

Finance Committee

Monday 18 December 2023 at 2.00 pm

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

The Press and Public are Welcome to Attend

Membership

Councillor Zahira Naz
Councillor Mike Lavery
Councillor Bryan Lodge
Councillor Toby Mallinson
Councillor Glynis Chapman
Councillor Marieanne Elliot
Councillor Mary Lea
Councillor Shaffaq Mohammed
Councillor Ibbby Ullah

PUBLIC ACCESS TO THE MEETING

The Finance Committee may take decisions in respect of the Finance and Property matters (but for the avoidance of doubt not those matters which are reserved to the Charity Trustee Sub-Committee) more particularly detailed below:

Finance

- Monitoring Council budget each month;
- Agreement of Council policies in respect of fees and charges;
- Agreement upon virements of £500,000 and over **or** representing a major change of policy (any value) from one division of a Service to another or between Services within Directorates or between Directorates and within the approved budget.

Capital Programme

Agreement of reports on the implementation of the capital programme provided under the Capital Programme Financial Reporting and Control Procedures, including:-

- (a) Approval of all new schemes; except expenditure relating to feasibility works up to the value of £100,000 in accordance with the Financial Procedure Rules and
- (b) Approval of a variation to an existing scheme which increases the value of the scheme by more than £100,000;

Property

- (a) Acquisitions of Property where the consideration to be paid by the Council exceeds £250,000, but not including any acquisition of Property that the Council is obliged by law to complete;
- (b) Disposals of Property, being of the freehold or leasehold but not including a mortgagee sale or disposal that Council must by law complete such as Right to Buy, lease enfranchisement or easements to certain service providers
 - Where the Council has been required by Law to publicly advertise the proposed Disposal (e.g. public open space); **and** one or more objections to the proposed Disposal has been received;
 - Which are not subject to a competitive process where the consideration to be received by the Council exceeds £300,000;
 - For less than the best consideration reasonably obtainable;
 - Which for any statutory or other legal reason need to be decided by a committee, not an officer
 - Which involve the transfer of a freehold interest, the grant of a lease for a term of not less than twenty-five years or the assignment of a lease with a remaining term of not less than twenty-five years AND a relevant councillor or parish/town council has objected
- (c) Appropriation to another purpose of surplus property that has not been identified for disposal by the Finance Committee.

Meetings are chaired by Councillor Zahira Naz.

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 [Finance Committee webpage](#) 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 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.

**FINANCE COMMITTEE AGENDA
18 DECEMBER 2023**

Order of Business

Welcome and Housekeeping

The Chair to welcome attendees to the meeting and outline basic housekeeping and fire safety arrangements.

1. Apologies for Absence

2. Exclusion of Press and Public

To identify items where resolutions may be moved to exclude the press and public.

3. Declarations of Interest

Members to declare any interests they have in the business to be considered at the meeting.

(Pages 7 - 10)

4. Minutes of Previous Meeting

To approve the minutes of the last meeting of the Committee held on 6 November 2023.

(Pages 11 - 12)

5. Public Questions and Petitions

To receive any questions or petitions from members of the public.

(NOTE: There is a time limit of up to 30 minutes for the above item of business. In accordance with the arrangements published on the Council's website, questions/petitions at the meeting are required to be submitted in writing, to committee@sheffield.gov.uk, by 9.00 a.m. on 14 December 2023).

6. Members' Questions

To receive any questions from Members of the Committee on issues which are not already the subject of an item of business on the Committee agenda – Council Procedure Rule 16.8.

(NOTE: a period of up to 10 minutes shall be allocated for Members' supplementary questions - one supplemental question on each question may be asked by the Member who had submitted the original question).

7. Work Programme

Report of the Director of Policy and Democratic Engagement

(Pages 13 - 24)

Formal Decisions

8. 2023/24 Quarter 2 Budget Monitoring

Report of the Director of Finance and Commercial Services

(Pages 25 - 76)

9. **Capital Approvals Month 7 (2023/24)** (Pages 77 - 106)
Report of the Director of Finance and Commercial Services
10. **Proposed Lease at Solpro Business Park, Windsor Street, Sheffield, S4 7WB** (Pages 107 - 112)
Report of the Executive Director, City Futures

NOTE: The next meeting of Finance Committee will be held on Tuesday 23 January 2024 at 2.00 pm

*(NOTE: Appendix 1 to the report at item 10 in the above agenda is not available to the public and press because it contains exempt information described in paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended))

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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, General Counsel by emailing david.hollis@sheffield.gov.uk.

