations’ borrowing, investments and cash flow; its banking, money market and capital transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The nature and scale of the Council's capital programme means that it is a key factor in the Council's Treasury Management Strategy. This includes the need to borrow to fund capital works.

The Council has operated within the CIPFA Prudential and Treasury Management Codes since their inception. The Codes contain a requirement for the Council to agree an annual Treasury Management Strategy, which is approved by the Executive and Council as part of the budget process. This defines the types of investments the Council will make during the year, together with the framework for decision-making around new debt. Treasury management decision-making and monitoring is devolved to various bodies and officers, with responsibility for the delivery of the treasury management function delegated to the Director of Finance and Commercial Services.

We also have regard to the Department of Levelling Up, Homes and Communities (DLUHC) Investment Guidance and are aware of the importance of security, liquidity, and yield in treasury management investment decisions.

Interim and outturn monitoring reports are provided to the Finance Sub-Committee throughout the year.

2.7.2 Asset sales and capital receipts

All land and buildings which are surplus to existing use will be reviewed by the Head of Property before any Executive decision is made. This will be in accordance with the 'Sheffield Land and Property Plan'. Any reuse or disposal must provide best value in supporting the Council's objectives. Any exceptions to this must be agreed by Finance Sub-Committee or Strategy & Resources Committee.

As a general principle, land no longer required for its existing use should be declared surplus so that options for its future use or sale can be considered by the Head of Property and relevant Members prior to proceeding for formal decision. Ongoing surveys of our corporate estate have been commissioned to support and evidence this process. In the context of ever-increasing budget pressures, difficult decisions will need to be made which balance the budget challenges and the needs of local communities.

The Council also encourages community involvement in the delivery of local public services using the Council's assets. The Council may therefore be prepared to sell or lease Council assets at less than best value to third sector organisations which have the capabilities to use the assets to provide agreed services in accordance with the arrangements set out for Community Asset Transfers of property. This will however reduce the capital receipts available to fund other Council needs and priorities, and therefore robust governance is in place to identify proposals which have a strong strategic alignment to the Council's priorities and a good chance of success.

Capital receipts will be used to finance capital expenditure, including capitalised revenue costs under the Government's capital receipts initiative. They are also used for debt redemption in accordance with the Council's Minimum Revenue Provision (MRP)

Policy. They form part of the Corporate Investment Fund and are therefore subject to the governance for that Fund (see Appendix C1).

2.7.3 Prudential borrowing and debt; revenue budget implications

Local authorities may borrow to finance capital expenditure. The affordability of debt is the key constraint. The Council has used its prudential borrowing freedoms actively and successfully to deliver key outcomes (such as regeneration – for example, by its work to regenerate the City Centre as part of the Heart of the City II project). It continues to be an important way of funding our priorities where external funding cannot be obtained. The cost of borrowing is usually recharged to the borrowing service, thus recognising that borrowing is not a key asset, but has a revenue cost.

In approving the inclusion of schemes and projects within the Capital Programme, the Council ensures all the capital and investment plans are affordable, prudent and sustainable. In doing so, the Council will consider the arrangements for the repayment of debt, through a prudent MRP policy in line with MRP guidance produced by DLUHC.

The Council sets and monitors prudential indicators to manage its debt exposures. Forecast borrowing costs (including interest and repayment charges) are expected to peak in 2024/25 at 16.2% of net revenue, before falling slightly in subsequent years.

The Treasury Management Strategy (TMS) sets out how the Council's borrowing will meet the prudential code and good practice to ensure borrowing does not exceed permitted limits. However, an overarching consideration of affordability of these costs must be addressed (given the Council's immediate and medium-term budget constraints). This assessment of affordability in relation to the total cost of borrowing for capital projects forms part of the Section 151 Officer's review of the sustainability of budgets and level of reserves. Details of both the TMS and the Section 25 review of the sustainability of budgets and level of reserves can be found in the 2023/24 Revenue Budget report.

The Council will ensure the most cost-effective financing arrangements for the Capital Programme as a whole. Where possible, the Council aims to maximise the use of balance sheet assets so we can utilise cash balances derived from working capital and reserves, rather than borrowing externally.

We will also calculate the financing costs and interest payable for every individual scheme which is funded this way before any borrowing is sanctioned. This forms an integral part of the business case for each project.

The capital financing charges and any additional running costs arising from capital investment decisions are incorporated within the annual budget and medium-term financial plans. This enables Members to consider the consequences of capital investment alongside other competing priorities for revenue funding. As part of the appraisal process, the financing costs of prudential borrowing may be charged to portfolio budgets.

Different arrangements apply to Housing Revenue Account (HRA) borrowing. We have a self-financing HRA over a 30-year investment period. The HRA plans new prudential borrowing of £181.8m in the next 5 years (23/24 to 27/28) in accordance with our approved HRA Business Plan. HRA resources can only be applied for HRA purposes, and HRA receipts may only be applied to affordable housing, regeneration, or housing-related debt redemption. This is not the same as external borrowing, as they are under-borrowed. The Council will need to externalise some of this debt over the next few years.

We assume the Public Works Loan Board will be our primary source of borrowed funds, although we will maintain a watching brief over other sources of funding to ensure we deliver best value for money for local people.

2.7.4 Debt repayment

The Prudential Code requires the Council to make an annual Minimum Revenue Provision (MRP) for the repayment of debt. This revenue provision spreads the cost of repaying the debt for an asset over the useful economic life of the asset (in accordance with DLUHC guidance). This is done in accordance with the annual MRP Policy Statement which is approved by Council each year as part of the budget process.

MRP replaces other capital charges (such as depreciation) in the statement of accounts. It has an impact on the Council's revenue outturn. It will increase and decrease throughout the capital programme and is sensitive to both expenditure and funding changes. Careful consideration is therefore given to this when considering prudential borrowing as a funding source – it bears a real cost.

2.8 Programme governance

We maintain assurance of our capital investment priorities and projects through effective governance which runs throughout the organisation:

2.8.1 Ensuring Members' leadership and engagement

Elected Members are responsible for setting the strategic direction for the Council. Our move to a Committee-based system of governance aims to increase Members' scrutiny and engagement of decision making. Therefore, in addition to setting the Council's approach through key strategies and policies, they are also responsible for signing off capital projects at key checkpoints:

- Endorsement at 'project mandate' stage by the relevant Policy Committee or Full Council (by way of this Strategy)
- Consultation and endorsement of the relevant Policy Committee Chairs at 'outline business case' stage
- Formal approval at Strategy & Resources Committee.

The ability for Members to inform – and be kept informed – of the capital programme is vitally important. They need to 'own' the capital programme, understanding the risks and opportunities facing the City. We must set the right priorities, so we invest public money in the right areas.

2.8.2 Delivering real value for Sheffield people

Value for money (VFM) is a key component of all capital projects. All projects must evidence economy, efficiency, and effectiveness in order to be approved. Projects must therefore demonstrate that there is a valid need to be addressed, that all potential options to address the need have been considered and that the option selected is the most efficient and effective way of achieving the Council's aims. We have therefore built this into our core operating model and ensure VFM in four ways:

A The Capital Approval Process

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

- Approval of a **project mandate** to ensure that all projects are linked to the Council's priorities so scarce resource is not wasted on irrelevant projects.
- Approval of an **initial business case** to set potential parameters to the project and to test assumptions.
- Approval of an **outline business case** which will set out the benefits of the project against our strategic objectives. It also sets out the commercial case, together with delivery and procurement options for the project. The Programme Groups will test if the proposal is value for money.
- Approval of a **final business case** once the preferred option has been selected and procurement completed, showing all the anticipated project costs, benefits and savings.

The Council's Capital Delivery Service (CDS) and Finance and Commercial Services (F&CS) functions advise on the financial, procurement and operational deliverability of the proposed project plan and procurement route at every stage. They participate in each Programme Group to provide effective challenge throughout the process.

Embedding a capital governance process ensures that we use our scarce resources in the most effective way – on the projects that make the most difference, are funded and procured cost-effectively and deliver the greatest benefits for Sheffield people.

B Effective financing

Funding options are constantly reviewed to ensure the most effective use of the Council's resources.

C Effective procurement

Robust options appraisals are carried out at outline business case stage to determine the most efficient and effective procurement route.

We have introduced new measures to prioritise local contractors within the fullest extent permitted by law. This keeps the Sheffield pound within Sheffield. We also use regional frameworks and dynamic purchasing systems whenever we can to maximise the benefits of our spend to the Sheffield City and Yorkshire regions (whilst minimising both our internal costs and the administrative burden on contractors). We want to make it easy for local companies to do business with us, and we continually challenge how we do things to minimise the barriers they may face.

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

Post-Covid-19, this assumes even greater significance. We will do everything we can within the law to support local supply chains and local businesses to maintain the resilience of our economy and build back better. We particularly want to support local small to medium sized enterprises (SMEs) and social interest companies who contribute so much to the fabric of our City. Our Lifelong Learning and Skills Team will work with businesses to signpost them to training and development to enable them to grow their businesses in key areas. And we will do what we can to ensure this is linked with tendering opportunities in our Capital Programme, particularly in relation to the green economy.

We have contributed fully to the Government's latest consultation on the UK's new procurement rules following our departure from the European Union, lobbying for maximum flexibility to prioritise the local economy. We have signed up to the 'British Steel Charter' to maximise our use of British steel. And we are signatories to the 'Construction Minimum Standards Charter', which promotes fair working practices for those in the construction industry.

We will also continue to build on our Ethical Procurement Policy, maximising the social value we generate from our spend. We will continue to require employment and skills outputs for the communities we serve, building a workforce fit for the future. Over the last year, we have worked with contractors to deliver over 150 work experience opportunities, almost 5,000 upskilling opportunities and over 600 new employment opportunities through our capital programme – as well as over £25m of committed wider social value for the City.

We will also seek to minimise the environmental impacts of our capital programme wherever we can, across all our programme areas. And we will ramp up on focus on delivering social value so our spending powers delivers real, quantifiable benefits back to our communities.

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

D Effective project management

The Programme Management Office within the Capital Delivery Service provides information and guidance to continually strengthen project management skills within the Council. They ensure that lessons learned are fed back across the wider Council so we can continually improve our performance.

2.9 Slippage

Historically, there has always been an underspend against the approved capital programme. The risk of slippage is present in all capital programmes, bearing in mind the size and complexity of the schemes. Subject to Strategy & Resources Committee approval, funds are rolled forward into the next year to complete projects. Slippage reflects re-profiling of funding or delays in physical progress of a project. In most cases the work is delivered in the next financial year.

However, our current reporting system has provided greater transparency and identified instances where money appears to be repeatedly carried forward from earlier years. This allows Members to test if the funding is really needed and could be reallocated to other priorities. It also shows the delivery performance on the capital programme.

The impact of the Covid-19 pandemic has presented many challenges for delivery of capital schemes and the ripple effects on supply chains are still being felt. The war in Ukraine has contributed to rising costs which has impacted upon the affordability of schemes, often necessitating extensive value engineering and the souring of additional funding. These all add to delays in getting money out of the door and projects delivered on site. This is incredibly frustrating, and we continue to work flexibly to mitigate the impact of this on our Capital Programme. We are delaying some projects and rescoping others to ensure we can deliver the best VFM for the least cost to Sheffield residents.

As at 31 December 2022, the value of net slippage approved to date is £41.3m. Key factors in this are: delays to Heart Of The City Schemes (£25.6m), slippage on Housing Investment & Stock Increase Schemes (£8.2m) slippage on Future High Streets Fund Schemes (£3.1m) and slippage on Schools Expansion Programme (£3.5m).

£59.2m of allocations have been re-profiled - i.e. moved from current year into future years for schemes not yet in the delivery phase. These relate to revisions in the delivery timescales of the both the Housing Investment and Housing Stock Increase Programmes.

We currently expect a further £30-40m slippage at financial year end.

2.10 Effective risk management

Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the Capital Strategy.

2.10.1 General Risks – Identification and Mitigation

General risks are those which are faced because of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control, but mitigations have been developed as part of the business planning and governance process. Four key risks are set out below, along with key mitigations:

A Interest Rate Risk

The Council is planning to externally borrow £290m as set out in this Capital Strategy over the next three years. This will cover new capital investment and ensure internal borrowing is maintained at a sustainable level. Whilst the Council tends to borrow at fixed rates, interest rates in themselves are variable and a rate rise could mean that there would be an increase on the cost of servicing future debt to a level which is not affordable. To mitigate this, the Council has used interest rate forecasts which include a prudent provision against interest rate rises. In the event that interest rates rose beyond this forecast, the revenue cost to the Council would increase. A rise of an extra 1% in the interest rate would cost an extra £2.9m by the end of the 3-year period.

B Inflation Risk

Construction inflation over and above that budgeted by the Council's professionals and advisors and built into project budgets impacts on the affordability of the capital programme. This was highlighted as a key risk last year, and the position has unfortunately worsened over the last 12 months:

- Tender price inflation forecasts are currently at 11-12% for Quarter 4 in 2022. We hope this is the peak.

- We have encountered delays to existing projects on site due to materials and labour shortages
- Contractors are being ever more selective about the opportunities they tender for, leading to poor returns and an even more challenging market
- Tender returns are containing more qualifications, sometimes lacking fixed prices and transferring risks back to the Council
- The impact of rising prices and delays on projects on site has given rise to contract disputes as contractors have sought to recover losses.

This situation is far from unique to Sheffield. We're taking several steps to address these challenges:

- Inflationary impacts continue to be built into the construction estimates / cost plans using relevant indices as usual - but we will now also include an additional inflation price risk of 10%, which will be included in the construction estimate / budget to reflect the possibility of higher tender returns.
- We will adopt a more flexible approach during the tender process if contractors are struggling to offer a fully fixed price on projects with longer programmes – whilst ensuring a level playing field for all tenderers.
- Clients should further increase their contingency to allow for additional price risks once on site. The standard project specific items should still be included in the priced risk register but an additional inflation / price risk should also be included to cover Contractor's seeking to recover losses through claims.

Together with the price risk included in the construction sum, this should mean a significant risk total is included.

A levelling-off of prices is estimated for later in 2023. This will mitigate many of these issues and hopefully enable a return to more normal conditions.

C Change in Law Risk

Capital schemes need to comply with the latest law and regulations which can change leading to an impact on construction costs. This is mitigated by awareness of pipeline legislative changes and through contingencies.

D Market Health / Commercial Values

The Council's Capital Programme relies on commercial activity as a key supporting strategy. This involves generation of income from property letting, generation of capital receipts from property sales (in some cases post development), attracting developers to projects based on a potential share of profits and other revenue/capital financial flows.

In some cases, it is likely that the Council will commit to large projects, property acquisitions or other forms of expenditure based on further business case assumptions about the market value of future asset or economic values. Should market movements mean that these assumptions are inaccurate, then the Council may suffer financially. This risk can be mitigated through carefully testing assumptions and allowing for contingencies in projects where necessary.

2.10.2 Management of Project Risks

Project risks are those which relate to the delivery of capital projects which in many cases can be controlled, influenced, or directly mitigated in ways other than making contingencies available. These risks would mostly be related to unforeseen project delays and cost increases which could arise from a range of circumstances. The effective management of these risks is primarily linked to the following five key strategies:

A Supplier Financial Stability

Construction companies and developers contracting with the Council would, if they experience financial instability, pose a significant risk. They may not be able to raise finance to cash flow operations. Insolvency processes could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget. The Council could also suffer direct financial loss and any defects may not be resolvable as anticipated. To mitigate this, the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible. Furthermore, the Council only pays contractors in arrears, minimising its exposure to this risk. That said, we have revised our financial evaluation processes this year in line with government guidance to ensure we do not unwittingly discriminate against new, often smaller businesses who may not be able to evidence long-term financial stability. This maintains a balance of encouraging new entrants to the market whilst effectively managing risk.

B Effective Business Case Development

This is set out at section 2.8.2.1 above.

C Risk Management

Projects are required to maintain a risk register. Risk registers are aligned with general guidance on risk review. We have now introduced costed risk registers on projects managed by the Capital Delivery Service. This enables us to maintain appropriate levels of contingency.

D Highlight reporting

Monthly highlight reports are created for all projects to flag progress and risks of projects to Programme Groups, Project Sponsors and, ultimately, Policy Committees and Strategy & Resources Committee.

E Appointment of professional team

This ensures timely delivery of projects and robust planning and review. The Capital Delivery Service has a team of professionally trained project managers. Qualified roles are in place for key surveying and financial planning roles to give assurance on quality of work and project assumptions.

2.11 Skills and knowledge

Those involved in decision-making must have the appropriate skills and knowledge to take those decisions. The Council has many years' experience delivering capital programmes, and uses this experience to evaluate new proposals, monitor on-going capital investment and manage any risks that may arise.

Capital investments are reviewed under a robust approval process that receives input from appropriately qualified and skilled finance professionals and receives scrutiny from Elected Members. Information, advice, and guidance on these processes are made available for Officers and Elected Members.

If additional skills and knowledge requirements are identified, the Council will source appropriate specialist skills and knowledge to supplement and, where possible, upskill Members and in-house staff.

A3 SUSTAINABILITY AND CLIMATE CHANGE

How we will navigate our way towards 'net zero'

1 Background and context

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 1.5ºC is hanging by a thread, and the need to act remains urgent. Sheffield experienced its own extreme heat event in July 2022. The Council has also faced the challenges of a shift to a Committee system for decision making, and an extremely difficult budget situation.

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.

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

Under this Capital Strategy, we will continue to bring projects forward which help us meet the significant challenge of responding to the climate emergency through investment in our domestic and non-domestic property, renewables capacity, transport network and land. We will focus on the wider positive benefits, increasing our resilience as a City and helping all our citizens to adapt and thrive.

2 Where we are now

This year, we introduced Climate Impact Assessments (CIAs) into the Capital Gateway process. All capital development has an impact on climate and the tool is helping us to deliver projects in a way which reduces upfront impacts and significantly reduces the lifecycle impacts of new build. CIAs 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.

Since June 2022, CIAs have been carried out for a variety of projects including housing, transport, parks, and schools, ensuring consideration is given to lower impact options. As carbon measurement techniques gradually develop and evolve nationally, we will be able to improve our data and begin to measure more accurately the likely emissions arising from our projects.

The Council's financial position is extremely challenging. The resources we have available within our existing budgets to drive this forward are extremely limited. So we are proactively engaging and exploring innovative funding options to close this gap. This includes a combination of bidding for central governments funds, the UK Infrastructure Bank, the private sector, and partnering with social and community enterprises such to help resource our ambitions.

Our Investment Strategy will help us to prioritise and identify funding and investment routes for our decarbonisation programme. Revenue funding is required to commission feasibility and commercial business case development, and we will be seeking a budget to fund this activity. This work will enable the Council to pursue external capital investment, as several core cities are already on this pathway and actively engaging with funders and investors.

3 A snapshot of key projects

Our £3.5 million Local Renewable Energy programme is now up and running which will deliver increased renewables capacity on Council owned buildings that will also benefit community users, such as schools, libraries, housing, and community spaces.

We have just completed installation of solar panels, heat pumps and other energy efficiency measures at Moor Market, Acres Hill and the Town Hall and are preparing plans for further works.

We are continuing to deliver energy efficiency improvements to council homes for the most vulnerable. We're delivering housing energy improvement schemes through the Homes Upgrade Grant (HUG), Local Authority Delivery 2 (LAD2) and the Energy Company Obligations (ECO Flex) and have also recently submitted bids for further funding from the Social Housing Decarbonisation Fund and HUG 2, which, at the time of writing, we're waiting to hear the outcome of.

Our 'Connecting Sheffield' programme continues to deliver a £50m+ programme of active travel and public transport improvements across the City. We're also installing charging points for electric vehicles to encourage air quality improvements and this Summer approved a strategy for wider roll out of EV charging 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. This has identified areas where existing or new heat networks can provide the lowest cost, lowest carbon form of heat to large domestic, industrial, and commercial and public sector buildings, and we are now seeking additional funding to investigate the expansion of existing networks.

4 How we will engage with the wider City

Sheffield is blessed with people and organisations with a wealth of skills, knowledge, experience, and passion for acting on climate change. Many more want to act but may not have the skills or confidence.

We 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.

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.

B CAPITAL STRATEGY SPLIT BY POLICY COMMITTEE

This section sets out the strategic context for capital investment in each of the Policy Committee areas.

This section covers each of the following Policy Committee areas in turn (in no particular order):

B1 Transport, regeneration & climate change
B2 Housing
B3 Education, children & families
B4 Communities, parks & leisure
B5 Adult health & social care
B6 Economic development & skills
B7 Strategy & resources
B8 Waste & street scene.

Each section is first broken down by themes of activity within each Policy Committee area – such as Transport, Regeneration and Climate Change. Each section follows the same format, covering the following five key areas:

1) Background and context
This sets the strategic context for each area; key policy drivers and strategic goals we wish to achieve.

2) How do these activities contribute towards 'net zero'?
This sets out how we are promoting positive impacts and minimising negative ones.

3) What do we want to invest in over the next ten years?
This sets out our potential 'investment pipeline' – key projects, themes of activity or funding streams we will need to pursue over the coming years. It is subject to continual review and can be amended at any time by the Policy Committee.

4) Our forward look to the 2050s
A section for 'horizon scanning'. Whilst necessarily more speculative due to the longer timeframe, we need to start thinking about managing our assets and investing our capital over a longer timeframe – such as the lifespan of each asset.

5) **Key challenges and how we are addressing them**
A section that sets out how we are tackling – or proposing to tackle – some of the largest impediments to our success.

The final section for each Policy Committee then sets out – again split by theme of activity:

6) **Projects completed in 2022/23**
Key projects which we anticipate will be completed within the financial year 2022/23 (at the time of writing – January 2023)

7) **Projects currently in delivery**
Key projects which are underway but have not yet completed – these projects often straddle several years.

As the Committee system becomes increasingly embedded, it is proposed that each Policy Committee area effectively 'owns' its capital investment strategy, revisiting priorities throughout the year and receiving project mandates for endorsement and inclusion within the ten-year investment pipeline.