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Finance Committee

Meeting held 6 November 2023

PRESENT: Councillors Zahira Naz (Chair), Mike Levery (Deputy Chair), Glynis Chapman, Marieanne Elliot, Mary Lea, Shaffaq Mohammed and Ibby Ullah

1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Bryan Lodge and Toby Mallinson.

2. EXCLUSION OF PRESS AND PUBLIC

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

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

4.1 The Minutes of the meeting of the Committee held on 16 October 2023 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 There were no public questions or petitions.

6. MEMBERS' QUESTIONS

6.1 There were no questions from Members of the Committee.

7. WORK PROGRAMME

7.1 The Committee received a report containing the Committee's Work Programme for consideration and discussion. The aim of the Work Programme was to show all known, substantive agenda items for forthcoming meetings of the Committee, to enable this Committee, other committees, officers, partners and the public to plan their work with and for the Committee.

7.2 The Principal Democratic Services Officer noted that, since the agenda had been published, there had been a proposed addition to the Work Programme for the December meeting of the Committee: Lease of land in Millhouses Park, Sheffield – update report.

7.3 **RESOLVED UNANIMOUSLY:** That Finance Committee:-

1. approves the Committee's work programme, as set out in Appendix 1, including any additions and amendments identified in Part 1;
2. gives consideration to any further issues to be explored by officers for inclusion in Part 2 of Appendix 1 of the next work programme report, for potential addition to the work programme; and
3. notes any referrals from Council (petition and resolutions) detailed in Section 2 of the report and agrees the proposed responses.

8. CAPITAL APPROVALS MONTH 6 (2023/24)

8.1 The Finance Manager submitted a report that provided details of proposed changes to the existing Capital Programme as brought forward in Month 6 2023/24.

8.2 Officers agreed to provide Members with further information on whether the new crossing at Psalter Lane / Osborne Road would be a permanent zebra crossing or a permanent controlled crossing point.

8.2 **RESOLVED UNANIMOUSLY:** That Finance Committee:-

1. approves the proposed additions and variations to the Capital Programme listed in Appendix 1; and
2. approves the making of grants to third parties as identified in Appendix 2.

8.3 Reasons for Decision

8.3.1 The proposed changes to the Capital Programme will improve the services to the people of Sheffield.

8.3.2 To formally record changes to the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the Capital Programme in line with latest information.

8.4 Alternatives Considered and Rejected

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



Report to Finance Committee

18 December 2023

Report of: Director of Policy and Democratic Engagement

Subject: Committee Work Programme

Author of Report: Rachel Appleyard, Principal Democratic Services Officer

Summary:

The Committee's Work Programme is attached at Appendix 1 for the Committee's consideration and discussion. This aims to show all known, substantive agenda items for forthcoming meetings of the Committee, to enable this committee, other committees, officers, partners and the public to plan their work with and for the Committee.

Any changes since the Committee's last meeting, including any new items, have been made in consultation with the Chair, and the document is always considered at the regular pre-meetings to which all Group Spokespersons are invited.

The following potential sources of new items are included in this covering report, where applicable:

- Questions from the public (where notified sufficiently in advance)
- Petitions to this committee, including those referred from Council
- References from Council or other committees (statements formally sent for this committee's attention)
- A list of issues, each with a short summary, which have been identified by the Committee or officers as potential items but which have not yet been scheduled (the source of the items is specified)

The Work Programme will remain a live document and will be brought to each Committee meeting.

Recommendations:

1. That the Committee's work programme, as set out in Appendix 1, be agreed including any additions and amendments identified in Part 1;
2. That Members give consideration to any further issues to be explored by officers for inclusion in Part 2 of Appendix 1 of the next work programme report, for potential addition to the work programme; and
3. That any referrals from Council (petition and resolutions) detailed in Section 2 of the report be noted and the proposed responses set out be agreed.

Background Papers: None

Category of Report: Open

COMMITTEE WORK PROGRAMME

1.0 Prioritisation

1.1 For practical reasons this committee has a limited amount of time each year in which to conduct its formal business. The Committee will need to prioritise firmly in order that formal meetings are used primarily for business requiring formal decisions, or which for other reasons it is felt must be conducted in a formal setting.

1.2 In order to ensure that prioritisation is effectively done, on the basis of evidence and informed advice, Members should usually avoid adding items to the work programme which do not already appear:

- In the draft work programme in Appendix 1 due to the discretion of the chair; or
- within the body of this report accompanied by a suitable amount of information.

2.0 References from Council or other Committees

2.1 Any references sent to this Committee by Council, including any public questions, petitions and motions, or other committees since the last meeting are listed here, with commentary and a proposed course of action, as appropriate:

Issue	
Referred from	
<i>Details</i>	
Commentary/ Action Proposed	

3.0 Member engagement, learning and policy development outside of Committee

3.1 Subject to the capacity and availability of councillors and officers, there are a range of ways in which Members can explore subjects, monitor information and develop their ideas about forthcoming decisions outside of formal meetings. Appendix 2 is an example 'menu' of some of the ways this could be done. It is entirely appropriate that member development, exploration and policy development should in

many cases take place in a private setting, to allow members to learn and formulate a position in a neutral space before bringing the issue into the public domain at a formal meeting.

2.2 Training & Skills Development - Induction programme for this committee.

Title	Description & Format	Date
Future High Streets Fund / Heart of the City	Site visit	Completed
Future High Streets Fund	Briefing tour	Completed

Appendix 1 – Work Programme

Part 1: Proposed additions and amendments to the work programme since the last meeting:

New Items	Proposed Date	Note
NEW: Proposed Lease at Solpro Business Park, Windsor Street, Sheffield	December 2023	Seeking approval to enter into a lease for the Council’s occupation of premises at the Solpro Business Park.
NEW: Changes to the Constitution: Part 4 – Financial Procedure Rules (Financial Regulations)	January 2024	Annual refresh of the Financial Regulations following consultation with Finance colleagues – final decision maker is Full Council 7 February 2023.
Amended Items	Proposed Date	Note
MOVED: Lease of land in Millhouses Park, Sheffield – update on previous report	January 2024	Moved from December to allow further work on the report before it is brought to Committee.

Part 2: List of other potential items not yet included in the work programme

Issues that have recently been identified by the Committee, its Chair or officers as potential items but have not yet been added to the proposed work programme. If a Councillor raises an idea in a meeting and the committee agrees under recommendation 3 that this should be explored, it will appear either in the work programme or in this section of the report at the committee’s next meeting, at the discretion of the Chair.

Topic	
Description	
Lead Officer/s	
Item suggested by	<i>Officer, Member, Committee, partners, public question, petition etc</i>
Type of item	<i>Referral to decision-maker/Pre-decision (policy development/Post-decision (service performance/ monitoring)</i>
Prior member engagement/ development required <i>(with reference to options in Appendix 2)</i>	
Public Participation/ Engagement approach <i>(with reference to toolkit in Appendix 3)</i>	

Lead Officer Commentary/Proposed Action(s)	
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Part 3: Agenda Items for Forthcoming Meetings

Meeting 7 (23/24)	18 December 2023	2pm				
Topic	Description	Lead Officer/s	Type of item <ul style="list-style-type: none"> •Decision •Referral to decision-maker •Pre-decision (policy development) •Post-decision (service performance/ monitoring) 	(re: decisions) Prior member engagement/ development required <i>(with reference to options in Appendix 2)</i>	(re: decisions) Public Participation/ Engagement approach <i>(with reference to toolkit in Appendix 3)</i>	Final decision-maker (& date) <ul style="list-style-type: none"> •This Cttee •Another Cttee (eg S&R) •Full Council •Officer
Standing items	<ul style="list-style-type: none"> • <i>Public Questions/ Petitions</i> • <i>Any other committee-specific standing items eg finance or service monitoring]</i> 					
2023/24 Quarter 2 Budget Monitoring		Philip Gregory / Jane Wilby	Decision			This Cttee
Capital Approvals Month 7 (2023/24)		Philip Gregory / Damian Watkinson	Decision			This Cttee
NEW: Proposed Lease at Solpro Business Park, Windsor Street, Sheffield	Seeking approval to enter into a lease for the Council's occupation of premises at the Solpro Business Park.	Peter Bartle / Tom Smith	Decision			This Cttee
Meeting 8 (23/24)	23 January 2024	2pm				