B1 TRANSPORT, REGENERATION & CLIMATE CHANGE

Fit-for-purpose transport infrastructure which encourages other means of transport than the car. A thriving City Centre which is a destination of choice for residents, businesses and visitors alike. Delivering our net zero commitments to mitigate the worst impacts of climate change.

Directors: William Stewart (Investment, Climate Change & Planning) | Sean McClean (Regeneration)

This Committee supports investment into Sheffield's infrastructure. We want a City that's easier to get around and better to navigate; a City that promotes active travel to its citizens. A City which attracts its residents to its centre; a destination for surrounding areas which builds on its proud heritage but is a forward looking, sustainable destination of choice. A City which is mindful of its environmental impact; a City which recognises the Climate Emergency and continually strives to do better to minimise its environmental impacts for the benefit of not only its residents, but the wider World.

The Capital Strategy for this Committee area is split into three key areas of focus:

A. Transport
B. Regeneration; and
C. Climate Change.

This section will address each of these areas in turn, with a combined list of projects across this Committee area at the end.

A Transport

Head of Service: Tom Finnegan-Smith | Head of Strategic Transport & Infrastructure

1 Background and context

The key principles which underpin our investment strategies are set out in Sheffield's Transport Strategy. This is further complemented by the regional and national transport agenda, whereby improvements in sustainable and inclusive connectivity will be key to ensuring a strong recovery from the covid-19 pandemic. On a practical level, the publication of government advice around sustainable transport infrastructure design and implementation, the consultation on long standing requests for legislative changes to highway powers to Highway Authorities outside of London and the funding allocations for transport further outline an ongoing commitment to transport improvements.

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

A City that's easier to get around

- Faster, better integrated and simpler bus services
- Securing the future of Supertram and supporting its expansion
- New mass transit routes and services creating more public transport capacity for a growing City
- An inner ring road that has more capacity and is easier to cross into the City centre

A better connected Sheffield

- Faster, longer and more frequent train services to other cities and to the rest of the City region
- A transformed Sheffield Station bringing High Speed rail services into the heart of the City
- Improved major road network, keeping Sheffield connected to motorways, airports, and other cities

A safer and more sustainable Sheffield

- Sustainable safety, safe walking and cycling as standard
- Improved air quality and working to manage congestion
- Improving poor health and poor access to jobs and services

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

It is the Council's ambition that public transport, cycling, and walking are natural choices for making journeys within our City, whether this be to the local shops or for journeys to work. We believe that by working closely with our communities, the third sector, and the wider public and private sector, a strong basis for achieving our sustainable transport ambition can be developed, and ultimately delivered.

The Council wants to support the transformation of local areas through this ambition to promote sustainable forms of transport. Making the change away from private car ownership will tackle congestion, improve physical and mental health through mobility, support local economies whilst being a fundamental cornerstone to achieving local and national climate change resilience. Specifically, capital delivery of an improved and seamlessly connected active travel network will see employers benefit from a healthier workforce, whilst at the same time creating more opportunities by delivering thriving streets which are made more accessible with reduced severance caused by car movements.

As this ambition is bold and will require a significant change in behaviour, the Council has undertaken several recent public consultations. Specific questions were asked about people's perceptions of active travel, the barriers of use and associated expected outcomes and benefits.

The Big City Conversation survey covers a wide range of Council functions to help understand from the public's perspective what the Council should be prioritising and investing in. Now complete, the findings from this survey identified that traffic congestion, poor air quality and the need to improve local streets are all key areas of public concern. This further outlines the importance of the investment associated with the Transforming Cities Fund and the Clean Air Zone mandate. Investment in active travel and public transport should be positively received.

Realising the Council's ambition to create an environment without reliance on the private car will take sustained investment in supporting infrastructure. It will take long-term transport planning and will require a change in attitudes, specifically amongst, businesses, communities, and individuals.

2 How do these activities contribute to 'net zero'?

Transformation of our transport system to achieve net zero emissions mobility is one of the most significant challenges the City and the country faces in the prevention of extreme climate change and the achievement of environmental sustainability objectives. Yet transport decarbonisation also offers us a powerful opportunity to achieve positive change at a global scale, improving the quality of mobility for all is an outcome we should pursue as part of decarbonisation. This has been clearly recognised in the Pathways to Zero report, but also more strategically through the Department for Transport and Transport for the North Decarbonisation Plans.

We are developing strategies to support alternatives to individual motorised journeys. For example, the Connecting Sheffield investment programme is seeking the designing and delivering public realm enhancements with a movement strategy that improves integration of transport modes and supports the behavioural shifts needed to encourage more people to travel using sustainable modes. This will inherently alter how we use carbon in the transport system.

The decarbonisation agenda creates a fantastic opportunity to drive other beneficial outcomes, from better connected communities to cleaner air for Sheffield. Transport is becoming a flywheel for change, not only within the transport sector itself, but by catalysing wider change in energy systems and other operational functions of the Council. This includes the roll of electric vehicles for the in-house fleet, but also how charging points are deployed across the Council's estate, such as housing provision, car parks and the highway itself.

Transport decarbonisation is about far more than vehicle choice and modal mix. System-wide decarbonisation is also about the carbon implications of transport infrastructure design, construction, and operation. In particular, minimising embodied carbon in both infrastructure and vehicles must be tackled to achieve credible, comprehensive transport decarbonisation, as is operational emission reduction across supply chains

3 What do we want to invest in over the next 10 years?

The transport investment landscape is changing radically, with Department for Transport guidance specifically highlighting the need for a step change in both active travel provision and bus priority. Funding criteria is moving away from the previous predict and provide ethos of road capacity enhancements, with a clear focus on how highway schemes must demonstrate a benefit for public transport and provide improvements to pedestrian and cycling facilities. This follows the backdrop of the need to manage the demand of private car trips, related to the decarbonisation and environmental initiatives.

In addition to this, the Levelling Up agenda places transport and connectivity at the heart of economic recovery post Covid-19. Therefore, the focus on the next 10 years of pipeline transport projects is how interventions can support the City's regeneration aspiration, linked to the emerging Local Plan objectives and where congestion and modal shift is currently restricting growth. Improved journey time reliability and improving access from growing neighbourhoods to jobs, education and training as well as improving conditions for business through effective network management are critical outcomes to be achieved.

The design of new transport schemes will seek to introduce a safer approach to scheme implementation from the outset. This will follow the Safe Systems Approach which is being proposed by the South Yorkshire Safer Roads Partnership. The standards for providing the correct type of infrastructure are established, with new guidance now in place from the Department for Transport. This will contribute towards an inclusive transport network and improve health outcomes.

There is a need for greater monitoring and evaluation post scheme implementation. This will ensure the benefits of investment in transport infrastructure continue year after year and we will seek to understand the impacts of the project as well as highlight where retrospective improvements can be made. This will also include how we plan for the introduction of alternative fuel and automotive technologies where appropriate.

	Priority	Impacts
1	City Region Sustainable Transport Settlement (CRSTS)	The CRSTS is the capital funding allocation for all transport spend. The allocation and settlement will contain the next 5 years allocation of the Integrated Transport Block, as well as the final year instalment of the Transforming Cities Fund and the future 5-year major scheme transport funding. This fund will therefore deliver the day-to-day improvements on the local network, as well as provide the funding for larger scale strategic interventions. This will build upon the work currently in progress to further develop a joined up and seamless network.
2	Active Travel Fund and Mini Holland	The Active Travel Fund and Mini Hollands schemes will deliver the national commitment to travel behavioural change at a local level. Active Travel is a regional priority through the South Yorkshire Mayor and the Active Travel Commissioner. The impacts of this will be providing the correct infrastructure, with supporting revenue activity to promote walking and cycling as an attractive travel alternative.
3	Electric Vehicle Charging	There are several outstanding issues related to the delivery and management of electric vehicle charging infrastructure. Challenges around third-party venture, including private sector mobilisation are yet to be understood, as well as some of the practical issues like cables on the highway and the management of kerbside availability. The impact of when these details are clear, will be a programme of work which seeks to ensure that Sheffield isn't left behind in this revolution and there will be a network across the City that serves the needs of the population.
4	Infrastructure investment	Continued investment in the maintenance of the transport system will ensure its safe and secure purpose. The other element to this is making sure that effective monitoring and evaluation takes place to inform future schemes and develops a strong case for further investment through local, regional, and national funding sources.
5	Improving Air Quality and supporting the decarbonisation of the transport system	Decarbonisation and a move towards a sustainable city is very much at the forefront of funding decisions. Schemes must contribute towards both reducing carbon through design as well as delivering schemes that support the transition to a low carbon future. The impact of this will inevitably be a cleaner, greener, and more efficient living environment, that supports the needs of residents and business.

4 Our forward look to the 2050s

By 2050, the transport network is predicted be a very different offer. Innovate UK have recently published a paper regarding how the transport system could look in 2050 and what investment needs to take place to get there. There is much uncertainty on the transport system given the changing behaviour of Covid-19, with travel habits altering substantially through different working patterns and consumer habits.

The 2050 vision of the transport enables the movement of people and goods from one location to another through seamless, safe, net zero, connected, cost effective, accessible, and reliable means. However, there are attitudinal, technical, and economic challenges to be addressed. Understanding these will be paramount to any progress being made.

The way people travel and behave will change and this will be accelerated by advances in technology that will improve transport services, reduce costs, and revolutionise business models. We expect to see an increase in the use of most travel modes despite the impact of the Covid-19 pandemic, a push for travel reduction, and a trend towards alternative forms of mobility. There will be some shifts in travel use between modes - such as less bus use and more use of shared services - and some shift from road and rail freight to short-sea shipping. Walking and cycling are expected to grow, as is the use of electric bicycles and scooters. However, it is difficult to predict transport use beyond 2025 because of the large number of variables in future scenarios. The growth in transport is a challenge to plans to reduce carbon emissions. We expect to see efforts directed towards demand reduction, zero emission technologies, and a shift away from more polluting modes of transport.

Improved communicators and data connectivity will create opportunities for greater efficiency, new services for travellers (access to information, fares, and ticketing), and new business products and amenities. We expect all road vehicles to be capable of fully cooperative driving by 2050. Road maintenance, traffic planning and routing, traffic management, refuelling systems, freight operations, train operations and air traffic management will all benefit significantly.

The move to net zero by 2050 will require a complete shift from fossil fuels to sustainably produced electricity, hydrogen, and other alternatives. Fossil fuels will still be the dominant energy source in 2025, and even 2030. However, electric will need to be the dominant by 2050 if we are to achieve net zero. We also expect hydrogen to be a significant fuel for heavy goods vehicles, buses, and aircraft by 2050.

Autonomy will make road vehicles smarter, create opportunities for new services such as last-mile delivery by drone and deliver fully autonomous urban transport. We anticipate that the urban transport system, air transport, rail freight and 90% of motorway HGVs will be fully autonomous by 2050.

Advances in technology and new government policies will transform business models and lead to bundling of services, better use of resources and mass customisation. The growth of online retail, improved logistics, use of drones, greater understanding of insurance and risk and improved connectivity will all have an impact on business models

Regionally, the implications of investment taken - or not - by national bodies in the Sheffield area will have major bearing over the next 20 years. Recent announcements from the Department for Transport on the Integrated Rail Plan for the North have concluded with a poor rail offer for the City with minimal investment in inter-regional rail connectivity for Sheffield. This demonstrates another setback for rail provision on a strategic level, with the likely impact being the retention of private cars trips for journeys to Leeds, Manchester and the Midlands area.

On a more local level, the Amey PFI contract will have expired and decisions around future highway maintenance would need to have been resolved. This is large undertaking and has the discharge of several statutory functions attached to the decision. Although there are many more years left on the contract, it would be prudent to begin exploring the implications of this as soon as possible.

The continued operation of Supertram is a key risk over the coming years, as the asset replacement programme of £400m is yet to be approved. This casts doubt over future operation franchises. The tram is clearly an asset for the City and the wider region, and the failure to operate is a major economic, social and environmental risk. To help address this, the City is seeking to work with the South Yorkshire Mayoral Combined Authority to outline a support package, both in terms of how the capital costs for asset renewal can be funded but also future extensions and operating models could be developed.

The bus network is undergoing fundamental change following the introduction of the Bus Service Act (2017) and the requirement for a change of operating model. Enhanced Partnerships are currently being explored. But with commercial revenue risk of bus operations falling to private bus companies, there is the potential for systemic changes to the bus network. It is too early at this point to understand the implications of this.

The resilience of the transport network, particularly in relation to flooding and the environmental challenges of climate change, is a major feature for 2050. How we design, maintain, and operate transport functions in response to these implications will need consideration. This is already happening to some extent, with schemes like Grey 2 Green and the proposed Connecting Sheffield work. Highway designers are considering how greenery, biodiversity and sustainable drainage can be integrated into design solutions. These changes - when combined - will provide an extra level of protection of the highway and improve resilience.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of appropriate funding to develop 'pipeline' schemes identified in the Sheffield Transport Strategy	The lack of revenue funding for this activity has been escalated within the Council and is being considered for funding from the Corporate Investment Fund. Without development funding we will not be able to develop a business case for projects to effectively secure external funding to assist in delivering our Transport Strategy adopted in 2019. This has the potential impact on the Council's ability to develop significant infrastructure projects that are required to support the City's Housing and Economic ambitions.
2	Ongoing maintenance of the highway infrastructure (commuted sums)	Agreement on way forward required to provide confidence in our ability to address infrastructure required to support economic growth. There are constraints on the majority of Sheffield City Region (SCR) funds and Government funds that mean these cannot be used to fund the commuted sums associated with projects. This acts as a constraint, as either Local Transport Plan (LTP) funding or local revenue funding needs to be identified to pay the commuted sum. Wherever possible, we seek to reduce the upfront cost of the commuted sum through design and aligning projects to Amey's programmed maintenance work, but these opportunities are limited following the Core Investment Period. A review of commuted sum liabilities will be undertaken for all projects at an early stage of project development to inform implications on future programmes.
3	Constrained timescales to meet the Government direction for Air Quality and associated Clean Air Zone (CAZ) development and delivery Transforming Cities Fund (TCF) constrained timescales – still subject to decision	The scale and required speed of delivery is a significant challenge. Resources from across the Council have been brought into a virtual team and this will be kept under review. Ongoing engagement with key stakeholders and the public to clearly articulate the programme of work and its benefits. There has also been discussion around design and build contracts to ensure that the programme of works is delivered on time and within budget. Each scheme has been designed to be scalable, therefore opposition and scope creep can be managed within the programme.
4	Public engagement and acceptability	As described in point 3, funding for major transformative projects has stringent funding deadlines which are controlled by associated legal agreements. With all projects of this nature, consultation needs to be meaningful and engaging with the public and stakeholders is critical to obtaining success and delivering a project that meeting competing demands and expectations. Doing this under funding specific deadlines means a focused approach to obtain and address any matters arising. This has been mitigated through Transforming Cities Fund (TCF) by using new ways of consultation and setting a new blueprint for consultation procedures, including specific communications resource.
5	HS2 and the Integrated Rail Plan for the North (IRP)	The IRP has published several future rail investments that do not include the transformational improvements for Sheffield. The commitments in the IRP are still yet to be fully understood, however,

		the challenge is how to reverse some of these omissions from the IRP and secure rail improvements for the City.
6	Post Covid-19 bus and tram market recovery and operating model	The impact of the removal of the Bus Recovery Fund is potentially going to result in reduced bus services. This will need to be brought into the spotlight and highlighted in respect of other improvements to the bus offer, including our existing capital investment. Continued engagement in the BSIP development will be critical to understand the local authority commitments as well as how we can harness SYMCA funding for these projects. This will feed into discussions with the operators around their investment packages to support the capital investment. The SYMCA budget setting process for 2022/23 needs to consider these funding risks as a key issue. SYPTE 2020/21 budget earmarked c.£7m reserves which, along with the potential reduction in concessionary funding support (c.£5m), provided a c.£12m “fighting fund” to mitigate some of the impacts of the £22m funding gap for tram and bus. It is unclear if some of this has fund has been used already, for initiatives such as the discounts for 18-21year olds and the summer 25% off Travelmaster range.
7	Ceasing operation of Supertram	There is an immediate focus to work with the other South Yorkshire Local Authorities on the funding position and how to mitigate the risk of not renewing the Supertram asset. In the first instance a commitment to the £400m Department for Transport business case will be critical, and in the longer term a ‘vision piece’ around future expansion is critical for wider partner buy in.

B Regeneration

Director: Sean McClean | Director of Regeneration

1 Background and context

Heart of the City II is one of Sheffield’s key regeneration projects being delivered by Sheffield City Council. The scheme will contribute positively to social and economic terms, making the city centre a more dynamic place to live and work.

In addition to encouraging new retailers to the City Centre, the scheme will provide Grade A office space, including the City’s first net zero carbon in use workspace, a quality hotel, new homes, restaurants and cafes, leisure destinations and stunning public realm including a new “pocket park” right in the City Centre – all creating the type of high-quality development that helps attract jobs and investment.

The scheme will bring together the old and the new, maintaining the existing street patterns and balancing heritage with striking new architecture and unique outdoor squares and spaces. Rooted in the city’s unique character, it will help knit together The Moor, the Devonshire Quarter and Fargate, providing a new home for Sheffield’s cultural, commercial, and creative trailblazers.

Sheffield has significant assets that will continue to provide opportunities for development, investment, and growth to produce sustainable regeneration activity to support the city and region. We will be working with partners to create investable propositions around these assets:

- The City Centre Vision, will create a thriving city centre, with a strong focus on housing-led growth in the city centre, alongside catalytic employment projects like West Bar and Castlegate, and the ongoing development of Heart of the City II
- District centres and communities

We will work alongside South Yorkshire Mayoral Combined Authority and will also seek to partner with the public and private sector partners, including the Sheffield Property Association, Chamber of Commerce, University of Sheffield, Sheffield Hallam University and Homes England. This will maximise our effectiveness and ability to unlock funding opportunities.

2 How do these activities contribute to “Net Zero”

Wherever possible the development will be to the lowest environmental impact including:

- Retaining as much existing building as possible
- Buildings designed to meet Building Research Establishment Environmental Assessment Method (BREEAM) rating of excellent
- Connection to District Heating network
- Use of photovoltaic arrays at rooftop level
- (H2) office has been designed with technologies that support net zero carbon.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	City Centre Vison and Catalyst Sites	Development and delivery of the City Centre Vison and progression of catalyst sites.	TBD
2	Parkwood	Creation of a country park in the City and improved access to an investment site for an adventure operator	Levelling Up
3	Sheaf Valley Masterplan	Regeneration of key City Centre site	TBD
4	Heeley	Creation of community workspaces, hubs and public realm improvements	Levelling Up

4 Our forward look to the 2050s

With a population set to increase to over 600,000 by 2043, it is important that the city fulfils its role as an economic driver for the City Region, presenting opportunities for growth and renewal. Sheffield should be seen as the place to live, work and play with a successful city centre and vibrant and thriving district centres serving their local communities. Across the city there will be a need to accommodate a wide range of activities and amenities which encourage footfall and provide a reason for people to visit the city centre and their district centres.

The city centre itself will become an important driver of housing growth. Bringing more people into city centres - and creating city centre neighbourhoods - will support other components that will develop as city centres transform from places traditionally associated with employment and retail into a broader offer to benefit the wider economy.

Delivering this strategic vision will not happen if we rely solely on market forces. Public sector intervention will be needed, working alongside strategic partners and key stakeholders. Key areas of investment in transforming the city will include:

- Placemaking, public realm and grey to green type initiatives
- Providing a diversified city centre offering
- Creating sustainable communities across the city
- Infrastructure

- Transport and active travel
- Homes of a variety of types and tenures
- New office developments and places to work
- Culture, arts and leisure
- City centre animation and Outdoor City.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Managing costs within budget and keeping to programme in an increasingly challenged construction sector with inflationary and supply pressures amplified by COVID-19 pandemic.	Review and manage procurement routes to secure most competitive appointments. Pass risk on the contractors when/where appropriate. Strong project management.
2	Changing UK retail market leading to lack of demand for physical retail space alongside more aggressive commercial terms being demanded.	Constant review of leasing strategy, focussing on elements that cannot be digitised such as experiential retail, food and drink, and competitive socialising. Targeting the right mix of international, national, and local brands who are adapting their business models to suit the changes in shopper behaviour and the digital world. Diversification of mix of properties as set out in section 6 of the 'New homes' priority.
3	Changing requirements for office space following the COVID-19 pandemic.	Continual review of emerging trends.
4	Lack of revenue funding for early development and feasibility works for capital projects. Lack of funding for wider Economic Development activity	Corporate Investment Fund to ensure investment in development of projects that are best aligned to Member priorities and strategic objectives for the City
5	Availability of match funding for capital investments	As above - and continue to explore and identify options for external funding
6	Uncertainty about future availability of Central Government and the replacement of European funding	Work with European funding partners to maximise current opportunities for funding, minimising risk of clawback and keep implications of Brexit under scrutiny. Work closely with the SYMCA to maximise access to Government funding.

C Climate change

Head of Service: Mark Whitworth | Head of Sustainable City

1 Background and context

The Council adopted its 10-point plan for climate action in March 2022. This plan reaffirmed the Council's commitment to become net zero carbon - both as an organisation as well as a City. The Council also made further commitments, including putting climate at the centre of its decision-making.

The transition towards a net-zero City and Council will require significant long term financial resources, as well as an acceleration in both the pace and scale of investment being made. It will also mean the council using its resources to leverage and attract considerable private sector investment into the city. Climate mitigation projects are expensive and sometimes complex and will require funding at a significantly higher level than we have seen historically. The hope is that, over time, technologies and methods developed to reduce the impact of climate change because more efficient and cost effective.

We have already committed to ensuring our budget-setting process and medium-term Financial Strategy take account of climate impact and consider appropriate mitigation measures, and that we will prioritise and identify funding and investment routes for our decarbonisation programme through work on our Investment Strategy.

The allocation of £3.5m to develop a Local Renewable Energy Programme is clearly a step in the right direction. But this sum is dwarfed by the estimated investment costs associated with achieving net zero as a Council and a City. Local Authorities simply do not have the available resources to invest at these levels. We will therefore need to collaborate and work with partners to access a wider range of funding and investment, as well as looking to more creative and innovative financial models. As mentioned above, this will include private sector funding and investment.