Topic	Description	Lead Officer/s	Type of item <ul style="list-style-type: none"> •Decision •Referral to decision-maker •Pre-decision (policy development) •Post-decision (service performance/ monitoring) 	(re: decisions) Prior member engagement/ development required <i>(with reference to options in Appendix 2)</i>	(re: decisions) Public Participation/ Engagement approach <i>(with reference to toolkit in Appendix 3)</i>	Final decision-maker (& date) <ul style="list-style-type: none"> •This Cttee •Another Cttee (eg S&R) •Full Council •Officer
Standing items	<ul style="list-style-type: none"> • <i>Public Questions/ Petitions</i> • <i>Any other committee-specific standing items eg finance or service monitoring]</i> 					
Capital Approvals Month 8 (2023/24)		Philip Gregory / Damian Watkinson	Decision			This Cttee
Parkwood Springs	Decision on redevelopment of the former ski village	Alan Seasman	Decision	Written briefing	TBC	This Cttee
NEW: Changes to the Constitution: Part 4 – Financial Procedure Rules (Financial Regulations)	Annual refresh of the Financial Regulations following consultation with Finance colleagues.	Liam Darling / Jane Wilby / Philip Gregory	Referral to decision maker			Full Council
MOVED: Lease of land in Millhouses Park, Sheffield –	Approval to grant a new lease.	Angela Glentworth / Ian Wrightson / Ruth Bell	Decision			This Cttee

update on previous report						
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Meeting 9 (23/24)	19 February 2024	2pm				
Topic	Description	Lead Officer/s	Type of item <ul style="list-style-type: none"> •Decision •Referral to decision-maker •Pre-decision (policy development) •Post-decision (service performance/ monitoring) 	<i>(re: decisions)</i> Prior member engagement/ development required <i>(with reference to options in Appendix 2)</i>	<i>(re: decisions)</i> Public Participation/ Engagement approach <i>(with reference to toolkit in Appendix 3)</i>	Final decision-maker (& date) <ul style="list-style-type: none"> •This Cttee •Another Cttee (eg S&R) •Full Council •Officer
Standing items	<ul style="list-style-type: none"> • <i>Public Questions/ Petitions</i> • <i>Any other committee-specific standing items eg finance or service monitoring]</i> 					
Capital Approvals Month 9 (2023/24)		Philip Gregory / Damian Watkinson	Decision			This Cttee

Meeting 10 (23/24)	18 March 2024	2pm				
Topic	Description	Lead Officer/s	Type of item <ul style="list-style-type: none"> •Decision •Referral to decision-maker •Pre-decision (policy development) 	<i>(re: decisions)</i> Prior member engagement/ development required	<i>(re: decisions)</i> Public Participation/ Engagement approach	Final decision-maker (& date) <ul style="list-style-type: none"> •This Cttee •Another Cttee (eg S&R) •Full Council •Officer

			• <i>Post-decision (service performance/ monitoring)</i>	<i>(with reference to options in Appendix 2)</i>	<i>(with reference to toolkit in Appendix 3)</i>	
Standing items	<ul style="list-style-type: none"> • <i>Public Questions/ Petitions</i> • <i>Any other committee-specific standing items eg finance or service monitoring]</i> 					
2023/24 Quarter 3 Budget Monitoring		Philip Gregory / Jane Wilby	Decision			This Cttee
Capital Approvals Month 10 (2023/24)		Philip Gregory / Damian Watkinson	Decision			This Cttee

Items which the committee have agreed to add to an agenda, but for which no date is yet set.						
Topic	Description	Lead Officer/s	Type of item <ul style="list-style-type: none"> • <i>Decision</i> • <i>Referral to decision-maker</i> • <i>Pre-decision (policy development)</i> • <i>Post-decision (service performance/ monitoring)</i> 	<i>(re: decisions)</i> Prior member engagement/ development required <i>(with reference to options in Appendix 2)</i>	<i>(re: decisions)</i> Public Participation/ Engagement approach <i>(with reference to toolkit in Appendix 3)</i>	Final decision-maker (& date) <ul style="list-style-type: none"> • This Cttee • Another Cttee (eg S&R) • Full Council • Officer
Levelling Up Prospectus	Prospectus setting out Sheffield's Levelling Up ambitions	Kate Martin	Decision or pre decision policy development			This Cttee

Appendix 2 – Menu of options for member engagement, learning and development prior to formal Committee consideration

Members should give early consideration to the degree of pre-work needed before an item appears on a formal agenda.

All agenda items will anyway be supported by the following:

- Discussion well in advance as part of the work programme item at Pre-agenda meetings. These take place in advance of each formal meeting, before the agenda is published and they consider the full work programme, not just the immediate forthcoming meeting. They include the Chair, Vice Chair and all Group Spokespersons from the committee, with officers
- Discussion and, where required, briefing by officers at pre-committee meetings in advance of each formal meeting, after the agenda is published. These include the Chair, Vice Chair and all Group Spokespersons from the committee, with officers.
- Work Programming items on each formal agenda, as part of an annual and ongoing work programming exercise
- Full officer report on a public agenda, with time for a public discussion in committee
- Officer meetings with Chair & VC as representatives of the committee, to consider addition to the draft work programme, and later to inform the overall development of the issue and report, for the committee's consideration.

The following are examples of some of the optional ways in which the committee may wish to ensure that they are sufficiently engaged and informed prior to taking a public decision on a matter. In all cases the presumption is that these will take place in private, however some meetings could happen in public or eg be reported to the public committee at a later date.

These options are presented in approximately ascending order of the amount of resources needed to deliver them. Members must prioritise carefully, in consultation with officers, which items require what degree of involvement and information in advance of committee meetings, in order that this can be delivered within the officer capacity available.

The majority of items cannot be subject to the more involved options on this list, for reasons of officer capacity.

- Written briefing for the committee or all members (email)
 - All-member newsletter (email)
 - Requests for information from specific outside bodies etc.
 - All-committee briefings (private or, in exceptional cases, in-committee)
 - All-member briefing (virtual meeting)
 - Facilitated policy development workshop (potential to invite external experts / public, see appendix 2)
 - Site visits (including to services of the council)
 - Task and Finish group (one at a time, one per cttee)
- Furthermore, a range of public participation and engagement options are available to inform Councillors, see appendix 3.

Appendix 3 – Public engagement and participation toolkit

Public Engagement Toolkit

On 23 March 2022 Full Council agreed the following:

A toolkit to be developed for each committee to use when considering its 'menu of options' for ensuring the voice of the public has been central to their policy development work. Building on the developing advice from communities and Involve, committees should make sure they have a clear purpose for engagement; actively support diverse communities to engage; match methods to the audience and use a range of methods; build on what's worked and existing intelligence (SCC and elsewhere); and be very clear to participants on the impact that engagement will have.

The list below builds on the experiences of Scrutiny Committees and latterly the Transitional Committees and will continue to develop. The toolkit includes (but is not be limited to):

- a. Public calls for evidence
- b. Issue-focused workshops with attendees from multiple backgrounds (sometimes known as 'hackathons') led by committees
- c. Creative use of online engagement channels
- d. Working with VCF networks (eg including the Sheffield Equality Partnership) to seek views of communities
- e. Co-design events on specific challenges or to support policy development
- f. Citizens assembly style activities
- g. Stakeholder reference groups (standing or one-off)
- h. Committee / small group visits to services
- i. Formal and informal discussion groups
- j. Facilitated communities of interest around each committee (eg a mailing list of self-identified stakeholders and interested parties with regular information about forthcoming decisions and requests for contributions or volunteers for temporary co-option)
- k. Facility for medium-term or issue-by-issue co-option from outside the Council onto Committees or Task and Finish Groups. Co-optees of this sort at Policy Committees would be non-voting.