To do this, we will need resources to invest in feasibility studies and develop outline business cases and project proposals that will put us in strong position to secure much greater investment and funding. The council must demonstrate that it is able to deliver pilot projects that show credibility and capability in climate mitigation. Pilot project will allow the council to learn how best to develop climate strategies and will give a platform to then seek private sector investment. The council will seek additional resources over the next 1 – 3 years to fund this activity, as well as seeking further allocations of capital funding to enable the transition to net-zero carbon to move forward.

2 How do these activities contribute to 'net zero'?

The activities that will be delivered through this programme constitute the Council's principal climate action programme. Other programmes across the organisation will contribute towards our climate goals, and over time we need to ensure that all capital projects and programmes include sufficient budget allocations to support the delivery of net zero carbon.

The approved £3.5m Local Renewable Energy Programme will deliver projects which support the Council's ambition to become net zero carbon, and delivery of the programme is a specific goal within the Council's One Year Delivery Plan 2022- 23 in the 'Delivering Clean Economic Growth'. This programme will allow pilot projects to be developed, which can than be scaled up across the city using additional grant funding, institutional investment, and private sector capital.

Currently no other capital budget has been directly allocated to support the Climate Action Programme. But revenue funding is being sought to support activities identified in section 1 (Feasibility and scoping studies, primarily related to renewable energy opportunities and energy system resilience) as well as revenue to support wider engagement activity. There is also a role for the council's city partners in climate change mitigation projects. Work to develop collaborative strategies and joint funding opportunities is underway, as there is a need for city-wide strategy that recognises that the council is just one of a range of partners and institutions that will need to develop and invest in projects over the coming years.

3 What do we want to invest in over the next 10 years?

The transition to net zero will require significant up-front capital investment. This level of investment is beyond the reach of public finances, particularly at a local government level. Many cities are exploring alternative approaches to secure investment, such as the UK Infrastructure Investment Bank or Core Cities UK through their emerging 3Ci platform.

3Ci, founded by the Connected Places Catapult, Core Cities UK and London Councils has been created to build financial partnerships between urban investors and city leadership with the aim of accelerating Net Zero investment across the UK. It aims to bring new investment to support cities to transition to net zero.

Programmes such as these have the potential to provide cities such as Sheffield with capital investment, however, to participate the Council will need to initially fund and develop a robust investment pipeline.

Revenue funding is required to commission feasibility and commercial business case development. Capital is then needed to develop a series of pilot projects and investable propositions that build credibility and capability within the council. A revenue budget of **£1-2m** will be needed to develop the programme and a capital allocation of **£5-10m** over the next 10 years is needed to invest in projects around the city.

We must also evaluate how our existing capital programmes can be flexed to support this agenda, as its significance is expected to increase in coming years and whilst other investment will be sought, match-funding may be required to support funding applications.

4 Our forward look to the 2050s

Climate change is one of the biggest challenges of our time and its effects will become much more apparent as we move towards 2050. Significant climate adaptation costs to existing and planned major infrastructure projects and programmes will be incurred if climate goals are not achieved well before this date. If the goal of limiting global warming to 1.5°C is missed, Meteorological Office data forecasts predict that the City will face very significant climate risks, including heat wave, fire and drought, as well as increased risk of flood.

Adaptation costs for infrastructure must be built into our programmes now, and plans for mitigating the social / health impacts will also need to be developed as projects and programmes are designed.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	No revenue funding – unable to undertake further engagement activity with stakeholders	Seek Flexible Development Funding (FDF) and other sources of revenue
2	No revenue funding – unable to undertake feasibility or scooping studies, required to provide commercial investment case, funding bids etc.	Seek Mayoral Combined Authority (MCA) place-based revenue
3	Future energy system resilience – unknown risks to future growth sites/ EV / Resi/ Commercial / Ind.	Seek MCA place-based revenue stream and private sector capital
4	Climate Resilience Plan - no plan in place – risk to city/ businesses/ residents – no resources to complete this	Seek MCA place- based revenue and private sector capital. Capital funding requirements to follow
5	No capital to deliver schemes which are identified in (2/3/4)	Seek allocation from capital programme as soon as feasibilities completed. Develop investable propositions to attract institutional and private sector investment.

D PROJECTS UPDATE | Transport, regeneration & climate change

1 Projects completed in 2022/23 (Transport)

	Project and total value	Impact
1	Clean Bus Technology (£4.9m)	Improved Air Quality
2	Electric Van Trial Scheme (Van Purchase) (£0.9m)	Business confidence in electric vehicles has been radically improved, encouraging the transition away from diesel and petrol powered vans. Start of 2 year trial.
3	Electric Taxi Trial Scheme (Taxi Purchase) (£0.5m)	Taxi industry confidence in electric vehicles has been radically improved, encouraging the transition away from diesel and petrol powered vans. Start of 2 year trial.
4	Station Road / Halfway Crossing (£0.3m)	Improved access to the local area and improvement in road safety
5	Sheaf Valley Cycle Route (Phase 1) (£0.4m)	The first stage of a shift towards increasing active travel use along one of the core routes into the city
6	20MPH Zone (£0.3m)	Road safety and enhancement and reduced highway severance at three locations
7	Pedestrian Crossing Enhancements (£0.3m)	Improved access to the local area and improvement in road safety at four locations
8	Nether Edge & Crookes Active Travel Neighbourhoods (Phase 1) (£0.7m)	Improved access to the local area and improvement in road safety
9	Completion of legacy cycle scheme works (£0.5m)	Improved access to the local area and improvement in road safety
10	School Streets (£0.3m)	Improved access to the schools

2 Current projects already in delivery (Transport)

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Broadfield Road junction	£3.7m	2018/19 – 2023/24	Remodelled junction to improve bus journey times and reliability
2	Clean Air Zone Implementation	£3.8m	2019/20 – 2022/23	Infrastructure to implement Clean Air Zone Charging
3	City centre Connecting Sheffield	£14m	2019 – 2024/25	Improved Cycle Connectivity across city centre including major public realm enhancement. Improved bus infrastructure
4	Neepsend Kelham Parking Scheme	£0.6m	2021/22 – 2023/24	Regulated parking improvements
5	Abbey Lane Crossing	£0.4m	2022 – 2024	Creation of crossing point along Abbey Lane
6	Transforming Cities Kelham Island and Neepsend Connecting Sheffield *	£16m	2020/21 – 2024/25	Bus and Active Travel improvements
7	Transforming Cities Attercliffe to Darnall Connecting Sheffield *	£18m	2020/21 – 2024/25	Bus and Active Travel improvements
8	Transforming Cities South West Bus Corridors Connecting Sheffield *	£1.4m	2020/21 – 2023/24	Bus and Active Travel improvements
9	Transforming Cities Magna Tinsley Connecting Sheffield *	£5.4m	2020/21 – 2024/25	Creation of a joined-up cycle network from Meadowhall to Rotherham via Tinsley. Also, access to new tram stop at Magna.
10	Transforming Cities Nether Edge Connecting Sheffield *	£12.5m	2020/21 – 2024/25	Creation of a cycle route from Sharrow Lane Crossroads to the city centre and the Broomhall
11	Road Safety Fund Programme Connecting Sheffield	£4m	2020/21 – 2023/24	Infrastructure to support local movement and address road safety issues
12	Other Local Transport Plan	£17.5m	2022/23 to 26/27	Local transport interventions

	Project	Budget (£) (all years)	Year(s)	Outputs
13	Shalesmoor Gateway *	£22.5m	2021/22 – 2025/26	Remodelled junction to improve bus journey times and reliability and introduce access improvements to the wider area.
14	Electric Vehicle Charging Points	£0.5m	2021/22 – 2022/23	Provision of electric vehicle charging infrastructure

*Transforming Cities Fund Schemes and Shalesmoor Gateway Scheme currently approved for feasibility works only, budgets shown are indicative for full project delivery awaiting confirmation of external funding.

3 Projects completed in 2022/23 (Regeneration)

	Project and total value	Impact
1	Grey To Green 2 (Angel Street) - **£0.8m**	Safer and more sustainable transport through segregated cycling and footpaths Sustainable Urban Drainage (SUD) Enhanced public spaces
2	HoCII Block E Telephone House - **£4.5m**	Bringing back into life several previously vacant properties and improved exterior of the multi-story car park. Secure storage of bikes to enable more active travel options for users of the city.
3	Porter Brook Pocket Park Enhancements **£0.07m**	The improvement works are part of a wider strategy to enhance the area and access to the river, both in terms of improving the environment and encourage economic regeneration by creating an improved environment and setting to attract private sector led investment
4	Block B Burgess, Athol and Laycock Houses **£20.8m**	Development of 56 residential units, small office, and ground floor retail. The increased residential offer in the city centre, helping to make a more vibrant city neighbourhood
4	Temporary animation of Cambridge Street/Barkers Pool **£1.0m**	Animation of the former John Lewis Partnership building and pop-up spaces. Providing vibrancy and footfall in the area around Barkers Pool ahead of future building developments
5	Block C Isaac's Building **£20.9m**	Increased quality office capacity in the city centre, attracting inward investment. Terms being developed with 2 tenants for leasing of all floors

4 Current projects already in delivery (Regeneration)

	Project	Budget (£) (all years)	Year(s)	Outputs
1	HoCII Block H1 Leah's Yard	£12m	2021-2025	Bringing back into life an iconic heritage building. Operator now secured.
2	HoCII Block H Formerly Henrys now, Elshaw House, Cambridge Street Collective and Bethel Chapel	£57.9m	2021-2025	Increased leisure offers in the city in a cutting-edge food hall concept combined with further grade A Zero Carbon office space attracting inward investment and Jobs. Food Hall operator now secured
3	HoCII Block A 'Radisson Blu / Gaumont Building'	£48.6m	2021-2024	Development of mix of Hotel, Leisure unit. Hotel pre-let to Radisson Blue.
4	HoCII Block G 'Pound's Park'	£7.5m	2020-2024	Development of a pocket park "Breathing Spaces" funded by GBF Grant
5	HoCII Infrastructure & Public Realm	£1.4m	2018-2024	Improved street grid and high-quality public spaces and public art.
6	JLP Building Asbestos Strip-out and enabling works	£3.0m	2022-2024	Stripped out and safe building enabled for future development.
7	HoCII Block G Development Plots	£0.9m	2021-2024	Remainder of Block G site to be sold as development plots for private development of commercial space
8	Upper Don Valley Flood Scheme	£10.6m	2021-2024	Comprehensive linear flood defence to three discrete flood 'cells' within an area at high risk of flooding on the River Loxley (a tributary of the River Don) and at the confluence of the Loxley and the River Don.
9	Future High Streets Fund Public Realm	£14.4m	2022-2024	Improved City Centre Public Realm & Infrastructure
10	Future High Streets Fund Events Central (refurbishment element)	£5.6m	2022-2024	A new cultural venue that will host up to 184 events annually, attracting a total of 55,600 attendees
11	Future High Streets Fund Front Door Scheme	£3.7m	2022-2024	Landowners to benefit from grant assistance to repurpose vacant/underused space for new work and residential accommodation. The public investment will

	Project	Budget (£) (all years)	Year(s)	Outputs
				secure £26.1m of private sector investment for improvements to existing buildings on Fargate and High Street
12	Levelling Up Fund - Attercliffe - Centre for Child health technology *	£8.8m	2022-2025	4100 m2 Floorspace, 100+ jobs, healthcare facility
13	Levelling Up Fund - Attercliffe - Connection and Movement *	£4m	2022-2025	2 Improved tram stops, 5km of highway improved Secure storage for 100 bikes Site preparation for Innovation centre
14	Levelling Up Fund - Attercliffe - Adelphi Square *	£4.2m	2022-2025	1200m2 Floorspace improved 2 heritage buildings saved
15	Levelling Up Fund - Castlegate – Castle Site	£15.7m	2022-2025	Site preparation 8120sq m public realm
16	Levelling Up Fund - Castlegate – S1 Artspace *	£1.6m	2022-2025	New art galleries Learning studio
17	Levelling Up Fund - Castlegate Harmony Works *	£1.7m	2022-2025	Collaborative music and education centre 200m2 commercial space

*Levelling Up Fund schemes show indicative budgets awaiting formal submission of Business Cases

5 Current projects already in delivery (Climate Change)

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Community Renewable Energy Fund	£3.5m	2022-2025	A range of community renewable energy projects

B2 HOUSING

Increasing the City's stock of new housing – for both rent and sale - through delivery by the Council, the Council's Joint Venture, Registered Providers or private developers. Ensuring the Council's existing housing stock is well maintained for our tenants.

Director: Janet Sharpe | Director of Housing

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This Committee exists to ensure the Council supports its aspiration to deliver – directly or indirectly - high quality, energy efficient housing for its citizens. It has two key areas of focus:

A. **Housing growth**: building new Council houses through its Stock Increase Programme (SIP) and facilitating the delivery of housing through other routes to ensure sufficient housing stock for our residents; and

B. **Housing investment**: ensuring existing Council housing is well maintained and as energy efficient as possible to minimise residents' cost of living.

This section will address both these areas in turn, with a combined list of projects across this Committee area at the end.

A Housing growth

Head of Service: Kerry Bollington | Head of Housing Growth Delivery

1 Background and context

Sheffield is England's fourth biggest city. In mid-2018, around 583,000 people lived in the city and by 2043 this is projected to increase to around 648,000. Over 60,000 students now live in the city. In common with other UK cities, there are very significant disparities in housing market. The city offers some of the highest quality and most affluent neighbourhoods in the country, but it also has some of the most deprived areas: 8 wards fall into the 10% most deprived in the U.K.

Sheffield currently faces significant housing challenges and needs to build around 36,000 new homes over the next 17 years, of which over half will be in the city centre and half in the suburbs. While the city is delivering against its current housing need target of around 2,000 units per annum, only one third of the approximately 900 affordable homes required per annum are being delivered.

The Council has a proposed Local Plan which will give greater clarity to the housing requirements for the City and how these will be delivered. At present, planning policy does not require a percentage of affordable homes to be delivered on market housing sites in much of the Central Area (20,000 of the 36,000). But this is being reviewed as part of the Local Plan and it is likely that we will require a contribution in all areas of the city between 10% and 30%.

We recognise that developing new homes is not without challenge: an industrial past combined with topographical challenges and segmented land ownership can mean development - particularly on brownfield sites - will not always come forward through market forces alone.

To further tackle this challenge, the Council, Homes England, Sheffield Property Association, and representatives of housing associations have this year established a joint Sheffield Housing Growth Board. Chaired by the Council's Chief Executive, this new Growth Board focuses its efforts on achieving housing targets and implementing key placemaking, environmental, and carbon reduction principles. As part of this Board, Homes England and the Department for Levelling Up, Homes and Communities (DLUHC) are well underway with considering how the Agency can best play a stronger role in securing new homes, regeneration and placemaking in Sheffield.

The Board is supported by a Joint Delivery Team, who have prepared a Land Development Pipeline and are in the process of further developing the Integrated Affordable Housing Programme (IAHP). The Land Pipeline work has resulted in an agreed top ten sites for public sector intervention which could result in c.7000 new homes, and the IAHP builds on the Council's continued commitment to meeting the need for more affordable housing.

The IAHP builds on the emerging 'Housing Strategy' and the 'Homes for All Delivery Plan' (Nov 2018). It will feature - but not be limited to - Sheffield's Stock Increase Programme (SIP), the work of the local housing company, and schemes undertaken by housing associations. It will establish a clear strategy for housing growth. Housing associations in the City have been tasked to prepare a five-year rolling programme, ramping up to 1,000 starts per annum. This compares with only 500 affordable units being delivered by RPs in the last 5 years (as at January 2022).

The current target for the SIP is to build and acquire 2,137 units over the lifetime of the current programme (to 2029). This forms part of the projected total number of new homes across the city. It is aiming to add 1,073 new properties up to 2023/2024, funded from our Housing Revenue Account and external grant funding. This will also enable us to increase the use of local supply chains and boost local employment and apprenticeship opportunities through our contracts, as we have done for many years. We will deliver this through building new Council homes, appropriating or acquiring land to build on and acquiring existing homes to bring into the Council's rental portfolio, improving the range of homes we can offer to residents.

By March 2023, the Council will deliver a city-wide Housing Growth Plan 2023 – 2028. This will build on all the partnership work already being developed. The Plan will focus on the period from 2023 to 2028, but will also take a longer-term look at the housing growth plans for the city over the next ten years in alignment with the Local Plan. The report will be supported by the new emerging Housing Strategy, the City Centre Vision, and the Strategic Asset Management plan.

In addition to the capital asks reported within this document to deliver the SIP, the Housing Growth team are working closely with external funding partners to secure inward investment into the city including South Yorkshire Mayoral Combined Authority, Homes England and other external investment institutions.

2 How do these activities contribute to 'net zero'?

The Council will encourage high quality construction and architecturally sound designs in new developments. We also support the retrofit of existing buildings where conversion and reuse is being considered. Encouraging higher density developments - both in the city centre and beyond - and investing in infrastructure and place-based design, will encourage lifestyles that are less carbon-intensive.

New homes built through the Council's own stock increase programme help move Sheffield City Council along the path to carbon neutrality. Prior to the 2021 Building Regulations update to Parts L and F, our thermal performance was higher than the statutory requirements. We achieved this by employing a 'fabric first' strategy of construction techniques and fitting mechanical ventilation and heat recovery (MVHR) units. These recover heat from outgoing stale ventilation air and use it to warm incoming fresh air, saving energy and making the dwellings healthier by doing so.

For new properties subject to the 2021 Building Regulations update, we will be removing fossil fuel use by eliminating gas boilers in favour of electrical alternatives (such as air-source heat pumps). We will also be further improving the thermal performance of our windows and doors, increasing our construction air tightness requirements and providing EV chargers in line with Regulations. The proposed 2025 Building Regulations update (to meet the Future Homes and Building Standards) will also require the addition of solar panels and battery storage to reduce electricity bills and demand on the grid. In 2029 - in readiness for hitting the Council's net-zero target of 2030 - our plans are to introduce further increased air tightness requirements in construction.

To future proof our current new builds for future electrification of heat and hot water, the masterplanning of estates and designs of each building will ensure the predominate roof plane of each house or communal building faces south or south-west. This will allow easy and effective future fitment of photovoltaic (solar) panels to generate solar power for each dwelling. Internally, additional space will be allowed for future fitting of electrical gear, hot water storage cylinders and battery storage. Pipework and radiators will be sized to allow for future low temperature systems aligned with electrification.

To further reduce environmental impacts, we have introduced a Biodiversity Net Gain on all developments of +10% and are also including sustainable drainage systems in our plans.

3 What do we want to invest in over the next 10 years?

With the Council's emerging Local Plan, the work done with partners on the Land Pipeline, and The Integrated Affordable Housing Programme the longer-term vision for Housing Growth across the city will be further solidified in the March 2023 Housing Growth plan.

The Plan will focus on the period from 2023 to 2028 but will also take a longer-term look at the housing growth plans for the city over the next 10+ years in alignment with the Local Plan. The report will be supported by the new emerging Housing Strategy, the City Centre Vision and the Strategic Asset Management Plan.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Strategic Site Assembly in priority locations	£10.0m	Ongoing	Corporate Investment Fund (revolving brownfield fund – sales of previous acquisitions will replenish fund)	Ha TBC of brownfield land acquired to increase pipeline	Regeneration of city centre neighbourhoods and creation of new homes to meet demand
2	Temporary Accommodation New Build – sites TBC	£18.6m	2023/24-2025/26	Housing Revenue Account	75 units to provide temporary accommodation for families and single people	Accommodation provided funded by SCC to support vulnerable people.
3	Temporary Accommodation New Build - Knowle Hill	£6.8m	2023/24-2024/25	Housing Revenue Account	25 units to provide temporary accommodation for families and single people	Increased council housing stock to improve quality and choice of homes available to address housing register demand
4	Newbuild infill/Demolition and rebuild - Gleadless Valley	£54m	2024/25 – 2026/27	Housing Revenue Account	197 general needs	Increased council housing stock to improve quality and choice of homes available to address housing register demand
5	SCC New Build Acquisitions TBC	£25.4m	2023/24-2028/29	Housing Revenue Account	120	Increase affordable housing

6	SHC New Build Acquisitions TBC	£48.5m	2023/24-2028/29	Housing Revenue Account	216	Increase affordable housing
12	Central Area Strategy Catalyst Housing Sites: • Moorfoot • Neepsend • Furnace Hill	TBC	2022-2030	SYMCA Brownfield Housing Fund and successor funds Homes England	Site assembly and preparation to enable private sector delivery of c 3,475 homes	Kickstart creation of sustainable neighbourhoods in the city centre, helping to protect the Green Belt.

4 Our forward look to the 2050s

Long term, our ambition is to create neighbourhoods that are of mixed types and tenures, that provide well-designed, high quality new homes catering for all segments of the community including young professionals, families, the elderly, and downsizers. This will create a more balanced, diversified residential population and achieve vibrant, sustainable communities. The investment in housing should be coupled with the provision of supporting services, facilities, and amenities to support local communities.

The affordable housing need across the city will continue well into the future. We are ambitious to continue the programme post 2028/29 and are well underway with the delivery of the current Stock Increase Programme. The Council is playing an important role in addressing the increasing need but needs to continue to work actively with Registered Providers, partners, and private sectors developers to creatively influence and deliver additional affordable homes for rent and sale in the city.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	**Funding challenges** RTB 141 spending rules changes Homes England Affordable Housing Programme funding restrictions,	Close monitoring of legislation changes with ability to quickly model the impact and flex programme accordingly

	Responding to declaration of Climate Emergency and meeting requirements of Future Homes Standards Building Regulations changes, Sourcing, obtaining, appropriating, and purchasing land required to maintain delivery of affordable homes Maintaining strategic requirements and statutory obligations i.e. Nationally Described Space Standards, adaptability, specialist and supported accommodation Meeting political desire to increase number of SCC units whilst balancing HRA Borrowing versus income and associated risks Absorbing changes in construction market conditions – price increases	Continue with ongoing land assessments and work with Property to identify SCC land opportunities initially and pick up market opportunities. Close monitoring of programme, financial reporting suit and funding matrix Close monitoring of programme, financial reporting suit and funding matrix Include current industry inflation models in SIP refresh and HRA Business Plan, update models when new tenders take place and continue to work on discovering and using efficient delivery models as per point 1 above
2	**Future design challenges** Reducing Embodied Carbon in Design, Future Homes Standard Government implementation 2025 via Building Regulations update, Sheffield's Climate Emergency Declaration – Carbon Neutral City by 2030, Balancing political priorities, budgets and legislation with strategic housing requirements	Continue with New Build Carbon Assessments at early development stage to inform decisions and outcomes. Design team already working on new ideas to reduce embodied carbon in design and specification. Consult with different frameworks and contractors to assess and find the most efficient ways to deliver the programme incorporating the Future Homes Standard. Current SCC new build standard already partly way to delivering the required standard. On top of the above actions, work with Transport Planners to deliver sustainable transport and EV charging strategies for Housing in line with government guidance. Review design and space standards for all types of new build to ensure correct standard is achieved that matched strategic priorities and Local Plan aspirations
3	**Site assembly challenges** Key sites in priority locations under a variety of ownerships Existing businesses require relocation Designation of land for housing in Local Plan will increase 'hope value' of landowners	Homes England acquisitions team engaged to assemble catalyst sites. Support businesses in finding suitable alternative premises. Comprehensive master planning will help establish clear basis for compulsory purchase if necessary, helping to achieve purchases by agreement.

B Housing investment

Head of Service: Dean Butterworth | Head of Housing Investment

1 Background and context

This priority covers housing investment and asset management priorities for our Council-owned properties within the context of the wider Housing Revenue Account (HRA) business plan. The Council wants to deliver well-maintained homes that are safe and decent which will improve the quality of our existing homes and tenants' lives. We also want to minimise the volume of (comparatively expensive) responsive repairs.

Council tenants should live in safe, warm, secure, and modern properties in attractive neighbourhoods. These overarching principles inform our investment priorities. Keeping our residents safe, we are putting in place over the next five years several fire prevention and fire safety measures for high rise blocks and high-risk properties and upgrading electrics within our homes. We started the installation of fire suppression systems on four blocks in 2021/22 which is currently projected to complete in early 2023. We have started developing the fire safety work proposals to the remaining high-rise blocks during 2022 and will continue this work along with consulting with residents of these blocks into 2023/24. The proposals will include closing waste chutes in tower blocks and providing modern day waste facilities.

We will continue planned work programmes already identified as priorities with tenants, such as roofing, windows and doors, kitchens, bathrooms, and heating. These activities contribute towards maintaining homes to the government decent homes standard. The social housing white paper commissioned a review of the Decent Homes standard, and when this is published we will need to revisit our level of compliance against any new decency standards and check that our investment plans are fit for purpose.

2 How do these activities contribute to 'net zero'?

We will also continue to increase the number of homes in the Council's stock and develop a clear plan for neighbourhood environmental improvements across the city. A key priority for Sheffield is working towards the net zero carbon target for 2030 and we will be investigating the contribution we can make in council housing to reduce the carbon emissions in our stock. Our current funded investment plans aim to bring all homes to EPC level C by 2030, we have been successful in obtaining grant funding to support this target through the LAD 2 (Local Authority Decarbonisation Phase 2) and further pipeline bids for external grant funding through ECO4, Home Upgrade Grant Phase 2 and Social Housing Decarbonisation Fund Phase 2.

Currently within the 5-year housing investment plan 2023 to 2028, there is £35m funding that will contribute to reducing carbon emissions and improving the energy efficiency in the council stock. When compared with other peer social landlords, the energy efficiency of the council stock is very good, but we know we need to do more. Our plans include bringing the estimated 6900 homes that are below EPC level C up to a minimum of EPC level C by 2030. Sheffield is going beyond the government guidance on this (which is that all social housing must meet this standard by 2035).

The Housing Service will support carbon reduction through:

- Improving the fabric of homes
- Reducing energy consumption in homes
- Reducing or removing fossil fuels where practicable
- Improving ventilation in homes to reduce or eliminate mould or damp.
- Providing advice to customers
- Generating renewable electricity and
- Deliver zero carbon new build council homes.

Each of the above actions are being adopted in varying scales. The most significant areas of investment with developed delivery plans are several external wall insulation projects. These homes are some of our worst performing homes that also require remedial works to property structures. We will continue to prioritise other investment in energy efficiency homes on a 'worst first' basis.

Across the council housing stock, 99% of homes have their heating and hot water supplied by gas boilers. Since 2008, we have installed 'A-rated' energy efficient boilers in approximately 32,000 homes. In addition, we have 130 community heating boiler schemes powered by gas that will need replacing in the next 5 years. These are currently less efficient than new products on the market. We have identified several community heating sites that require boiler updates, and the proposals will reduce carbon emissions at those sites.

The investment we have made in heating has already led to a significant reduction in emissions. We are now revisiting our heating strategies and will be bringing forward revised strategies in 2023. We recognise the need to reduce our reliance on gas, but we do anticipate that gas boiler replacement will still figure in some way in any revised heating plans for at least the next 5 years. The heating obsolescence within the housing stock will require replacement before technologies – such as hydrogen - are able to deliver viable and affordable solutions. There are also technical and spatial reasons why gas will still be the most viable solution for some sites. However, we will ensure that any new gas boilers have higher levels of efficiency and are combined with other measures so that a net reduction in carbon emissions is still achieved overall.

For each project we bring forward we will look at all options and weigh up the social, financial, and net zero issues and benefits. For example, nationally an important concern amongst social landlords is that the switch to electric heating at this time will place additional financial burdens on those already in fuel poverty. Our future plans for net zero need to ensure that proposals do not increase fuel poverty amongst council tenants through the works that may be proposed, particularly in the current climate of global increases energy prices.

Estimates of the cost of the net zero challenge for the housing stock indicate that it cannot be funded from a balanced HRA business plan. External grant funding or increases in income will be needed to support further investment beyond the current plans. The final Net Zero Carbon Road Map currently being finalised by our strategic partners is anticipated to inform the investment options and solutions available to the us and of the likely costs. The outcome of this work and its implications will be reported to the appropriate Council Committees.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	External Fabric Upgrades	Render, improved cladding, roofing / rainwater goods.	Housing Revenue Account (HRA) / External Grant funding
2	Asbestos Works	Surveys and Removal Works	HRA
3	Fire Safety – High Rise and Older Persons Independent Living (OPIL) Schemes	New sprinkler and fire suppression systems	HRA
4	Environmental Works (including Boundary Walls and Fencing)	Attractive and safe environment around homes	HRA
5	Door Entry Upgrades	Replacement of old systems and door upgrades	HRA
6	Community (District) Heating	Boiler and network upgrades, new radiators and insulation	HRA

7	Gleadless Valley Regeneration	A range of work to regenerate housing and HRA owned land. This includes refurbishment, remodelling and replacement housing, environmental and green space improvements	HRA
8	Lifts	Replacement lifts across the estate	HRA
9	Waste Management	Accessible and clean waste facilities that support recycling	HRA
10	Carbon Reduction Projects	Energy efficient homes	HRA / External Grant funding where available
11	Edward Street Flats Refurbishment	Warm, weathertight and safe homes	HRA

4 Our forward look to the 2050s

Investing in stock condition surveys has allowed us to build an asset management database of stock needs beyond 2050. Regular updates to the data will build confidence when further reviews are undertaken. Lifecycle modelling within the database indicates that typically the existing stock of around 38,000 will require annual investment of £50m per annum (unadjusted for inflation) to stand still. To maintain the decent homes standard, investment in elements such as kitchens, doors, bathrooms, heating, windows, and doors will need a significant slice of the investment plan. The new build housing currently in progress will require further capital investment.

By 2050 elements of fire safety work currently in progress will need to be replaced as will new heating solutions should we aim to meet the challenges of net zero by 2030. These items of investment are not one-off costs to homes.

Most of the housing stock in 2050 will be 80-110 years old and inevitably will require substantial investment. This may not be sustainable or adequately meet the housing needs of the city. Appraisals of the housing stock at an estate and property type basis will proactively be undertaken and it is likely that regeneration in some areas is the right solution for the city. This will require funding through a structured investment programme.

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5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Construction industry cost inflation and increase in interest rates	Modelling inflation / interest rates through the asset management database and Housing Revenue Account (HRA) Business Plan and the effect of changes on the programme. Reviewing levels of contingency and risk at project level. Maximising economy of scale principles through smart procurements.
2	Fire Safety legislation and skills shortages	Work with the Fire Safety Board, government bodies to ensure the full implications are understood and planned for. Investment in staff.
3	Social Housing White Paper indicates greater regulation of the social housing sector	Prioritising investment in safety compliance works and decency works. Increasing tenant engagement and scrutiny role.
4	Increase in the number of 'right to buys' which reduces the levels of Council-owned stock	Modelling within business planning to mitigate funding pressures; build and acquire new Council houses (see 'Housing Growth' section) and maximising grant from the Government to reduce costs for the HRA Business Plan
5	Funding to achieve net zero in housing	Complete roadmap work to have certainty on the funding needed and maximise grant bid submissions for Sheffield City Council
6	Lack of trained / accredited skilled personnel within Sheffield City Council and contractors in the field of retrofit work	Investing in staff training and working with government and contractors to develop the skills and knowledge in the sector

C PROJECTS UPDATE | Housing

1 Projects completed in 2022/23 (Housing Growth)

	Project and value	Impact
1	Adlington Road Older Persons Independent Living - £23.7m	132 new housing units

2	Adlington Road LD Accommodation - £1.4m	6 new housing units
3	Daresbury / Berners General Needs - £12.6m	73 new build completions for general needs housing
4	Baxter Court Temporary Accommodation Acquisitions - £1.3m	Acquisition of 9 x 2 bed apartments
5	Council Housing General Acquisitions - £8.5m	Acquisition of approximately 80 existing properties for general needs

2 Projects completed in 2022/23 (Housing Investment)

	Project and value	Impact
1	Local Authority Decarbonisation (LAD 2) Grant Works (£3.5m)	120 Council homes, 255 Private homes (Non HRA) benefitting from energy efficiency work
2	Roofing replacements programme (£9m)	1386 new roofs completed – this contract was terminated early due to the contractor entering into administration.

3 Current projects already in delivery (Housing Growth)

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Newstead Older Persons Independent Living	£28.1m	2022-26	141 new housing units
2	Hemsworth Older Persons Independent Living	£20.2m	2022-25	81 New Housing Units
3	Corker Bottoms General Needs Acquisitions	£8.3m	2022-24	47 New Housing Units
4	Move On Accommodation	£1.4m	2022-24	9 New Housing Units

	Project	Budget (£) (all years)	Year(s)	Outputs
5	Handsworth General Needs Acquisitions	£4.7m	2022-24	28 New Housing Units
6	Owlthorpe Shared Ownership Acquisitions	£2.6m	2022-24	15 New Housing Units

4 Current projects already in delivery (Housing Investment)

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Obsolete Heating	£1.9m	2022-23	1,056 replacement boilers and / or heating systems installed
2	Heating Breakdowns	£0.73m	2022-23	460 Heating breakdown replacements
3	EWI Package 2	£13.2m	2022-24	117 Airey properties refurbished
4	EWI Package 3	£10.4m	2022-24	External Wall insulation to 255 non-traditional properties
5	Asbestos Surveys	£0.550m	2022-27	7279 properties Surveyed
6	Asbestos Removals	£0.236m	2022/23	40 properties and communal areas
9	Electrical Upgrades Phase 2	£21.8m	2021-24	18,000 properties included for electrical rewiring
5	Single Staircase Tower Blocks (SSTB's)	£10.2m	2020-23	4 Tower Blocks Fire and Health & Safety Measures
10	Adaptations (ongoing programme)	£8.9m	2022-25	2,400 properties anticipated to receive adaptation works
11	Stairlifts (Adaptations)	£1.5m	2022-25	631 stairlifts installed
12	Tower Block Flat Roofing Replacement	£3.1m	2022-26	18 Tower Block Roof replacements
10	Elementals 2021-26	£14.4m	2022-26	Kitchen, bathrooms, windows, doors, electrical and loft insulation upgrades as required to 3399 properties and 552 void properties.

	Project	Budget (£) (all years)	Year(s)	Outputs
11	OPIL Laundry Upgrades	£0.3m	2022-25	88 Laundry facilities upgraded
12	CCTV refurbishment and upgrade	£0.373m		Upgrade 34 existing CCTV systems and install 6 new CCTV systems to housing sites

B3 EDUCATION, CHILDREN & FAMILIES

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

Directors: Andrew Jones (Acting Director of Children's Services) | Greg Fell (Director of Public Health) |

This Committee exists to ensure the Council supports children, young people and their families. It has six key areas of focus:

1. Giving everyone the best start in life
2. COVID-19 recovery for children and young people
3. An exemplar in children's services and support our Children Looked After to achieve their full potential
4. Delivering effective Special Educational Needs and Disabilities (SEND) services
5. Reducing exclusion in all its forms
6. Maintaining schools to ensure they are safe, warm, and dry.

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

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

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

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

Our capital investment strategy is currently centred on four key areas:

A. **Building condition** of our school estate
B. **Basic need** – ensuring there are enough mainstream school places to meet demand
C. **SEND sufficiency** – ensuring the right provision in the right place for pupils with special educational needs and disabilities
D. **Children Looked After** – ensuring the right facilities are in place for children in residential care.

This section will address each of these areas in turn, with a combined list of projects across this Committee area at the end.

A Building condition of our school estate

Head of Service: Mark Sheikh | Head of Business Strategy

1 Background and context

The Council has a responsibility to ensure the school estate for which it is responsible (community schools) is fit for purpose. The backlog of maintenance remains significant. However, progress is being made with a programme of projects to address key issues, prioritised through a survey programme and funded by the annual Schools Condition Allocation (SCA) of capital grant funding. The need far outweighs the funding allocated annually and continues to present a significant challenge. The maintenance backlog is estimated at £45m for 72 maintained schools.

It is important to maximise all capital grant funding available to the Council. This includes successful application to the Department for Education School Rebuilding Programme to rebuild Brunswick Primary school. It has also recently been announced that further bids in relation to Pipworth, Lydgate Junior, Carfield, Ballifield and Lowfield have been successful. We will be revisiting our capital investment strategy because of this announcement.

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

Department for Education. Alternative sources of support will be required. Demand for SEND places is forecast to rise by 30% - 50% in the next 5 years - the variation in this forecast is due to different potential scenarios for number of learners supported in mainstream. Whilst there are two new special schools in the pipeline (due September 2022 and 2023), further growth is required.

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

2 How do these activities contribute to 'net zero'?

The primary environmental impacts of this priority area centre on our key assets – buildings and transport.

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

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Building Condition	Programme of repairs and upgrades to a range of schools. Maintaining schools to ensure they are safe, warm, and dry.	Capital Grant – Education and Skills Funding Agency
2	School Rebuilding Programme	Programme to rebuild schools in the highest condition need. Providing new state of the art buildings that are built to meet net zero targets	Department for Education funded project

4 Our forward look to the 2050s

- Critical tipping point in building repair reached if a target baseline on mounting backlog of maintenance is not set and achieved.
- Potentially all schools transferred to Academy status.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Backlog maintenance is currently estimated at £45m for 72 maintained schools.	Prioritise repairs on a ‘worst first’ basis, whilst aggregating requirements wherever possible to maximise efficiency of delivery. Continue to lobby DfE for additional funding. Consider making funding requests to the Corporate Investment Fund to tackle this backlog, Opportunities for SCC Schools to be included in DfE funded significant refurbishment and rebuild programmes will be maximised
2	Existing resources of around £3m annually are largely absorbed by reactive maintenance and essential programmes such as Fire Risk mitigation. Using current SCA allocation it would take us over 12 years to fully implement lifecycle maintenance.	
3	Annual reduction to the Building Condition Grant allocated to Local Authorities as more schools’ transfer to Academy Status. Demands on the capital budget will also decrease proportionately. However, significant challenges relating to the condition of the primary estate remain.	

B Basic need – ensuring sufficient mainstream places

Head of Service: Sam Martin | Head of Commissioning

1 Background and context

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

We have secondary school pressures, particularly within the Southwest of the city, for which we are using £14.7m of Basic Needs funding and the Council have agreed for up to £1.5m Council funding to provide permanent and temporary places. We have further secondary school pressures in the East of the city and are exploring options to provide more places in this area. The Council has now received details of its Basic Need Funding Allocation up to 2024/25, these total £9.8m. Existing commitments from this and balance brought forward from previous years leaves £5.5m available for investment. It was agreed at the Education, Children and Families Policy Committee in November 2022 that up to £5.5m could be used to meet demand for secondary school places in the East of the city (School Planning Area 5).

Most of our primary schools will be experiencing falling rolls and have surplus places due to a period of low birth rates, so we are working with the sector to manage this decline in demand and remain sustainable. However, there are some primary hotspots where demand is forecast to increase due to new housing, so we are currently looking to expand two primary schools to meet localised demand in these areas. Section 106 monies are available to contribute towards these projects, however until feasibility studies are complete, we will not know if the S106 funding will cover all the costs, so other funding will be required.

We are forecasting some surplus secondary school places towards the end of the decade and will need to plan for this, so we make effective use of the school estate. For example, we may seek to utilise surplus space for Post 16 or SEND provision, and there may be a capital requirement for this.

Sheffield's Local Plan aims to deliver 2,100 new homes per year between 2019 and 2039. We need to plan for and potentially provide additional primary and secondary places where new housing developments increase the pupil yield. We will seek developer contributions where additional school places are necessary, but other funding may also be required.

Key points:

- Secondary school expansions in Southwest and East
- Primary school expansions in North and East
- Increased pupil yield from new housing developments

2 How do these activities contribute to 'net zero'?

Climate Impact Assessments are completed for all school expansion proposals. Expanding schools in areas of high demand means children can access a local school and thus reduces travel needs. The Capital Delivery Service, Finance and Commercial Services and the Sustainability Team will work with contractors to ensure the climate impact is considered and mitigating factors are included.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Statutory Delivery of mainstream school places	Expansion of secondary school places within the city, particularly in the East, for peak in 2023/24. Another peak is forecasted for 2027/28 so further expansions may be required. Expansion of primary school places within the city, particularly in localised hotspots of high demand in the North and East due to new housing developments.	Department for Education (DfE) / Education & Skills Funding Agency (ESFA) / Sheffield City Council
2	Post 16 Sufficiency Review	Increase of Post 16 places likely, with the potential requirement of capital investment.	DfE / ESFA / Council

4 Our forward look to the 2050s

- Local Plan ambition to deliver 2,100 new homes per year between 2019 and 2039 – we need to analyse the plans and calculate likely pupil yield as we may need to provide additional primary and secondary school places where pupil yield is increased.
- Managing falling rolls in secondary schools and the impact of not securing future Basic Need capital, whilst managing hotspots of continued/increased high demand.

- Patterns of migration have been based on more recent migration into the city (e.g., Hong Kong, Ukraine), however there is a risk of uncertainty of how migration patterns may change over time and impact the demand for school places.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	**School Places:** The Local Authority has a statutory duty to provide sufficient pupil places. However, there is a risk that the Basic Need capital grant allocated to support expansion projects will be insufficient – the allocation for the city is fully committed until 2024/25. The DfE provide updated capital allocations annually. We are expecting the next funding allocation confirmation in Spring 2023. We will then receive the funding allocation in 2025/26.	An ongoing review of all pupil places. Continue to raise the profile of statutory duties and to lobby national government. The Local Plan has improved our opportunities to secure developer contributions through Section 106.
2	**Post 16 Capital:** Following Post 16 Sufficiency Review there may be insufficient capital to intervene in the market if required.	Ongoing capital discussions linked to sufficiency review and any future Post 16 capacity fund that may be implemented by DfE to support capital investment and growth of Post 16 places.

C SEND sufficiency

Director: Joe Horobin | Director of Integrated Commissioning

1 Background and context

Under the 2014 Children and Families Act, the Local Authority has a statutory duty to provide sufficient school places for children and young people with special educational needs and disabilities (SEND). Since 2014, Sheffield has seen significantly increasing demand for specialist places for children and young people with SEND.

Since 2018, the number of special school places in Sheffield has been increased by 20%. Looking ahead, continued pressure is expected, with 300 additional special places forecast to be needed in the next five years (there are currently approximately 1500).

This rising demand presents key risks, include the potential for an increase in high-cost independent placements due to lack of physical capacity in Sheffield. Capital investment must be managed carefully, as the allocation from the Department for Education does not appear to be sufficient.

To do this, strategic work is focusing on long-term sustainable solutions, this includes focusing on mainstream, developing special free school bids to provide sustainable special school places, and improving post 16 provision.

2 How do these activities contribute to ‘net zero’?

The primary environmental impacts of this priority area centre on our key assets – buildings and transport.

The environmental impact of our school estate is a key concern for the Council. However, the high levels of both essential and backlog maintenance mean there is limited funding to also increase environmental performance. We will tackle this by seeking external grant funding wherever possible to supplement our own funds, and by considering whether we can improve the environmental performance of our buildings at the same time as undertaking repairs or planned replacements.

For SEND, a key contributor is the significant use of buses and taxis outside the Council’s own fleet for transportation for SEND pupils. These issues are being considered when identifying the location of new schools and targeting activity in mainstream – to reduce travel across the city.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Integrated Resource Growth	Double number of IR places in the city – 300 place increase, reduce demand on special through mainstream places.	High Needs Capital

2	Joint Free School bid with Barnsley	100 additional special school places for children with complex autism. Profile of school matched to high-cost independent settings to reduce expenditure on independent and out of area places.	High Needs Capital
3	Alternative Free School bid	100 new alternative provision school places – places will be designed to prevent exclusion and escalation of needs to settings such as Social, Emotional Mental Health special school or independent places.	High Needs Capital
4	Relocation of Kenwood School	Need to relocate as Moncrieffe and Kenwood buildings not suitable in long-term. Impact of high quality local special school provision, possible capital receipt from Moncrieffe and Kenwood.	High Needs Capital Capital receipt
5	Post 16 Growth	Provide capacity for growth in post 16 of up to 300 places, provision of places will increase flow through system, releasing special school places for younger year groups.	High Needs Capital
6	Adaptations	Accessible maintained schools for children with complex needs.	High Needs Capital

4 Our forward look to the 2050s

It is likely that pressure relating to SEND will continue for the foreseeable future, growth in demand for SEND places is currently bucking wider trends such as falling birth rates. This doesn’t appear likely to change in the immediate future.