This public engagement toolkit is intended to be a quick 'how-to' guide for Members and officers to use when undertaking participatory activity through committees.

It will provide an overview of the options available, including the above list, and cover:

- How to focus on purpose and who we are trying to reach
- When to use and when not to use different methods
- How to plan well and be clear to citizens what impact their voice will have
- How to manage costs, timescales, scale.

There is an expectation that Members and Officers will be giving strong consideration to the public participation and engagement options for each item on a committee's work programme, with reference to the above list a-k.

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Report to Policy Committee

Author/Lead Officer of Report: Philip Gregory,
Director of Finance and Commercial Services

Tel: +44 114 474 1438

Report of: *Philip Gregory, Director of Finance & Commercial Services*

Report to: *Finance Committee*

Date of Decision: *18th December 2023*

Subject: *2023-24 Q2 Budget Monitoring Report*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

*This report brings the Committee up to date with the Council's outturn position for 2023/24 including General Fund revenue position, Housing Revenue Account, and Capital Programme Monitoring (**Appendix 1**). The report also provides an update of the Council's Treasury Management activity (**Appendix 2**) and the Collection Fund Account (**Appendix 3**).*

Recommendations:

The Committee is recommended to:

The Committee is asked to:

- a) Note the updated information and management actions provided by this report on the 2023/24 Revenue Budget Outturn as described in this report

- b) Note the updated information and management actions provided by this report on the Q2 2023/24 Capital Programme Monitoring as described in **Appendix 1**;
- c) Note the Treasury Management report for Q2 2023/24 as described in **Appendix 2**
- d) Note the Collection Fund monitoring report for Q2 2023/24 as described in **Appendix 3**

Background Papers:
[2023/24 Revenue Budget](#)

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: Philip Gregory, <i>Director of Finance and Commercial Services</i>		
	Legal: Sarah Bennett, <i>Assistant Director, Legal and Governance</i>		
	Equalities & Consultation: Adele Robinson, <i>Equalities and Engagement Manager, Policy, and Performance.</i>		
	Climate: n/a		
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission: Philip Gregory, <i>Director of Finance and Commercial Services</i>		
3	Committee Chair consulted: Cllr Zahira Naz, <i>Chair of the Finance Committee</i>		
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.		
	<table border="0"> <tr> <td>Lead Officer Name: Philip Gregory Jane Wilby</td> <td>Job Title: Director of Finance and Commercial Services Head of Accounting</td> </tr> </table>	Lead Officer Name: Philip Gregory Jane Wilby	Job Title: Director of Finance and Commercial Services Head of Accounting
Lead Officer Name: Philip Gregory Jane Wilby	Job Title: Director of Finance and Commercial Services Head of Accounting		
	Date: 30 th November 2023		

1. PROPOSAL

1.1. This report provides an update on the current outturn position for Sheffield City Council's revenue and capital budget for 2023/24.

2023-24 Q2 Financial Position by Directorate

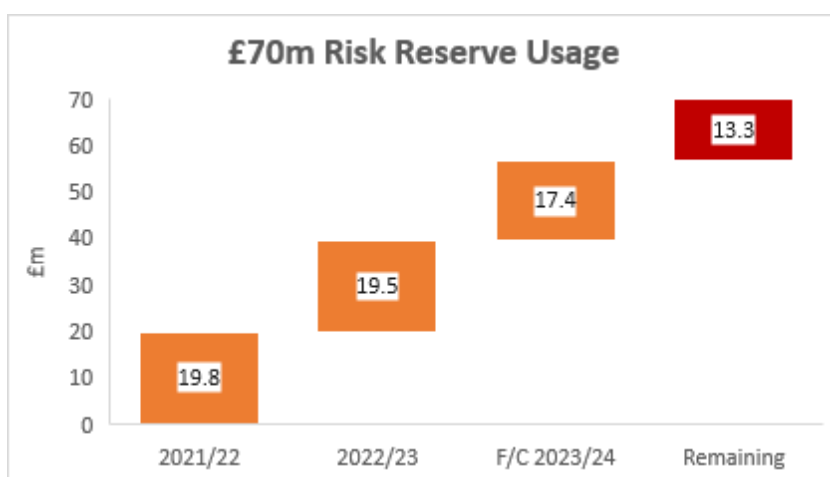
1.2. At the end of the second quarter of 2023-24, the Council's revenue budget shows a forecast overspend of £17.4m. This was a movement of £200k from the previous quarter's outturn position.