The national policy direction in this area is unclear, The Government has produced a Green Paper, with a greater emphasis on inclusion, but the timing of implementation is not clear. A possible change of Government in 2024 may also impact on the policy direction in this area.

The legacy of Covid in relation to SEND should become fully apparent in the next few years. There is a risk of greater demand relating to SEND, due to significant periods of missed school, as well as other factors such as family loss and trauma.

Despite the uncertainty, through all our work we are looking to bring the SEND system onto a stable footing, with a clear focus on delivering sustainable, long-term schemes, whilst managing day to day pressures. By 2050 we would hope to be a long way into working in this way.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	High demand for SEND places	Development of integrated resources to meet need earlier. Long term sustainable developments to increase special places in a controlled manner – Free School bids, post 16.
2	Insufficient capital funding from the Department for Education	Strategic modelling of capital funding demands for next five years. Close working with corporate colleagues to identify opportunities to exploit other funding sources outside DfE to meet needs of SEND and the city.
3	Below average mainstream inclusion	Working with Education and Skills on Inclusion Strategy. Working with sector to understand barriers to inclusion and address. Strategic emphasis on mainstream through developments of integrated resources.

D Children Looked After

Head of Service: Victoria Gibbs | Head of Children's Commissioning

1 Background and context

We want to be an exemplar in children's services and support our Children Looked After to achieve their full potential.

Sufficiency of local placement remains a priority for us. We need to consider the potential to develop our own in-house residential provision in order for the Council to meet its statutory duty 'to secure, so far as reasonably practical, sufficient accommodation for looked after children [in their local authority area] in order to enable a child to stay at the same school and near to family where contact can easily take place' (Section 22G, The Children Act 1989).

There is a clear increase in demand for residential placements which supports the business case for expansion of children's social care residential estate, however, challenges around the revenue costs of existing in-house residential provision make the case for prudential borrowing very challenging. Developments would only be possible through external grants or potentially with funding being allocated from the Corporate Investment Fund.

Nationally, numbers of Children looked after (CLA) are increasing. At the end of March 2022, they stood at 82,170 - up 2% on 2021. Post-pandemic increase in demand is being evidenced across Children and Families services, impacting on unemployment and family debt - leading to more domestic violence, substance misuse, emotional and mental health issues.

Sheffield has experienced an increase in demand for placements. At the end of March 2020 (when the Covid 19 pandemic and the first lockdown began) the CLA population was 628 children. This increased sharply, peaking at 697 then reducing and stabilising to 674 as at October 2022. The increase in demand has led to an increase in external residential placements and an increase in costs (alongside a reduced supply of placements). We therefore need to consider developing local residential provision.

2 How do these activities contribute to 'net zero'?

Buildings to increase provision of children's social care residential placements within the city will reduce the need for out-of-city travel. Best practice heating systems - such as air source heat pumps (ASHP) - will be considered in any buildings. Consideration will also be given to improving the environmental performance of our buildings at the same time as undertaking repairs and larger scale maintenance.

The main climate impacts associated with increasing Sheffield's children's homes residential estate are the building construction specification, including energy efficient design and impact of materials used. It is proposed to take a 'fabric first' approach to ensure the building envelope is as efficient as possible. ASHP will be considered for heating, which will have a significant impact on carbon emissions, especially as grid electricity decarbonises more and more over time. The embodied carbon of materials used in construction would be investigated further as any design develops and lower embodied carbon materials used where possible. Full assessments - specifying suitable mitigation measures - will be conducted as projects move into more detailed business case and design stages to ensure specific carbon reduction measures and targets are carried through into project delivery.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	2 bed placements for children with exceptionally complex needs requiring smaller group living	• improve placement choice for children and young people • increase the number and range of local, in city care placements, including improved occupancy across existing residential estate • care for young people closer to home • support a return for children and young people to Sheffield in line with their Care Plan • reduce reliance on independent provision • stabilise placement overspend • alleviate future year pressures • provide stability for children and young people • ensure that children and young people's Care Plans are progressing particularly in relation to step-across into fostering, with residential being an intervention not a destination	Current revenue costs for in-house placements are high – risk that in-house provision could be created at a greater cost than external placements. If in-house residential delivery costs can be reduced, then there may be a case for prudential borrowing against savings to the placement budget. Alternative Corporate Investment Fund (CIF)
2	2 bed children's home for young people with complex learning difficulties and disabilities.	• improve our placement choice for children and young people • increase the number and range of local, in city care placements, including improved occupancy across existing residential estate • care for young people closer to home • support a return for children and young people to Sheffield in line with their Care Plan • reduce reliance on independent provision • stabilise placement overspend • alleviate future year pressures • provide stability for children and young people • ensure that children and young people's Care Plans are progressing particularly in relation to step-across into fostering, with residential being an intervention not a destination	
3	Loans for Foster Carers	Increase number of In-House Foster placements in the city Under the scheme Foster Carers may apply for a loan to extend or adapt their home to support additional foster placements. Loans are secured as a legal charge for 5 years, after which the loan will not be repaid if conditions have been adhered to. The cost of this measure is anticipated to be met by diverting funding from the placement budget by reducing the need for IFA's. This assistance will help increase the supply of available	Prudential Borrowing

		foster placements in the city and thereby reduce the annual cost burden of using Independent Fostering Agencies.	
4	Secure Children’s Home	Maximise revenue potential from other Authorities by creating a second 12 bed secure home based on Aldine House, to meet national need.	Initial feasibility indicates that this would cost around £35m, this project would only be feasible if funded though external grants and is therefore not being progressed at this time.
5	6 bed home for children with learning difficulties and disabilities.	• improve our placement choice for children and young people • increase the number and range of local, in city care placements, including improved occupancy across existing residential estate • care for young people closer to home • support a return for children and young people to Sheffield in line with their Care Plan • reduce reliance on independent provision • stabilise placement overspend • alleviate future year pressures • provide stability for children and young people • ensure that children and young people’s Care Plans are progressing particularly in relation to step-across into fostering, with residential being an intervention not a destination.	Already allocated from CIF Current revenue costs for in-house placements are high – risk that in-house provision could be created at a greater cost than external placements.
5	4/5 bed children’s home	• improve our placement choice for children and young people • increase the number and range of local, in city care placements, including improved occupancy across existing residential estate • care for young people closer to home • support a return for children and young people to Sheffield in line with their Care Plan • reduce reliance on independent provision • stabilise placement overspend • alleviate future year pressures • provide stability for children and young people • ensure that children and young people’s Care Plans are progressing particularly in relation to step-across into fostering, with residential being an intervention not a destination	Current revenue costs for -house placements are high – risk that in-house provision could be created at a greater cost than external placements. If in-house residential delivery costs can be reduced, then there may be a case for prudential borrowing against savings to the placement budget. Alternative CIF

4 Our forward look to the 2050s

Looking ahead further than ten years is probably too far ahead given the current landscape. We will of course continually revisit our investment strategies as time progresses and circumstances change.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Post pandemic **increase in demand** for Children's Social Care is being evidenced across Children and Families services, impacting on unemployment, and family debt leading to more domestic violence, substance misuse, emotional and mental health issues. Sheffield has experienced an increase in demand for placements. At the end of March 2020, when the Covid 19 pandemic and the first lockdown began, the looked after children population was 628 children this increased sharply peaking at 697 then reducing and stabilising to 674 at October 2022. The increase in demand has led to an increase in external residential placements, an increase in costs, alongside reduced supply of placements.	Consider development of further in-house provision. Current residential overspend could be addressed through review and realignment of staffing structures. A clear business case approach to capital investment will focus on ensuring the impact of any changes is effectively monitored and achieving the outcomes set out. Long-term sustainable developments that provide care closer to home. Increased sufficiency will reduce the reliance on the external placement market.
2	**Increased complexity -** there is an increased demand for placements that meet the needs of looked after children with very complex needs, including increasingly poor emotional wellbeing among young people, presenting with complex and challenging behaviours, requiring placements that provide an intensive trauma informed approach and young people with extremely complex learning difficulties and disabilities.	
3	**Lack of market capacity -** the capacity in both the in-house placements and the independent sector has not kept pace with demand. This has resulted in reduced choice of placements and therefore proportionately more young people being placed in residential accommodation and proportionately fewer children placed in foster families. This can be further impacted by providers exiting the market leaving the LA in a position to identify alternative provision at little or no notice. The Placements Team are searching for a high number of placements from the external sector, competing with other Local Authorities.	

4	**A 'dysfunctional' market** - the Competition and Markets Authority (CMA) report, March 22, confirms that the market in care placements has become increasingly 'broken'. It found: • a shortage of appropriate places in children's homes and with foster carers, • children are not getting the right care from their placement, • children are being placed too far away from where they previously lived, • children being placed away from their siblings • lack of placements means that high prices are often being paid by local authorities. • the total income of the largest 20 providers was more than £1.6bn. • the top 10 children's homes providers make up 33% of private homes • the top 10 providers of children's social care placement made more than £300m in profits in the last year. Currently 83% of the children's residential care market is owned and operated by the private sector. The recently published Independent Review of Children's Social Care May 2022 identified: • Weak Oversight - the Competition and Markets Authority (CMA) has expressed concern about the risk of unmanaged exit by large children's home providers due to their levels of debt and dominance of the market. • High cost and Profiteering - the average operating profit made by private residential children's home providers has increased over time. The CMA found that profits in the children's residential home sector increased from £702 to £910 per child per week, between 2016 and 2020 averaging 22.6%.	

E PROJECTS UPDATE | Education, Children & Families

1 Projects completed in 2022/23:

Building condition

	Project and value	Impact
1	FRA Works x 6 sites £1.7m	Ensuring fire safety at six school sites
2	Structural Works x 3 sites £1.8m	Ensuring the structural integrity of three school sites is maintained
3	Heating and Mechanical Works x 2 sites £301k	Undertaker heating and mechanical works at two sites
4	Lowfield Chimney £29k	Chimney repair

SEND sufficiency

	Project and value	Impact
1	Discovery Special School (£0.8m abnormal costs only DfE meeting main build costs)	New special school providing 80 places.
2	The Bridge Expansion (£3m)	Expansion to 90 places for Talbot and Seven Hills
3	Greenhill Integrated Resource (£0.16m)	12 Integrated Resource places for children with communication/interaction needs.
4	Acres Hill Integrated Resource (£0.1m)	10 Integrated Resource places for children with communication/interaction needs.

Children looked after

	Project and value	Impact
1	Aldine House 2 Bed Extension and MUGA (£2.9m)	Increased beds and facilities for looked after children in need of secure accommodation for both Sheffield Children in Care but also increase sufficiency in the national market.
2	Care Leaver Accommodation (£1m)	Delivered 6 trainer flats for care leavers transitioning to independent living.

2 Current projects already in delivery:

Building condition

	Project	Budget (£) (all years)	Year(s)	Outputs
1	FRA Works x 4 sites	£1.8m	2023-25	Fire safety enhancements to properties
2	Nether Green Junior Roof	£1.4m	2023	Safe secure and water tight building
3	Waterthorpe Roof	£0.9m	2022-24	Safe secure and water tight building
4	Carfield Roof and Windows	£1.8m	2022-24	Safe secure and water tight building
5	Abbey Lane RAAC Roof planks	£0.5m	2023-24	Safe secure and water tight building
6	Heating Programme x 5 sites	Costs TBC at feasibility stage only	2022-24	Warm / energy efficient buildings

Basic need

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Silverdale School Expansion	£7.5m	2022/23 – 23/24	Permanent expansion to accommodate additional 60 mainstream pupils per year group plus additional Post 16 and SEND places
2	King Ecgbert School Expansion	£6.5m	2022/23 – 23/24	Permanent expansion to accommodate additional 47 mainstream pupils per year group plus additional Post 16 and SEND places
3	Manor Lodge Primary School Expansion	£50k feasibility costs only	2022/23 – 24/25	Permanent expansion to accommodate additional 15 pupils per year group
4	Wharncliffe Side Primary School Expansion	£50k feasibility costs only	2022/23 – 24/25	Permanent expansion to accommodate additional 10 pupils per year group

SEND sufficiency

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Free School 2	£0.8m	2024	80 special school places
2	Malin Bridge Integrated Resource (IR)	£0.4m	2023	20 Integrated Resource places
3	Stannington Infant IR	£0.4m	2023	10 Integrated Resource places
4	Stocksbridge High IR	TBC (Feasibility)	2024	20 Integrated Resource places

Children looked after

	Project	Budget (£) (all years)	Year(s)	Outputs
1	2/3 bed smaller group living children's home for young people with complex needs	£590K	22/23/24	Deliver a new build 2-bedroom children's home that can scale up to provide support for 3 young people with additional vulnerabilities

B4 COMMUNITIES, PARKS & LEISURE

Capital investment in this Committee area is focused on improving people's quality of life by investing in their local communities. Every part of our city should have a clean physical environment with well-maintained green and open spaces, sports, leisure and library facilities that are accessible to all. We also want to see happy, safe young people who have the start they need for the future they want.

Lead Directors: Lisa Firth (Culture and Environment) | Dawn Shaw (Libraries, Learning, Skills and Communities)

This Committee area pulls together capital investment priorities from several areas. Investment in leisure facilities and green and open spaces is now combined with an emerging priority of investing specifically in young people in our communities, centred on bids to the Youth Investment Fund.

This section of the Capital Strategy is therefore split into two main areas:

1. Parks, leisure and libraries; and
2. Youth investment

A Parks, leisure and libraries

Heads of Service: Ruth Bell (Parks and Countryside) | Tammy Barrass (Sport, Leisure and Health) | Ellie Fraser (Bereavement and Coronial) | Hilary Coulson (Libraries, Archive and Information)

1 Background and context

We care about making Sheffield's neighbourhoods clean, green and safe places to live. We will listen to our residents about the things that matter to them, making improvements and getting the basics right.

We can achieve this by putting investment into activities that:

- Improve public health by ensuring that people have access to green and open spaces which are well-managed and maintained
- Provide people with access to quality sports, leisure and play facilities; and
- Deliver investment into the communities which need it most.

We will continue investing in our parks and green and open spaces, working with communities, Friends Groups, and relevant stakeholders. We will also continue to deliver our Trees and Woodland Strategy.

Funded primarily from contributions from developers (which must be spent on green spaces), Public Health monies (committed to reduce health inequalities in green spaces) and external funding (through bidding processes), we're focused on our aims to restore and enhance civic pride in our parks, green spaces, naturalistic sites, playgrounds and recreational facilities. We are ambitious for these precious assets and are investing as much as we can to sustain and enhance 'fit for purpose' green spaces with a focus on accessible, inclusive, safe, enjoyable, and well-used.

The Council undertakes a wide range of improvements, including restoring green spaces, enhancing biodiversity and heritage value, replacing damaged, worn, and dated playground and recreational equipment, improving inclusion through design, and promoting accessibility for all our citizens. Promoting accessibility is also achieved through the renewal of infrastructure such as footpaths, stiles, aiding interpretation, and measures that reduce vandalism and fear of crime.

Local authorities have a statutory duty to improve the health of the people who live in their areas under the 2012 Health and Social Care Act. The importance and significance of well designed, safe, and accessible green space in achieving this duty should not be underestimated. Sheffield has a proud tradition of varied and beloved parks and green spaces. This priority demonstrates our commitment to ensuring the high quality of those spaces is maintained and improved upon, even in challenging financial circumstances.

The link between health and green spaces has become evident over recent years with GPs prescribing outdoor activities in nature as an alternative to traditional medicines in some cases. In more recent times, the importance of access to quality outdoor spaces was brought to the forefront of the nation's mind through the COVID-19 pandemic. During national (and local) lockdowns, residents visited green spaces for their daily exercise and to help their mental wellbeing during a time of crisis. Record numbers have been seen in many parks and countryside spots. This significantly increased use of local green spaces has continued beyond lockdowns which may indicate a reconnection with green spaces that will last for a generation.

2 How do these activities contribute to 'net zero'?

Investment in our leisure facilities will not only improve financial viability and long-term sustainability of our services, ensuring that facilities are up to date, relevant and based on evidenced need. It will also support delivery of the Council's commitment to the climate emergency by improving the environmental sustainability of facilities.

For example, we know that swimming pools utilise a significant amount of energy. The water needs to be constantly heated, circulated and filtered. We will look at options to improve energy efficiency, such as installing systems to control the flow of water through pumps which can help to cut down on the power used. Further detailed work will be undertaken to inform an Environmental Impact Assessment for each site. But we envisage that investment in new facilities will improve energy efficiency and enable more environmentally friendly management.

The cremators at City Road Crematorium were recently replaced after they were unable to meet the latest environmental standards and became difficult (and increasingly expensive) to maintain. The replacement of this important facility helps ensure that Sheffield has an appropriate, sustainable cremation service in the city that caters to the needs of bereaved families.

In partnership with the Football Foundation, the Woodbourne Road project will enable us to undertake research into recyclable carpets with organic infill materials. Although a range of materials are available, we have limited experience of them in the UK climate and on pitches with high levels of use. The Woodbourne Road Testbed Project - if approved - will enable us to test the performance, durability, longevity and availability of a range of sustainable pitch surfaces. Investing into a multi-pitch site for the purpose of 'real-life' research of different pitch systems would provide a unique opportunity to gather objective 'live' performance data. The Sheffield Test Hub would provide a platform for innovation and incentivise the industry to push forward with better performing and more environmentally sustainable artificial pitches.

Across our green and open space activity:

- Quality recreational spaces locally reduce the need to travel further afield to access the great outdoors
- Habitat enhancement works within green and open spaces including: quality management of woodland estates, tree planting, meadow creation, peatland restoration in the eastern moors, wetland management and creation all contributes to carbon capture
- Improved health and wellbeing through access to local natural sites and recreational spaces reduces demands on NHS and Health Service resources
- Active travel is encouraged and where possible supported as part of improvement projects within green and open spaces

Within our Library estate many of our buildings are older and requiring maintenance. We will work with others across the Council as we review our community buildings to ensure these are fit for purpose and sustainable, acting as a focal point for local communities to come together as well as providing access to books, computers, and community events.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Leisure Investment Review	Improve core sport and leisure facilities so they are modern, welcoming, inclusive, and meet the needs of everyone in Sheffield helping more people to be more active which will benefit health and wellbeing and contribute to reducing health inequalities. Investment in facilities will support Climate Action by contributing to carbon net zero targets	TBC - Will include SCC borrowing and external grants / investments
2	PlayZones (multi-use games areas enhancement and creation)	Enhancement of quality of sites, and the 'ball court' recreational provision at several public open spaces across Sheffield. This will benefit the health and wellbeing of communities across Sheffield.	Football Foundation S106 Public Health
3	Football Foundation Portfolio of Projects	Invest in improvements to pitches and ancillary facilities at keys sites across the City, as outlined in the Playing Pitch Strategy, improving the quality of the sites and providing improved opportunities to improve health and wellbeing through sport and physical activity.	S106 Football Foundation
4	Green and Open Space Improvement	Improve the quality, accessibility, biodiversity and recreational value of green and open spaces across Sheffield to support health and wellbeing, and contribute positively to the	Public Health Funding, S106, CIL Revenue

	Projects (see Green and Open Spaces Priority)	climate & ecological emergencies. The aim within the next 10 years will be to ensure all sites are managed to a good level of quality - the Sheffield Standard. And that there are sites of exceptional quality for communities across Sheffield – assessed by Green Flag award scheme.	Contribution, Capital Receipts, Local Fundraising, External Funding Streams, BNG
5	Refurbishment and new investment in cemetery infrastructure e.g., review of chapel locations and other income generating opportunities	Investment in existing and new infrastructure to improve our offer to bereaved families as they say goodbye to loved ones at a variety of sites across the city. Improving and modernising our offer to the bereaved helps improve mental health and wellbeing across the city whilst having the potential for new income generating opportunities.	TBC
6	Review of burial provision across the city leading to new cemetery space and associated infrastructure	Existing burial provision is running low. New burial space is needed across the city to ensure people can have access to burial space which is suitable and accessible.	TBC
7	Review of (and increase in) body storage capacity	Ensure that the Coroner and associated coronial teams can maintain the dignity of the deceased and provide an appropriate and scalable service to the bereaved following sudden and unexpected deaths. To develop Sheffield as the Regional Centre of Excellence and ensure it is able to respond to winter pressures, a mass fatality incident and pandemic or post-pandemic demands.	TBC
8	Masterplan development and implementation projects	Review and plan site improvements and developments in consultation with local residents and stakeholder groups to help ensure a holistic approach to site management.	Various including s.106, external funding including HLF .
9	Access and environmental improvements including Biodiversity Net Gain and Nature Recovery investment.	This will make a positive contribution to the climate & ecological emergencies. Enhancements and developments of Nature Recovery Networks will also contribute to enhancing green links important for ecological resilience and active travel networks development (important for health and wellbeing and net zero ambitions)	s.106 and Public Health Funding, developer contributions, Defra, Natural England, Utilities & Infrastructure companies
10	New park and new recreational facilities developments	Improve the quality, accessibility, biodiversity and recreational value of green and open spaces across Sheffield to support health and wellbeing and contributes positively to the climate & ecological emergencies.	s.106, Public Health and Stocksbridge Towns Fund (and possibly further external funding), developer

11	Better Parks investment – to provide quality P&C services and support income generation targets. A key project currently in development is the Hillsborough Park Activity Hub.	Improve the quality, affordability, accessibility and provision of attractions and services that support the health and wellbeing of communities across Sheffield.	Prudential borrowing, LTA, private investment, Sport England plus other external funding.
112	Phase 2 Parson Cross Pavilion Improvements	Further improvements to Parson Cross Pavilion to develop sports, social, alternate provision and youth provision of building – to reconfigure changing provision so it meets modern standards, develop class room and social space and provide toilet facilities for site users.	S106, possible Football Foundation and YIF

4 Our forward look to the 2050s

- Replacement of cremators at Sheffield City Council sites (Hutcliffe Wood potentially before 2040 and City Road potentially before 2050) - cremators have an estimated lifespan of 20 – 25 years
- Closed landfill infrastructure – the ongoing requirements to manage our closed landfill sites / leachate are being explored currently
- Refurbishment of infrastructure / facilities within green and open spaces – ongoing investment will be required in sites across the city to ensure that they remain safe, accessible and appropriate for the residents of Sheffield
- Refresh / refurbishment of Medico-Legal Centre – building refurbishment completed in 2017/18
- As part of creating a Climate and Ecologically (and flood) resilient city, the design and management of landscape scale networks of green spaces to maximise benefits for wildlife and people will be important.
- Access to high quality local green space will continue to be important for everyone and a priority for Sheffield. The spaces themselves are likely to change as we meet the challenges presented by both the climate and ecological emergencies. Those spaces will also be significant parts of the solution to these emergencies as habitats for wildlife, flood storage and alleviation and carbon sequestration. Ongoing investment in these spaces to meet changing needs will be vital. Maintenance regimes will need be adapted to remain appropriate and responsive.
- Ensuring our Library estate is sustainable and meets changing needs of communities – whilst communities will grow and change over time access to information and digital access will remain a priority as will spaces where communities can meet and local events can take place. We will need to work with others in the Council to ensure our estate is in the right places as communities change and provides access to services near where people live and work.
- Ensuring our leisure estate is fit for purpose, sustainable and encourages residents to live healthier, more active lives.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Limited revenue funding for initial project development and feasibility work to assess things like return on investment and likelihood of achieving benefits	Ongoing review of Corporate Investment Fund priorities to ensure investment in development of projects that best fit with strategic priorities
2	Identifying and securing match funding for capital investments and complying with match funding requirements	Explore and identify options for external funding working with finance and legal services to ensure that the match funding requirements are understood and can be complied with
3	Ensuring alignment with delivery partner priorities where this is relevant	Collaborative working with delivery partners at strategic and operational levels
4	Section 106 monies are quickly becoming depleted and are likely to be exhausted by 2023.	Proactively seek alternative funding sources to replace section 106; ensure we can evidence benefits to maximise our chances of success. Progress the ‘Better Parks’ initiative to selectively seek out and secure appropriate increases in income (such as more and better catering opportunities, increased social value initiatives and new franchises and activities/events) on appropriate sites. We must however ensure we maintain the balance between people’s desire for open green space and income generating activity.
5	Quantifying the outcomes for our communities.	This is required in order to evidence benefit to current (e.g.Public Health) and future funders. A project is underway to scope measurable metrics, such as activity levels and usage.
6	Prolonging asset life in challenging financial circumstances.	Engagement of, and consultation with, local communities at the planning stage pays dividends in reducing vandalism when the works are complete. We also often undertake improvements to sightlines and boundaries as part of our works, minimising the potential for vandalism and ensuring people feel safer using the facilities. We allocate funds for maintenance (currently five years) as part of our project approvals. And we are currently developing an asset management strategy for our play equipment to strike the right balance between efficient and effective asset management whilst ensuring that the equipment choices of funders (such as local ‘Friends Of’ groups) can be accommodated where possible.

7	Dealing with backlog maintenance in existing buildings	Working closely with Facilities Management as part of the accommodation review to ensure community buildings are fit for purpose and sustainable, and align with the needs of local communities

B Youth investment

Head of Service: Chelsea Renehan (Head of Youth Services)

1 Background and context

This emerging priority seeks to ensure that young Sheffielders are happy, safe and have the opportunities they need to be fulfilled and reach their potential in a changing world. This forms part of our delivery of Youth Strategy 2022-25.

We are seeking Youth Investment Fund (YIF) monies to develop and improve youth facilities across the City. YIF is a government funded programme to transform, modernise and inspire young residents in the universal (out of school) youth sector. It will provide truly innovative youth facilities in priority areas and provide early-stage/seed resource funding to underpin them, enabling more positive activities that deliver improved outcomes for young residents.

2 How do these activities contribute to 'net zero'?

A key principle of the YIF funding is to improve the environmental sustainability of existing buildings, using modern methods of construction and retro fitting to existing buildings. The programme will fund new buildings that are designed to minimise environmental impact including CO2 emissions from both the construction and operation of the buildings. Alongside this the financial sustainability of providing Universal Youth Services in the buildings will be paramount with opportunities for co-location and enterprise.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Youth Investment Fund investment in youth facilities across the city	Delivery of youth (and community facilities) that: • represent positive value for money, • are environmentally sustainable, • and enable positive activities for young residents aged 11 to 18 (up to 25 for young people with Special Educational Needs and Disabilities) Projects complete by March 2025. Indications are this will be a hard stop and therefore if the programmes are not completed then funding post March 2025 will not be available or could be clawed back.	Youth Investment Fund phase 2

4 Our forward look to the 2050s

As an emerging priority directly linked to a funding stream, this investment window is too long for us to make meaningful projections at this time.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Potential for resource implications linked to multi-site projects within the YIF funding and deadlines for completion of the work	Early discussions on resource requirements with services and forward planning

C PROJECTS UPDATE | Communities, Parks & Leisure

1 Projects completed in 2022/23

	Project and value	Impact
1	Capital Investment into Ponds Forge £1.2m	There has been a significant refurbishment of the leisure pool in Ponds Forge, this has transformed the space which now looks and feels much fresher and will be more inviting to members of the public. In addition, there have been improvements to the pumps and filtrations system and the wave machine has been restored to include several additional settings. The leisure pool is due to reopen to members of the public in January 2022. There have also been improvements to the Building Management System and improvements to support ventilation in the building. This will help to support compliance with COVID-19 measures.
2	Essential works to Woodbourn Road football pitch	The site was closed because of the Health and Safety issues. The current health and safety issues at the site have been addressed through a programme of essential works to the pavilion and pitches. The reopening of the football area - along with putting in an experienced operator to run the site – will ensure the facilities continue to provide equality of provision, providing valuable activities for a key demographic area and deliver positive physical and mental health and wellbeing impacts. The opening of the football facility will improve accessibility to improved playing pitches and ancillary facilities for all ages. Children and adults of all abilities and backgrounds will have the greatest possible access to outdoor sports and will therefore experience greater activity and sport opportunities.
3	Small scale playground & recreational improvements at approx. 10 sites: Exter Drive, Wadsley Park Village, Sycamore Park, Woodseats Playground, Angram Bank, Millhouses Park, Chambers Valley Rd, Rivelin Valley, Cardwell Drive, Bolehills Recreation Ground, Mt Pleasant Park. C. £200k	Improved health and wellbeing. Increase in community pride and value. Increased number of users of site. Raise the overall quality of the site.
4	Hillsborough Park access and drainage improvements. £420k	Improved quality of site through the enhancement of accessibility infrastructure (aiming for Green Flag award for 23/24). Increased number of users of site; improved health and wellbeing

5	Millhouses Park – cricket pavilion renewal. C. £350k	Improved health and wellbeing through the provision of a new cricket pavilion
6	Mather Road, play, environmental and sports improvements - £192k	Provision of play facilities, environmental improvements & sports facilities enhancements. Improved quality of site and recreational facilities. Improved opportunities to engage in physical activity to support health and wellbeing
7	Sport & Physical Activity Projects - Parson Cross Park Pavillion Project	Phase 1 works refurbishment M&E works to pavilion to enable usage and fencing to top plateau pitches to improve safety and protect pitches
8	Sport & Physical Activity Projects - Cruyff Courts	New Cruyff 3G courts – refurbishment of existing Multi Use Games are at Parson Cross Park Provision of Cruyff Court in Burngreave area - site tbc
9	Replacement Cremators City Road - £2.5m	Improved infrastructure supporting the offer to bereaved families across Sheffield. Reduced environmental impacts with a cremator estate that meets newer environmental regulations.

2 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Outputs
1	General Cemetery Phase 2	£3.4m	2019/20 – 23/24	Address structural / infrastructure repair issues. Conserve and interpret the heritage Create a safe and more accessible public park
2	Green and Open Space Improvement Projects (see Green and Open Spaces priority)	£0.4m	2022 - 23/24	Improvements in green and open spaces Enhancing play and recreational facilities Improved infrastructure that supports access and inclusion
3	Parkwood Springs Active Urban Country Park	£0.9m	2021/22 – 2023/24	Improved sporting facilities Improved recreational facilities

				Toilets and refreshments provision
4	Ecclesfield Park – Site wide improvements (and Hollinsend Park – tennis renewal)	£340k	2021/22 – 2023/24	2 x Tennis court provision 1 MUGA reprovision Play improvements Access and environmental improvements
5	Skye Edge Playing Fields	£190k	2021/22 - 20 23 24	Access controls and improvements to make the site feel safe and useable
6	Woodbourne Road Football Hub Project	£2.8 million	21/22-23/24	Refurbishment of Woodbourn Road Stadium and 3G pitches including 3G pitch sustainability pilot
7	New entrance at Hillsborough Library	£365K	2022/2023	Easier access to the library for families, particularly those with prams and buggies. Better access to the library for people visiting the nearby café.
8	Frecheville Pond. Recreational improvements including play and ball court.	£130k	21/22 - 23/24	Renewal of play facilities Gym creation and environmental improvements

B5 ADULT HEALTH & SOCIAL CARE

We will make optimal use of Disabled Facilities Grant to support people to be active and independent, and to live a fulfilling life at home, connected to the community and resources around them.

Director: Alexis Chappell | Director of Adult Health and Social Care

Assistant Director: Liam Duggan | Assistant Director Care Governance and Inclusion

1 Background and context

Disabled Facilities Grant (DFG) is provided from Central Government and is ringfenced to fund equipment and adaptations identified by Occupational Therapists for people and children living in their owner occupied, private rented or registered provider homes.

Delivery and use of the DFG is governed by legislation in the Private Sector Housing Policy, the Housing Grants, Construction and Regeneration Act 1996, the Disabled Facilities Grants Delivery: Guidance for local authorities in England (2022) and Sheffield City Council's Private Sector Housing Policy.

In January 2020 changes to the local private sector housing policy were agreed to supplement the DFG legislation governed by the Housing Grants, Construction and Regeneration Act 1996 as follows:

1. Enable 'critical Accelerated Adaptations grants (AAG)', like stairlifts, hoists, and level access showers up to a value of £10K for a disabled person or child to be delivered without means testing
2. To allow for increases to the statutory DFG grant for major adaptations of up to £30,000 by an additional £20,000 at the discretion of the Director of Adult Health and Social Care.

This policy change was to streamline the DFG process, pre pandemic, and to support the delivery of adaptations which the DFG team were not able to deliver through the Covid pandemic, and to enable adaptations recommended by Occupational Therapists to be delivered to people who had already waited up to 18 months for necessities of life, like a wash, or being able to get safely in and out of their home.

In accordance with government guidance, during the Covid pandemic, the DFG team were only able to deliver critical need adaptations to children and adults. This subsequently resulted in both a waiting list and a DFG underspend. The DFG underspend was used to support the Integrated Community Equipment Loans contract to support hospital discharge, and City Wide Care alarms to support digital transfer of alarm systems.

Through a programme of recovery work undertaken by Occupational Therapists in the Equipment and Adaptations Team to address the waiting list over 2500 people have been assessed since April 22. Addressing the waiting list and the subsequent increase in provision of equipment and adaptations has in turn generated additional financial pressure on the DFG grant.

In 21/22 the DFG spend on Critical need Accelerated Adaptations Grants (AAG) was £400k but this spend has now grown to £1.2m and this increase in demand is also placing pressure on the mandatory statutory DFG spend. This limits the funding available to meet the demand for level access showers and extensions for people needing that major adaptation living in owner occupied and private rented households.

Construction costs and building materials have also increased significantly since the pandemic and the average cost of major works has increased significantly as a result.

As the recovery plan aimed at working through the waiting list for DFG gains momentum, more equipment and adaptations are likely to be recommended to the DFG team. Due to this, its likely that between addressing the waiting list, responding to increased demand and complexity there is a risk of an overspend on the Grant.

To respond to the financial pressure, a financial recovery plan was agreed on 16 November 2022 through the Adaptations, Housing and Health Update to Committee and endorsement of the Equipment and Adaptations Delivery Plan to enable fair and equitable provision of equipment and adaptations across all tenures but within current resources available.

At Committee for approval on 19 December 2022 is the request for approval of an Equipment and Adaptations Eligibility Criteria and endorsement of use of the Private Sector Housing Policy approved at Committee on 17 November 2021. In addition, the reports seek endorsement of a scrutiny function in relation to use of the mandatory DFG grant for major adaptations and approval of any high value decisions over £50k through a budget update report to each Committee.

A review of DFG spends other than use of adaptations is also due for approval for future allocation of and use of current funding for consideration by Committee in February 2022.

2 How do these activities contribute to ‘net zero’?

Whilst the opportunity to address net zero issues is limited when implementing small adaptations, we will wherever possible ensure that building construction specifications include energy efficient design and that we will consider the impact of materials used. As with all Council buildings, we will take a ‘fabric first’ approach to ensure the building envelope is as efficient as possible. The embodied carbon of materials used in construction would be investigated further as any design develops and lower embodied carbon materials used where possible.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Additional funding to this area	Maximising independence in addition to the development of accommodation	TBC – additional DFG funding request of government/ BCF

4 Our forward look to the 2050s

Our forward look focuses on two cohorts/ sectors where capital resourcing would make a significant impact on the long erm sustainability of adult health hand social care in Sheffield:

- **Older adults** – residential care
- **Working age adults -** supported living

Older Adults

The publicly funded independent sector residential care market in Sheffield (and elsewhere) is facing two key challenges;

1. **A dependency on aging stock** that will need significant modernisation or replacement to ensure accommodation that is fit for purpose.

   There are a high number of former Council-owned residential care homes in the city which are increasingly difficult to maintain, do not modern design standards and expectations and will become unfit for purpose. There is also a dependency on historic buildings repurposed as care homes some years ago which are not appropriate by today’s standards, and which require major investment.

Such care homes typically include shared bathrooms and toilets, small bedrooms, limited scope to use modern assistive technology and a lack of outdoor space. They tend to be isolated from their community and not conducive to a quality care offer or opportunities for social inclusion and activity. These issues create a growing risk of increasing voids/ vacancies, increasing repair costs and reducing viability.

2. **Low level of Council investment in capital costs** resulting from Council budget pressures as a result of 10 years of Government austerity

   Sheffield City Council has a relatively low fee rate for care homes and funds an annual fee increase each year following consultation with the sector. The Council's priority is for this fee increase is for it to be used to improve the wage of front line workers and meet the national minimum wage (if not the Foundation Living Wage).

   The Council is aware from its engagement with the sector, and from research papers, that often the fee income is often required by providers to fund the servicing of debt in relation to care home financing and staffing costs. These factors together can inhibit the ability of some providers to develop long term investment plans.

   The objectives of the Council are to develop a range of means by which it is able to value and support the care home provider market to meet its objectives without sole reliance on annual fee and its author, based at Sheffield University may be supportive of further research.

Working age adults

The number of people disabled adults requiring social care support is growing, and the rate of new requests from working age adults for adult social care support is increasing nationally.

The number of 20–24-year-olds on Sheffield's Learning Disability Case Register has increased from 260 to 460 between 2009 and 2019. Adults with more complex needs are living longer now than ever before. Increasing demand for special schools is an indicator of an ever-increasing demand for adult services in the future

The city must develop the right accommodation for disabled people now so that it is able to properly meet the housing need of the future.

Key areas of new demand which will need to be accommodated by the city in the coming years include:

- Young people coming through the system – there has been a significant increase in the number of people coming through the system and many need appropriate housing. This is the most pressing demand area
- There are an increasing number of 30–50-year-olds living with aging parents in the family home who are likely to need supported living accommodation in the future
- The transforming care programme is seeing people requiring intensive support return to the city from institutional care and consideration needs to be given to their housing needs as well as the housing needs of people who might be prevented from needing hospital admission in the future.

The accommodation required in the city is likely to be self-contained flats with their own front door as people in order that people have their own tenancy. Clustered accommodation with shared some community space promotes social interaction and allows for some efficiency of care. The CQC recommends increasingly smaller cluster sizes to prevent care feeling institutional. Clusters of 6 units are ideal.

The Council's preferred model is a separation of housing/ landlord from support to avoid conflict of interest and to promote transparency.

Some disabled people in Sheffield still live in houses of multiple occupation and some larger (deregistered) schemes but these can feel institutional, can be inefficient when not fully occupied and are likely to be harder to fill in the future as younger people increasingly aspire to live independently alone.

If the city council doesn't actively plan and commission the development of the accommodation it needs to meet future need then it will be more dependent on ad hoc approaches from private developers which will be less likely to deliver the accommodation needed and will typically result is higher rents and bigger clusters in smaller spaces.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
	The DFG Grant is now insufficient to meet commitments because of:	
1	Increases to building costs/ materials	

2	A backlog which emerged during Covid because of national restrictions and the use of grant during that period to support other priorities such as hospital discharge	1. Means test for major adaptations for consideration by Committee in December 2022 to offset costs associated with rising demand. 2. Stronger governance/ senior officer scrutiny in relation to use of the mandatory DFG grant for major adaptations and approval of any high value decisions over £50k. 3. Review of DFG spend other than use of adaptations. This review seek approval for future allocation of and use of current funding for consideration by Committee in February 2022. 4. Eligibility Criteria for equipment and adaptations which will be brought to Committee in December 2022. The Criteria will set out proposals for what will be funded, timescale for when equipment and adaptations are provided, information on funding streams and alternative provision so that we are managing our finite resources in a fair, equitable and transparent way
3	An increase in demand and complexity	

6 Projects completed in 2022/23

	Project and value	Impact
1	Accelerated Adaptations Grants - £5m	Minor adaptations/equipment provided to support independent living
2	Mandatory Disabled Facilities Grants - £1.9m	Major adaptations to properties to support independent living
3	High Value Equipment / Telecare support - £1.2m	Provision of equipment and upgrading of Telecare provision to support independent living
4	Minor Works - £0.25m	Provision of support for minor remedial works to homes to support independent living
5	Disabled Persons Relocation Loans - £0.2m	Provision of loans to support disabled people relocate to suitable properties to retain independence

7 Current projects already in delivery

	Project	Budget (£) (all years) *	Year(s)	Outputs
1	Accelerated Adaptations Grants	Approx. £4.6m	Ongoing Activity	Minor adaptations/equipment provided to support independent living
2	Mandatory Disabled Facilities Grants	Approx. £0.9m	Ongoing Activity	Major adaptations to properties to support independent living
3	High Value Equipment / Telecare support	Approx. £1.3m	Ongoing Activity	Provision of equipment and upgrading of Telecare provision to support independent living
4	Minor Works	Approx. £0.2m	Ongoing Activity	Provision of support for minor remedial works to homes to support independent living
5	Disabled Persons Relocation Loans	Approx. £0.3m	Ongoing Activity	Loans to support disabled people relocate to suitable properties to retain independence

* Budget figures are annual estimates based on potential demand for services. The anticipated 23/24 allocation of Disabled Facilities Grant from Government of £5.1m will not be sufficient to meet this requiring either additional resources or review of services.

B6 ECONOMIC DEVELOPMENT & SKILLS

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

Director: Diana Buckley | Director of Economy, Skills and Culture
Head of Service: Ben Morley | Head of Programmes and Accountable Body

1 Background and context

Our ambition is for Sheffield to be a flourishing, sustainable and inclusive city economy which creates opportunity, good jobs and better jobs for Sheffielders. As a strong partner alongside businesses, we want a city with a dynamic environment for development and enterprise with a culture of businesses able to start-up, scale up and innovate here in Sheffield.

The last 3 years have been extremely challenging. The Covid pandemic and more recently the cost-of-living crises has had a significant impact on jobs, businesses and livelihoods. Furthermore, the pandemic accelerated structural changes that were already underway, such as the shift to digital in work and in retail, and increased automation. It has also created new trends, such as the rapid shift to home working for some sectors of the economy. These developments create new opportunities, but also have the potential to exacerbate existing inequalities and bring significant uncertainty to different sectors in our economy.

We had already begun the process of addressing some of these trends prior to the pandemic, with major innovation assets focused on advanced manufacturing and life sciences. Work was underway to reinvigorate the city centre and diversify its offer by focusing on culture and entertainment as well as retail and work. Whilst this activity must accelerate the ability to do so has been seriously impacted upon by the Cost of Living crisis. Businesses are facing very significant increases in energy costs at the same time as consumer are facing net reductions in their disposable income. Inflation is impacting on investment choices and public funding is constrained - it has never been more important for Local Authorities to invest wisely and back winners.

We declared a climate emergency in 2019 and a nature emergency in 2021. We have published an independent assessment of the steps needed to get to Net Zero by 2030, much of which is concerned with the fundamentals of our economy. Responding to the climate emergency gives new and unique opportunities for innovation – in manufacturing businesses, in energy generation, in quality of housing and transformation of our transport systems – on a city scale. By creating a more sustainable economy we will support our city and its businesses to thrive. We can create community wealth by accelerating the business and economic opportunities that will arise from the move towards a low carbon future, including renewable energy, sustainable transport, smart technologies, research, and development.

Sheffield has significant assets that will continue to provide opportunities for development, investment, and growth to produce sustainable economic activity to support the city and region. We will be working with partners to create investable propositions around these assets:

- The developing innovation assets in the Advanced Manufacturing Innovation District, including The University of Sheffield's Advanced Manufacturing Research Centre (AMRC) and Sheffield Hallam University's Advanced Wellbeing Research Centre (AWRC)
- The developing City Centre Strategy, to create a thriving city centre, with a strong focus on housing-led growth in the city centre, alongside catalytic employment projects like West Bar and Castlegate, and the ongoing development of Heart of the City II
- The city's burgeoning digital and tech sectors
- The vibrancy of the city's culture sector
- District centres and communities
- Our Universities and Colleges.
- Sheffield's unique offer as 'The Outdoor City', sitting within the Peak District National Park.

These assets will become the cornerstone of a City Investment Plan setting out our ambitions for the short and medium term within the context of a new City strategy – 'City Goals'.

We will work alongside SYMCA in delivering their Strategic Economic Plan and make use of Gainshare to deliver our priorities. We will also seek to partner with the public and private sector partners, including the Sheffield Property Association, Chamber of Commerce, University of Sheffield, Sheffield Hallam University and Homes England. This will maximise our effectiveness and ability to unlock funding opportunities.

A significant amount of the activity under the Economic Development and Skills area is revenue investment, rather than Capital. However, as we move forward with ambition on AMID, Business Support, Decarbonisation, Skills and Culture we expect there will be an increase in Capital requirements and opportunities for capital bids, to add to the cities assets and underpin the capital infrastructure in these areas.

2 How do these activities contribute to 'net zero'?

Reducing the impacts of climate change will help stabilise and mitigate significant impacts on our local economy. Supporting efforts that recognise the valuable contribution the natural environment makes will help our local economy.

Analysis shows that in 2017 the emissions from the commercial and industry sector contributed 801ktCO_2, equivalent to 35% of Sheffield's emissions. Commercial buildings accounted for 54% of these emissions, whilst industrial buildings accounted for 46%. 92% of EPCs for non-domestic buildings in the city are below level B, with 57% at D or below.

To address this the following actions are in delivery or development:

- Continuation of Economic Renewal Fund that has previously looked to support 'green' projects in district centres.
- Continuation of a low carbon business support project support capital investment in businesses. European Regional Development Fund funding being replaced with United Kingdom Shared Prosperity Fund (UKSPF).
- Continuation of the South Yorkshire 'JESSICA' investment fund to promote low carbon development with an expectation of Excellent BREEAM rating and EPC ratings of 'A'.
- Development of a grants programme for energy efficiency measures in community and cultural buildings.

There are opportunities to create a growing green sector. By embracing sustainable development, we create demand for businesses and skills in the green economy, as well as making our developments and businesses more attractive and resilient.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Sustainable Community/Cultural Spaces	• Reduced running costs for community and cultural buildings. • Reduced CO2 emissions	UKSPF
2	Improved Growth Facilities across South Yorkshire	• Increased start up numbers • Growth potential for existing firms • Increased R&D • Increased GDP • Job creation	UKSPF

3	Low Carbon and Productivity Grant programmes	• Reduced CO2 emissions • Job creation • Increased GDP • Firm survival rates improved	UKSPF

4 Our forward look to the 2050s

With a population set to increase to over 600,000 by 2043, it is important that the city fulfils its role as an economic driver for the City Region, presenting opportunities for growth and renewal. We will need to be flexible and responsive to emerging funding pots to enable the continued investment in our City.

Moving to a more resilient economy will be critical for future success, ensuring that growth is both sustainable and improves the health and living standards of the people within the city. Looking forward we want to focus on inclusive growth, and ensure that the benefits of growth are shared across the city.

To aid the future vision for Sheffield, we have embarked on a new long term goal setting process, called ‘Sheffield City Goals’, this is led by the Sheffield City Partnership Board, and bring together public, private and third sector partners to work collective on a new long-term vision and set of priority actions to underpin future collaboration and investment. This will also inform the City Investment Plan which will be the bed rock of future projects for this strategy.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of long term vision	Development of City Goals and City Investment Plan Application to the Feasibility Fund
2	Capacity to develop projects	Application to the Feasibility Fund
3	Economic performance of the region	Implement and support others to implement the City Investment Plan
4	Access to funding	Develop funding strategy alongside City Investment Plan

6 Projects completed in 2022/23

No projects completed in 2022/23.

7 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Stocksbridge	£27m	2022/23 to 25/26	30,000 sq. ft. Community hub containing a modernised library service. 400 sq. meters of new public realm and public spaces Improved accessibility to high street services and a wayfinding scheme New cycle and walking trails including over 1.5km of over road provision A new local bus service Post-16/ Adult education facility An all-weather 3G pitch and new cricket pavilion and improvement infrastructure at the Football and Rugby Club A hydrotherapy centre A new skate park and an improved footpath network, connecting the leisure centre directly to the park Improved resilience and biodiversity of the Little Don river.

B7 STRATEGY & RESOURCES

Ensuring legal and regulatory compliance for our corporate accommodation estate, improving its fitness for purpose for the customers we serve and our workforce when budgets allow. Spending on essential maintenance works to avoid further deterioration in the building fabric which will then cost more to repair. Improving the energy efficiency of our estate to reduce our carbon footprint and save money on energy bills. Investing in our fleet to lower emissions and reduce maintenance costs.

Director: Tom Smith (Direct Services)

Heads of Service: Nathan Rodgers (Facilities Management) | Mick Barlow (Transport Services)

1 Background and context

Sheffield City Council has a portfolio of 932 establishments (excluding Council Housing and Schools) which consist of land, buildings, assets and monuments. These establishments are physical assets which need to be properly maintained to ensure they continue to function as efficiently and effectively as possible, comply with our statutory obligations and to support our delivery of a wide range of services. The Council's strategic objectives are all supported by services that deliver them working from the Council's estate. If parts of that estate are no longer able to remain open due to failures in the fabric or infrastructure of a building, it will impact directly on the ability of those services to deliver these objectives effectively.

The deterioration of buildings due to the lack of maintenance can lead to future financial burdens, pose health and safety risks, create legal liabilities and a range of other issues that affect the delivery of services. The maintenance of establishments is critical to the proper management of physical assets, ensuring we provide an appropriate environment for customers, staff, and other users of our buildings.

An ongoing programme for the management of maintenance is required to provide a consistent approach to the planning, management, and reporting of building maintenance within the current challenging financial environment. Works funded via this programme are primarily aimed at maintaining the existing fabric of the estate. Although the priority is to ensure buildings are safe, warm, and dry we will also be addressing where possible works that will address the decarbonisation agenda by improving the efficiency and sustainability of our assets.

The aim of the Essential Compliance and Maintenance Programme is to set out what short, medium, and long-term investments are needed and ensure we prioritise spend effectively.

Covid-19 has changed the way the Council and partners use our buildings. Hybrid working and the development of online systems have reduced the use of many Council buildings significantly. Many of our buildings are now underoccupied and underused. The accommodation review has been tasked with rationalising the corporate estate which is particularly important as we seek to recover from the COVID–19 pandemic and re-set our asset strategy to reflect new norms. Recommendation was presented to Finance Sub Committee on the 7th of November highlighting issues facing the Council's corporate estate and sought committee approval to reduce the running cost of the corporate estate over the next five years by 25%, with Moorfoot being the first major building approved for closure.

Rather than trying to spread money across the entire corporate estate (which would leave no money for other priorities), we must ensure we invest according to our new mantra: "Right asset, right place, right time, right decision". An Asset Management Strategy has been developed and a first round of a rolling programme of condition surveys have been completed and with the second round due to start during the 2023/24 financial year. The information provided from the condition survey programme supports us in identifying elements of work where we should focus our efforts and links into other strategic reviews such as the accommodation review that is looking to repurpose and resize our estate so that it meets the council strategic outcomes.

We estimate that £200m is required to meet all building condition needs based on estimated figures from the condition survey and £48m required to address the most urgent condition issues however, actual costs could be much greater due to a range of factors such as higher logistics costs, returning demand from industry workload, higher material costs for example the increase in global metals and fuel prices.

Over the next five years (2023 – 2028) we estimate that we will have a total funding envelope of £23m, this is made up of an, one off pot capital pot of £6m plus £17m Revenue, (£3.4 m pa). Unfortunately, this is not sufficient to deliver the full programme therefore, the only option is to either increase funding to address the future maintenance needs or reduce the size of the estate and invest the money saved into the building that are to be kept, or a combination of both.

As we cannot afford to properly maintain the estate within the current funding envelope, we have developed a plan to prioritise works using the condition survey data where we have prioritised elements with a weighting score between 60 and 100 based on the following calculation. Condition (1 to 4) x Risk (Probability (1 – 5) x Severity (1 – 5)), the maximum weighting score possible is 100 for the worst condition elements with a high probability of failure and severe consequences should that failure be realised.

This approach will enable us to prioritise capital works based on those elements with the highest probability for failure and where the consequences of that failure would have a major impact on service. A report is due to be presented to Strategy and Resources Committee in February 2023 that outlines and requests approval for this approach.

The Fleet Investment Programme commenced during 2019/20. By the end of 2022/23 we will have replaced more than a third of our fleet with 397 cleaner more efficient vehicles, including 42 fully electric vehicles. This has been a significant challenge during the last 2 years due to COVID-19 related supply chain issues. In the 4th year of the programme, we are looking to replace a further 96 vehicles and 9 items of plant to further reduce our emissions and maintenance costs.

2 How do these activities contribute to 'net zero'?

The schemes identified as part the condition programme will be developed on a like for like replacement basis plus a 'most deliverable' green option (based on the funding available) to contribute in the move towards net zero.

The estimated costs following condition surveys was based on indicative costs on a 'like for like' replacement basis. Due to current market conditions we are seeing significantly increased costs in materials and labour rates.

Green technologies cannot deliver carbon savings in isolation. A 'whole building' approach is often required to achieve net zero. Due to the age and construction of a significant amount of the estate, there will be occasions where a 'gas for gas' heating replacement will be the greenest option available for the building on the basis that the replacement heating plant will be considerably more efficient than the one being replaced.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	Fire Risk Assessment Mitigation	Delivery of suitable fire precautions to meet statutory compliance to provide safe premises for our customers and staff.	Capital Investment Fund / Prudential Borrowing
2	Mechanical Services	Replacement and upgrades to mechanical services to improve energy efficiency and to provide warm premises for our customers and staff.	Capital Investment Fund / Prudential Borrowing
3	Electrical Services	Replacement and upgrades to electrical services, hardwiring & lighting to ensure electrical services are safe to use and comply with current industry standards	Capital Investment Fund / Prudential Borrowing
4	Roofs	Replacement and repairs to pitched roof, flat roofs, rainwater systems, facias & soffits and chimneys to ensure building are weather tight and fit for occupation	Capital Investment Fund / Prudential Borrowing

5	Energy Efficiency and Renewable Energy Projects	Various energy efficiency and renewable energy projects on council buildings, working towards net zero for start of next decade	Grant Funding
6	Essential Compliance & Refurbishment	Fire precautions, electrical installation, mechanical installation, structural repairs, and general refurbishment to provide safe premises for our customers and staff	Capital Investment Fund / Prudential Borrowing
7	External Walls Windows and Doors	Window & door replacement to improve energy efficiency and to provide warm premises for our customers and staff.	Capital Investment Fund / Prudential Borrowing
8	Internal Walls and Doors	Repairs to internal walls, doors, and skirting to ensure building are safe for our customers and staff	Capital Investment Fund / Prudential Borrowing
9	Floors and Stairs	Structural repairs to floors & stairs, and replacement of floor and stair coverings to ensure building are safe, clean and provide a welcoming environment for our customers and staff	Capital Investment Fund / Prudential Borrowing
10	CCTV Programme	Upgrade of CCTV system in line with SCC policy to meet statutory compliance	Capital Investment Fund / Prudential Borrowing
11	Ceilings	Repairs and decoration to ceiling finishes to ensure our buildings clean and provide a welcoming environment for our customers and staff	Capital Investment Fund / Prudential Borrowing
12	Redecorations	Internal & external decoration to ensure our buildings clean and provide a welcoming environment for our customers and staff	Capital Investment Fund / Prudential Borrowing
13	External Areas	Repairs to hardstanding's, drainage systems, gates etc. to ensure it is safe customers and staff to access our buildings	Capital Investment Fund / Prudential Borrowing

4 Our forward look to the 2050s

The outcome of the Accommodation Review will identify the buildings that the Council will need in the medium/long term. These are the buildings that will be the focus of a future maintenance regime including life cycle and planned preventative maintenance to ensure these sites are compliant and maintained to a required standard. These buildings will be the ones that will have the latest green technologies installed and building fabric changes to support the pre and post 2030 net zero target.

With the changes to building use post COVID-19 and the way SCC employees work and the public access services the way SCC's estate will be used will be different to how it is now. More shared flexible space within the Council and with public bodies, voluntary and private sector and will undoubtably take place and the requirements of those using the space will change. As a result, it is vital that SCC continue to review property requirements and factor this into future maintenance and investment programmes.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Continuing to obtain granular data on the Condition, Utilisation, Suitability and Quality of buildings that make up the Council's estate	We have established an ongoing rolling programme of Condition Surveys and the first round of these has contributed to identifying schemes for the first 5 years of the investment programme. This has continued to progress during 2021/22.
2	Strategic review of the Council estate, to concentrate maintenance investment in viable buildings and divest those buildings that are surplus to core delivery	Working with Members and officers in Property Services and team undertaking the accommodation review to understand and support a Corporate Asset Management Strategy.
3	Insufficient funding to adequately maintain the existing corporate estate in a satisfactory condition	Ensure resources for the next 5-years are used to deliver works in line with our approach set out in section one, to prioritise works based on those elements with the highest probability for failure and where the consequences of that failure would have a major or server impact on service. We will continue to identify additional funding and judiciously invest it to maintain the core estate in a satisfactory condition, continuing to utilise the data from the Condition Survey programme.
4	Insufficient funding, resource, and expertise within SCC to impact on the aim of achieving Net Zero and the decarbonisation of the estate	Utilise the existing and new funding streams and opportunities to maximise the impact on decarbonisation and look to draw down available loan or grant funding if it becomes available. On the shelf Net Zero building schemes to be developed to enable immediate funding applications to be made and improve timescales for delivery.

6 Projects completed in 2022/23

	Project and value	Impact
1	Transport Efficiency 21/22 - **£2.5m**	Replacement of vehicle fleet reducing emissions and maintenance costs

2	Bolehills Pavilion Reinstatement - **£0.4m**	Delivery of new bowls pavilion. Fit for purpose recreational facilities
3	Structural wall repairs – Millhouses Park / Glen Howe Park / City Road Cemetery / Shiregreen Cemetery - **£0.4m**	Make safe and repair collapsing external walls. Safe space for public use and access
4	Town Hall Fire Alarm and Atrium Works - **£0.6m**	Fit for purpose and safe public buildings

7 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Outputs
1	Corporate Buildings Fire Risk Assessment Works x 10 sites	£1.9m	2021-24	Installation of Fire Safety Compliance measures at sites
2	Abbeydale and Carr Forge Dam Repairs	£0.6m	2021-24	Enhancement of infrastructure to prevent flooding

B8 WASTE & STREET SCENE

This Committee's capital investment is targeted at ensuring our waste and street scene services receive the investment they need to deliver high quality and efficient services to the communities we serve.

The Sheffield Delivery Plan strategic objectives include strong and connected neighbourhoods which people are happy to call home; having efficient waste services is a key element to keeping our neighbourhoods clean and attractive. Another objective is clean economic growth which the Energy Recovery Facility, Recycling Centre and District Energy Network investment reflect.

Director: Richard Eyre | Director of Street Scene and Regulation

Head of Service: Gillian Charters | Head of Waste Management

1 Background and context

The projects for future investment straddle the Waste and Street Scene Policy Committee (changes to the Energy Recovery Facility, waste collection and household waste recycling centre) and the Transport, Regeneration and Climate Change Committee (District Energy Network development).

Two of the projects (Energy Recovery Facility and Waste Collection Changes) are driven by legislative changes so we have a clear mandate to implement. The Recycling Centre and District Energy Network projects reflect investments in the city's infrastructure to reduce our carbon impact.

2 How do these activities contribute to 'net zero'?

The changes to waste collection services will contribute to increasing recycling and reducing the carbon impact from our waste.

The Household Waste Recycling Centre development will also contribute to increasing recycling and with the new reuse offer will actively prevent waste maximising resource/ material use. The investment in District Energy is to reduce dependency on gas and electric for heating. Whilst the National Grid continues to de-carbonise with our investment in the Energy Recovery Facility it is the most efficient heat source for the city. The network provides the opportunity for other heat sources to be added and can be future proofed in this way.

3 What do we want to invest in over the next 10 years?

	Priority / Project	Impacts	Potential funding source(s)
1	New Legislation: Changes to Emissions permitted from Energy Recovery Facility	Veolia are required to reduce the daily average levels of Sox emissions from the Energy Recovery Facility. The Environment Agency has issued a new permit for the plant from December 2023. Veolia will need to retro fit the plant with the technology to neutralise the Sox emissions to the permitted levels.	Veolia capital – but borrowing costs maybe higher than SCC
2	New Legislation: Changes to Waste Collection to meet new Environment Act (by 2025)	Introduction of new weekly food waste collections (new collection vehicles and containers needed) Increase materials collected for recycling may mean changes to existing containers and collection vehicles Awaiting confirmation if required to provide free garden waste collections, requiring new collection vehicles and containers.	New burdens funding from Government (but unlikely to meet full costs). Veolia can capitalise some costs – but borrowing costs maybe higher than SCC
3	New Waste Recycling Centre offering reuse opportunities and pay as you go for commercial waste	New waste recycling centre as we do not have space on our existing sites to offer the full range of materials we need to separate for recycling. We also do not have space for reuse, preventing waste or for offering services for commercial waste. We are also seeking to handle the council's waste through this site, such as Parks and Repairs and Maintenance again providing increased opportunity for recycling and resilience for our services.	Veolia can capitalise some costs – but borrowing costs maybe higher than SCC
4	District Energy Resilience and Development	Thermal storage would offer the opportunity to increase the number of customers on the network reducing the city's carbon footprint and resilience from gas and electric networks for heat. Further investment in pipe network would also contribute to this.	Veolia can capitalise some costs – but borrowing costs maybe higher than SCC Grant Funding – but will be a max of 33% of cost

4 Our forward look to the 2050s

Our Highways Maintenance PFI Contract culminates in 2037. Capital investment is likely to be needed for depot refurbishment, including the salt dome, future schemes and operational delivery such as investment in fleet.

Our Veolia Integrated Waste Contract culminates in 2038. Capital investment is likely to be needed for exit costs of buy-back of facilities, equipment, and fleet. We may also need to invest in either a new treatment / recycling facility or alternatively require capital monies for the refurbishment of the existing facilities.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Energy Recovery Emissions Legislation Change	Veolia are testing a range of solutions to reduce the SOx (suphur oxides) emissions
2	Environment Act changes to Waste Collection	Modelling options with Veolia and externally with Local Partnerships (a government agency)

6 Projects completed in 2022/23

	Project and value	Impact
1	N/A	

7 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Outputs
1	City Centre Safety	£2m	2018-24	Installation of barriers to increase pedestrian safety

C1 CORPORATE INVESTMENT FUND (CIF) POLICY

This appendix C1 sets out our proposed policy for the Corporate Investment Fund (CIF)

1 Background

The Corporate Investment Fund (CIF) was created in 2017/18 to provide a single co-ordinated fund to prime economic and housing growth activity in the city. It is comprised of a range of individual funding streams – New Homes Bonus, Community Infrastructure Levy (CIL), section 106 and elements of the Corporate Resource Pool (CRP). It is the Council's structure for managing discretionary capital funding.

Historically, the CRP had been made up largely of capital receipts from the sale of surplus Council land and assets. It was used to fund investment needs not met by Government funding, such as backlog maintenance demands / core repairs and unplanned failures of large critical assets or other property losses caused by natural disasters (such as the floods in 2007).

CRP was also used to demolish empty properties to redevelop land for sale. This brought benefits to the Revenue Budget by reducing the costs of safeguarding vacant properties, as well as replenishing the CRP.

With the advent of the New Homes Bonus and Community Infrastructure Levy as further "unrestricted" funds available for investment at the discretion of the authority, it was decided to combine the income from these new funding streams with those previously included in the CRP (i.e. non HRA Capital Receipts). Together, these create the Corporate Investment Fund (CIF). It is therefore a blend of restricted and unrestricted funds.

The national programme of expenditure reductions has increased the importance of this facility as central government support has decreased. We may be required to use our own resources to fund essential infrastructure. And we also need to maintain sufficient funds to match - often at short notice - those available from external funders like the Heritage Lottery Fund, Sport England etc. in order to lever in funding to replace that lost from Central Government.

Demand for CIF funding vastly exceeds supply. The CIF currently represents only 3.6% of the Capital Programme.

2 Purpose of the Corporate Investment Fund (CIF)

The CIF is intended to fund investment projects which cannot attract other sources of funding. This may include maintenance of our corporate buildings, or projects which have attracted external funding but require an element of matched funding to proceed. It may also provide funding for growth projects – whether as core funding or feasibility funding – which generate sustainable growth for everyone in the city.

The need for a new vision and strategy for Sheffield's City Centre has been identified as part of our wider recovery plans following the impact of the COVID pandemic. However, the City Centre is one of several key areas where a lack of funding and/or agreement on the way forward has prevented progress for some time, for example in relation to the Town Hall and the Central Library/Graves Art Gallery. And our wider corporate estate needs urgent rationalisation, followed by investment in our remaining buildings.

We often need to use CIF funds to temporarily 'underwrite' projects until external funding is formally secured. Our Accommodation Programme alone is anticipated to require around £200m of investment.

Each of the Policy Committees has several key priority projects within their ten-year investment pipeline; many of these require CIF investment to proceed.

And we should maintain a prudent level of CIF reserves to mitigate the risks of unexpected spend, such as project overspends or urgent emerging priorities.

We simply do not have the money to invest in everything we need to. We have very difficult decisions to take over the coming months and years.

3 Risks and demands on the CIF

Key risk factors on the ability to allocate the CIF relate to the uncertainty surrounding the income flows from the key components of capital receipts, and Community Infrastructure Levy.

Payment of Capital Receipts will continue to be subject to the inherent risk in all property and land transactions, such as local / national economic factors and the housing market. Furthermore, the application of the Affordable Housing Policy, to address the city-wide affordable housing shortfall, will affect the level of capital receipts generated, although potential reductions may be partially offset by future Council Tax and New Homes Bonus (although New Homes Bonus is now coming to an end). The Council will also receive S.106 commuted sum (on and off site) contributions for the provision of new affordable housing. This income will be used to increase the number of affordable homes in the Affordable Housing Programme.

Community Infrastructure Levy income will be dependent on the level of development taking place in the city which is subject to the levy. While estimations can be made of potential receipts, again, wider economic factors can quickly impact on the level of development in the city.

4 CIF Allocation Policy

Our previous policy was that Members approved capital expenditure commitments no more than one year in advance. Lower levels of capital receipts put considerable constraints on the CIF. However, in the current difficult financial circumstances, the Council must be ambitious and bolder in its vision to progress the city's development. We will therefore agree allocations up to a ten-year lifespan. Anything beyond this would be on an exceptional basis.

Consideration of the granting of CIF funds will only be given to projects which meet the following criteria:

A Funding

Projects requesting CIF funding will:

- Have no other available funding sources from central government, internal investment funds (e.g. Housing Revenue Account) or other grant funding bodies; or
- Already be in receipt of external funding and require an element of match funding to proceed; or
- Are strategic projects which require cash flow support until a funding package can be arranged.

B Suitability

Projects requesting CIF funding will:

- Be in line with corporate priorities; and
- Have a robust business case; and
- Where applicable, be necessary to make an asset compliant with legislation; or
- Where applicable, be an emergency requirement not capable of prior notification and a failure to undertake the project as an emergency will result in a threat to life and limb.

Non-cash investments (such as in land or property) will comply with the Investment Strategy Principles set out at section 2.4.2 of this Capital Strategy.

Outcomes and benefits will, as ever, be robustly assessed. And if any project does not proceed, abortive project costs will have to be financed from the sponsoring portfolio's Revenue Budget.

Alongside the funding of key development and investment priorities, a suitable reserve level will be maintained within the CIF to allow swift response to emergency situations such as the floods of 2007 and to provide match funding at short notice to lever in additional grant funding from central government and others.

5 Future developments – s.106, CIL and the Local Plan

New CIL Regulations that impact on the operation of CIL and S.106 came into force in September 2019.

The Council has published its Infrastructure Funding Statement (IFS), delivering greater transparency of CIL and S.106 receipts and spending. Going forward, it will also require us to set out a list of priorities for projects to be funded by CIL. This replaces the previous 'Regulation 123 List'.

When determining our proposed priorities in the future, we will have to have regard to the Infrastructure Delivery Plan (IDP) – which is being prepared to support the Local Plan- together with the Corporate Integrated Infrastructure Delivery Plan (IIDP) which will set out the Council's infrastructure priorities. This should dovetail with the Corporate Investment Fund (CIF) priorities for funding as much as possible. All these Plans will be considered as part of the ongoing development of the Council's overarching Capital Strategy. The opportunity to provide an interim list of priority areas for spend linked to CIL funds is to be explored.

The new CIL Regulations encourage more use of S.106 and introduce the ability to use both CIL and S.106 in delivering infrastructure priorities. Previously, the Regulations restricted the ability to ask for both S.106 and CIL for the same project and restricted how many S.106s could be used for the same item of infrastructure. These restrictions have now been removed. The viability assessments that underpinned the setting of the CIL rates always allowed for S.106 contributions, so the Council should now be able to pursue S.106 agreements on sites that will also be making a CIL contribution, where a S.106 is required to make an application acceptable in planning terms.

The Local Plan

The proposed Sheffield Local Plan, an ambitious vision for the city, was approved at Full Council in December 2022, paving the way for investment and development across the City's communities.

Along with the proposed Plan, the consultation strategy was also agreed, setting out how the Council will engage with local people to get their views on important aspects of the city's future and to agree the final content.

The Local Plan brings together proposals around housing, environment, development, economic growth and transport, looking at these as one big picture, addressing the challenges of how they each impact the other, and how they will bring benefits for everyone in Sheffield.

The Council's aim is to adopt the Local Plan by 2024 and to carry out further public consultation early in the new year, with local people and stakeholders, around the proposed final content.

C2 PROJECT LIST SPLIT BY COMMITTEE

This appendix C2 sets out the full list of projects, which have either been approved or approval has been requested, split by Committee

TRANSPORT, REGEN & CLIMATE

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2023-2024	2024-2025	2025-2026	2026-2028	Expenditure Total
94050, SHEFFIELD RETAIL QUARTER 2 (NAQNO)	OCT 2013	MAR 2024	Approved - Active	100				100
94054, SRQ OFFICES (NAQNO)	JAN 2017	MAR 2024	Approval Requested	846				846
94055, SRQ - STRATEGIC DEV PARTNER (Q0078)	JAN 2008	MAR 2024	Approved - Active	717				717
94057, A PALATINE CHAMBERS BLOCK (NAQNO)	APR 2018	MAR 2024	Approved - Active	17,838				17,838
94058, B LAYCOCK HOUSE NEW BUILD (NAQNO)	APR 2018	MAR 2024	Approved - Active	414				414
94060, C PEPPER POT BUILDING (NAQNO)	APR 2018	MAR 2024	Approved - Active	529				529
94061, E TELE.HSE RETAIL & CAR PARK (NAQNO)	JAN 2008	MAR 2024	Approved - Active	136				136
94063, G DEVELOPMENT PLOTS (NAQNO)	SEP 2018	MAR 2024	Approved - Active	130				130
94065, H HENRYS BLOCK (NAQNO)	APR 2018	MAR 2025	Approved - Active	8,963	471			9,434
94066, H1 LEAHS YARD (NAQNO)	APR 2018	MAR 2025	Approved - Active	5,888	413			6,300
94067, HOC II INFRASTRUCTURE & PR (NAQNO)	APR 2018	MAR 2024	Approved - Active	688				688
94069, HOC II BLOCK I (NAQNO)	JAN 2020	MAR 2024	Approved - Active	792				792
94070, G POCKET PARK (NAQNO)	FEB 2021	MAR 2024	Approved - Active	775				775
94091, BARKERS POOL CAR PARK DEMO (NAQNO)	MAY 2022	MAR 2024	Approved - Active	1,020				1,020
94024, DIGITAL INCUBATOR (NAQNO)	SEP 2016	MAR 2024	Approved - Active	22				22
94028, GREY 2 GREEN PH2 (NAQNO)	APR 2017	DEC 2021	Approved - Active	18				18
94042, FHSF PUBLIC REALM & INFRA (NAQNO)	MAY 2021	MAR 2024	Approved - Active	5,205				5,205
94043, FHSF FRONT DOOR INTERVENTIONS (NAQNO)	APR 2021	MAR 2024	Approved - Active	3,102				3,102
94044, FHSF EVENTS CENTRAL BUILDING (NAQNO)	APR 2021	MAR 2024	Approved - Active	4,403				4,403
94076, LUF ATTERCLIFFE ADELPHI SQ (NAQNO)	JAN 2009	DEC 2009	Approved - Active	39				39
93083, TCF CITY CENTRE (NAQNO)	SEP 2019	JAN 2025	Approved - Active	225				225
93086, TCF MAGNA MHALL CYCLING (NAQNO)	SEP 2019	MAR 2020	Approved - Active	271				271
93087, TCF-DACC (NAQNO)	SEP 2019	MAR 2020	Approved - Active	559				559
93132, KELHAM NEEPSEND PARKING (NAQNO)	APR 2019	APR 2023	Approved - Active	108				108
93163, CAZ BUSES & COACHES (NAQNO)	JAN 2008	JAN 2009	Approval Requested	2,546				2,546

93165, CAZ HGV (NAQNO)	JAN 2009	DEC 2009	Approved - Active		3,360				3,360
93178, DISABLED PARKING BAYS (NAQNO)	JUN 2021	MAR 2024	Approved - Active		21				21
93242, DEERLANDS 20MPG (NAQNO)	JUL 2021	MAR 2023	Approval Requested		23				23
93256, SHALESMOOR GATEWAY (NAQNO)	DEC 2022	OCT 2023	Approved - Active		1,462				1,462
93376, BROADFIELD ROAD JUNCTION (NAQNO)	JAN 2018	AUG 2023	Approved - Active		770				770
Total					60,970	883	-	-	61,853

HOUSING

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2023-2024	2024-2025	2025-2026	2026-2028	Total
00100000Q0094 GV MASTERPLAN DELIVERY	APR 2019	MAR 2027	Approved - Active	202	9,201	10,963	20,162	40,528
90136, CHAUCER SQUARE MAINTENANCE (NAQNO)	JAN 2009	DEC 2030	Approval Requested	18	18	18	36	90
97150, RHB LOANS HAL (NAQNO)	JAN 2008	MAR 2025	Approval Requested	250				250
97507, SHEFFIELD REPAYMENT LOANS (NAQNO)	JAN 2008	MAR 2025	Approval Requested	103				103
97497, KNOWLE HILL-TA (NAQNO)	APR 2020	MAR 2024	Approval Requested	672				672
97551, COUNCIL HSG ACQUISITIONS PROG (Q0067)	APR 2014	MAR 2028	Approval Requested	1,837	1,888	1,940	4,041	9,706
97560, NBCH-P06-NEWSTEAD-OPIL (NAQNO)	JAN 2020	MAR 2026	Approval Requested	9,872	10,199	6,104		26,175
97566, NBCH-P11-HEMSWORTH-OPIL (NAQNO)	DEC 2019	MAR 2026	Approval Requested	8,387	10,828	83		19,299
97568, NBCH-P13-SCOWERDONS-GN (NAQNO)	APR 2020	MAR 2026	Approved - Active	45				45
97571, NBCH-P15-GAUNT RD-GN (NAQNO)	APR 2019	MAR 2025	Approval Requested	590				590
97572, NBCH-P16-NEWSTEAD-ENABLE (NAQNO)	AUG 2020	MAR 2024	Approved - Active	18				18
97577, NBCH-P17-TITTERTON-GN (NAQNO)	DEC 2020	MAR 2024	Approved - Active	32				32
97580, NBCH-P20-OWLTHORPE S106-SO (NAQNO)	JUN 2021	MAR 2024	Approval Requested	294				294
97581, NBCH-P21-OWLTHORPE OMV-SO (NAQNO)	MAY 2021	MAR 2024	Approval Requested	35				35
97585, NBCH-P25-CORKER BOTTOMS-GN (NAQNO)	JAN 2022	MAR 2024	Approval Requested	8,316				8,316
97586, NBCH-P26-MOVE ON PROV PHASE 1 (NAQNO)	MAY 2022	MAR 2024	Approval Requested	308				308
97587, NBCH-P27-HANDSWORTH-GN (NAQNO)	JUN 2022	MAR 2024	Approval Requested	4,263				4,263
00140591Q0087 STOCK INCREASE (CHS)	APR 2014	MAR 2028	Approval Requested	12,490	32,860	50,322	47,548	143,220
97338, PROGRAMME MANAGEMENT COSTS RTB (NAQNO)	JAN 2008	MAR 2025	Approval Requested	377	377	377	754	1,885
97348, HRA PROGRAMME MANAGEMENT (NAQNO)	JAN 2008	MAR 2027	Approved - Active	250	250	250	250	1,000
97131, ASBESTOS SURVEYS (NAQNO)	APR 2010	MAR 2026	Approved - Active	160	157	57		373
97139, LANSDOWNE AND HANOVER CLADDING (NAQNO)	JAN 2008	APR 2024	Approved - Active	67				67
97148, S H MGMT FEES COMMISSIONED (NAQNO)	APR 2011	MAR 2027	Approved - Active	2,850	2,900	2,950	3,000	11,700
97264, H & S ELECTRICAL REWIRES (NAQNO)	APR 2010	MAR 2027	Approved - Active	57	30	30	30	147
97269, EMERGENCY DEMOLITIONS (NAQNO)	JAN 2008	MAR 2024	Approved - Active	40				40

97444, GENERAL/RTB ACQUISITIONS CHS (Q0069)	APR 2015	MAR 2028	Approval Requested		1,485	383	393	819	3,079
97464, ROOFING REPLACEMENTS PROG (NAQNO)	MAY 2019	APR 2026	Approval Requested		978				978
97469, FIRE SUPPRESSION SYSTEMS (NAQNO)	AUG 2020	MAR 2025	Approval Requested		222	210			432
97470, ADAPTATIONS 2020-25 CONTRACT (NAQNO)	JUL 2020	MAR 2025	Approved - Active		2,824	2,823			5,647
97472, EWI NON-TRADITIONAL 2 (NAQNO)	JAN 2018	MAR 2025	Approved - Active		12,598				12,598
97473, EWI NON-TRADITIONAL 3 (NAQNO)	JAN 2018	MAR 2025	Approved - Active		5,231	4,375			9,606
97475, ELEMENTAL REFURBS 2021-26 (NAQNO)	SEP 2020	MAR 2026	Approval Requested		3,187	3,234	3,145		9,565
97476, ADAPTATIONS - STAIRLIFTS (NAQNO)	APR 2021	MAR 2026	Approval Requested		453	414			867
97477, ELECTRICAL UPGRADES PH 2 (NAQNO)	SEP 2020	MAR 2027	Approved - Active		4,369	4,369	4,369	2,185	15,293
97480, SINGLE STAIRCASE TOWER BLOCKS (NAQNO)	SEP 2019	MAR 2025	Approved - Active		3,170	54			3,224
97483, TOWER BLOCK FLAT ROOFING (NAQNO)	APR 2021	MAR 2026	Approved - Active		1,062	1,062	775		2,899
97485, STAIRLIFTS CONTRACT 2 (NAQNO)	DEC 2022	MAR 2025	Approval Requested		67	67			134
97486, CCTV REFURB & UPGRADE (NAQNO)	JUL 2022	MAR 2025	Approval Requested		150	53			203
97490, OPIL LAUNDRY UPGRADES (NAQNO)	APR 2022	MAR 2025	Approved - Active		98	99			197
97990, SHELTERED FIRE ALARM LINKING (NAQNO)	JAN 2016	MAR 2025	Approved - Active			23			23
00140653Q0079 HEATING, ENERGY EFFIC & CARBON RED	APR 2014	MAR 2027	Approved - Active		3,850	6,484	10,845	13,450	34,629
00140653Q0080 ENVELOPING & EXTERNAL WORK	APR 2014	MAR 2027	Approval Requested		11,000	8,214	12,917	3,682	35,813
00140653Q0082 ADAPTIONS & ACCESS (CHS)	APR 2021	MAR 2027	Approved - Active				3,008	3,130	6,138
00140653Q0083 WASTE MGT & ESTATE ENVIRONMENTALS	APR 2014	MAR 2027	Approved - Active		802	2,770	3,365	3,515	10,452
00140653Q0084 H & S ESSENTIAL WORK	APR 2015	MAR 2027	Approval Requested		1,960	13,935	17,424	16,026	49,345
00140653Q0085 COMMUNAL AREAS INVESTMENT	APR 2014	MAR 2027	Approved - Active		500	2,500	2,500	2,927	8,427
00140653Q0086 INTERNAL WORKS	APR 2014	MAR 2027	Approved - Active			500	999	5,906	7,406
00140653Q0089 OTHER ESSENTIAL WORK	APR 2014	MAR 2027	Approved - Active		1,269	1,332	1,332	1,482	5,415
00140653Q0090 GARAGES & OUTHOUSES	JAN 2008	MAR 2027	Approved - Active		130	250	250	250	880
Total					106,935	121,861	134,419	129,194	492,408

EDUCATION, CHILDREN & FAMILIES

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2023-2024	2024-2025	2025-2026	2026-2028	Total
90801, SILVERDALE 2FE EXPANSION T/P (Q0061)	SEP 2015	MAR 2025	Approved - Active	28	18			46
90947, NETHER GREEN JNR ROOF (NAQNO)	JAN 2020	MAR 2025	Approved - Active	143	18			161
90959, FRA WORKS 20-21 COIT (NAQNO)	MAY 2020	MAR 2024	Approved - Active	312				312
90960, FRA WORK 20-21 CARTERKNOWLE J (NAQNO)	SEP 2020	MAR 2024	Approved - Active	416				416
90961, FRA WORKS 20-21 BRADWAY (NAQNO)	OCT 2020	MAR 2024	Approved - Active	580				580
90962, FRA WORKS 20-21 WATERTHORPE (NAQNO)	OCT 2020	MAR 2024	Approved - Active	328				328
90967, SW SEC SCH FEAS - SILVERDALE (NAQNO)	JAN 2008	MAR 2024	Approved - Active	4,291				4,291
90975, DORE PRIMARY TEMP EXPANSION (NAQNO)	APR 2021	MAR 2029	Approved - Active				62	62
90981, ABBEY LANE PMY ROOF PLANKS (NAQNO)	SEP 2021	MAR 2024	Approved - Active	466				466
90983, SW SEC SCH FEAS - KG ECGBERTS (NAQNO)	JAN 2008	MAR 2024	Approved - Active	2,422				2,422
90997, WATERTHORPE PITCHED ROOF REP (NAQNO)	OCT 2021	MAR 2024	Approved - Active	877				877
90998, CARFIELD PMY PITCHED ROOF REP (NAQNO)	OCT 2021	MAR 2024	Approved - Active	1,785				1,785
91003, MALIN BRIDGE INTEGRATED RES (NAQNO)	OCT 2022	AUG 2024	Approved - Active	352				352
91004, STANNINGTON INFANTS INTEG RES (NAQNO)	AUG 2022	MAR 2024	Approved - Active	253				253
Total				12,253	35	-	62	12,351

COMMUNITIES, PARKS & LEISURE

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2023-2024	2024-2025	2025-2026	2026-2028	Expenditure Total
94122, NEW CREMATORS CITY ROAD (NAQNO)	SEP 2019	MAR 2024	Approved - Active	44				44
94528, SHIREBROOK VISITOR CENTRE (NAQNO)	APR 2018	MAR 2025	Approved - Active	26				26
94531, GENERAL CEMETERY HLF PH2 (NAQNO)	JAN 2008	MAR 2024	Approved - Active	247				247
94551, ECCLESFIELD PARK IMPROVEMENTS (NAQNO)	AUG 2020	MAR 2024	Approved - Active	145				145
94555, PARKWOOD SPRINGS ACTIVE PARK (NAQNO)	APR 2021	MAR 2024	Approved - Active	259				259
94564, SKYE EDGE FIELDS LAND IMP (NAQNO)	JAN 2022	MAR 2024	Approved - Active	59				59
94569, WOODBOURN RD FOOTBALL HUB (NAQNO)	JUL 2022	MAR 2024	Approved - Active	690				690
00120461Q0093 GREEN AND OPEN SPACES S106 STRATEGY	APR 2016	MAR 2024	Approved - Active	419				419
94119, MSF FINANCE (NAQNO)	FEB 2017	MAR 2023	Approval Requested	17,608				17,608
94127, FLY TIPPING & GRAFFITI (NAQNO)	JAN 2022	MAR 2024	Approved - Active	30				30
94128, HILLSBOROUGH LIBRARY ENTRANCE (NAQNO)	MAR 2022	MAR 2024	Approved - Active	256				256
Total				19,783	-	-	-	19,783

ADULT HEALTH & SOCIAL CARE

Values in £'000s	Project Start	Project End	Approval Status		Expenditure 2023-2024	2024-2025	2025-2026	2026-2028	Expenditure Total
Total					-	-	-	-	-

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ECONOMIC DEVELOPMENT & SKILLS

				Expenditure				Expenditure
Values in £'000s	Project Start	Project End	Approval Status	2023-2024	2024-2025	2025-2026	2026-2028	Total
94047, STF MANCHESTER RD PM (NAQNO)	AUG 2021	MAR 2026	Approved - Active	2,473	2,259	500		5,231
94048, STF MANCHESTER RD HUB (NAQNO)	SEP 2021	MAR 2026	Approved - Active	6,297	1,527	58		7,882
94049, STF SPORTS HUB (NAQNO)	MAR 2022	MAR 2024	Approved - Active	900				900
94071, STF HIGH ST ACCESSIBILITY (NAQNO)	MAR 2022	MAR 2025	Approved - Active	200	100			300
94073, STF HYDROTHERAPY POOL (NAQNO)	JUL 2022	MAR 2025	Approved - Active	900				900
94074, STF OXLEY PARK PH 2 (NAQNO)	MAR 2022	MAR 2024	Approved - Active	542				542
94078, STF SHOP FRONTS (NAQNO)	NOV 2022	MAR 2024	Approved - Active	446				446
94079, STF SHOP FRONT GRANTS (NAQNO)	NOV 2022	MAR 2025	Approved - Active	411	219			630
Total				12,169	4,104	558	-	16,832

STRATEGY & RESOURCES

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2023-2024	2024-2025	2025-2026	2026-2028	Expenditure Total
95629, FRA CORP 2020 - MEERSB PK OFF (NAQNO)	APR 2021	MAR 2024	Approved - Active	374				374
95631, FRA CORP 2020 - SPRING ST KENN (NAQNO)	JAN 2008	MAR 2024	Approved - Active	187				187
95632, FRA CORP 2020 - MATHER RD REC (NAQNO)	APR 2021	MAR 2024	Approved - Active	78				78
95633, FRA CORP 2020 - HEELEY GRN CC (NAQNO)	APR 2020	MAR 2024	Approved - Active	83				83
95639, FRA CORP 21 - ABBEYFIELD PARK (NAQNO)	FEB 2021	MAR 2024	Approved - Active	165				165
95640, FRA CORP 21 - CHAPELTOWN LIB (NAQNO)	FEB 2021	MAR 2024	Approved - Active	134				134
95641, FRA CORP 21 - CONCORD PARK (NAQNO)	FEB 2021	MAR 2024	Approved - Active	185				185
95643, FRA CORP 21 - LOWEDGES HS OFF (NAQNO)	FEB 2021	MAR 2024	Approved - Active	113				113
95644, FRA CORP 21 - MNT PLEASANT PK (NAQNO)	FEB 2021	MAR 2024	Approved - Active	83				83
95645, FRA CORP 21 - SHIREGREEN CEM (NAQNO)	FEB 2021	MAR 2024	Approved - Active	188				188
95676, ABBEYDALE DAM LEAKS (NAQNO)	JAN 2008	MAR 2024	Approved - Active	280				280
95677, CARR FORGE DAM LEAKS (NAQNO)	JAN 2008	MAR 2024	Approved - Active	151				151
Total				2,022	-	-	-	2,022

WASTE & STREET SCENE

Values in £'000s	Project Start	Project End	Approval Status	Expenditure 2023-2024	2024-2025	2025-2026	2026-2028	Expenditure Total
Total				-	-	-	-	-

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