Full Year £m	Q2 Outturn	Q2 Budget	Q2 Variance	Q1 Variance	Move- ment
Neighbourhood Services	149.2	145.9	3.3	3.2	0.1
Adults	146.8	143.4	3.4	3.5	(0.1)
Children's	138.9	130.1	8.8	8.7	0.0
City Futures	49.1	48.2	1.0	0.6	0.3
Public Health & Integrated Commissioning	14.2	12.4	1.8	(0.2)	2.0
Strategic Support	14.1	9.7	4.4	4.7	(0.3)
Corporate	(494.9)	(489.7)	(5.2)	(3.0)	(2.2)
Total	17.4	(0.0)	17.4	17.6	(0.2)

1.3. This overspend is due to a combination of factors. Agreed Budget Implementation Plans ("BIPs") are not forecast to fully deliver within the year. There are underlying cost and demand pressures faced by services that are partially offset by one-off items. These "one-offs" consist of grant income, draws from specific reserves or provisions and income from central government or external sources.

Full Year Variance £m	One-off	BIPs	Trend	Total Variance
Neighbourhood Services	(4.0)	2.5	4.8	3.3
Adults	(9.9)	2.7	10.7	3.4
Children's	(3.9)	4.0	8.8	8.8
City Futures	0.5	0.4	0.0	1.0
Public Health & Integrated Commissioning	0.0	0.0	1.8	1.8
Strategic Support	(0.2)	0.0	4.6	4.4
Corporate	0.0	0.0	(5.2)	(5.2)
Total	(17.5)	9.6	25.4	17.4

1.4. In 2021/22, the Council set aside £70m of reserves to manage the financial risks associated with delivering a balanced budget position. Overspends against budgets in 2021/22 and 2022/23 have meant we have drawn almost £40m from this reserve already leaving just over £30m to manage any future budget deficits. If we overspent by £17.4m as this current forecast outturn position suggests, just £13m would be left to mitigate future budget pressures.



1.5. 2023-24 Q2 Financial Position by Committee

1.5.1. The major budget risk areas are in Childrens & Adults Social Care and in Homelessness services:

Full Year £m	Q2 Outturn	Budget	Q2 Variance	Q1 Variance	Move- ment
Adult Health & Social Care	155.4	152.3	3.1	3.2	(0.1)
Communities Parks and Leisure	47.4	46.6	0.8	0.3	0.5
Economic Development & Skills	10.9	10.9	(0.0)	0.1	(0.1)
Education, Children & Families	142.9	132.1	10.9	8.9	2.0
Housing	11.2	8.1	3.2	3.2	(0.0)
Strategy & Resources	(459.4)	(460.0)	0.6	3.1	(2.5)
Transport, Regeneration & Climate	43.1	43.1	(0.0)	(0.4)	0.4
Waste & Street Scene	65.8	66.9	(1.1)	(0.8)	(0.3)
Total	17.4	(0.0)	17.4	17.6	(0.2)

1.5.2. In 22/23, the Council's overspend improved by over £14m from the first quarter's forecasts to final outturn. This was mainly due to additional income received rather than underlying improvements in budgets and cost reductions. A big contributor to this was the Government's £500m discharge fund announced in November 2022.

Many underlying budget issues in social care services still remain and this is reflected in the current forecast position.

1.5.3. Most of the overspend is due to underlying cost and demand pressures in services. We estimate that £26m is embedded in the baseline costs but is somewhat mitigated by one-off income:

Full Year Variance £m	One- off	BIPs	Trend	Total Variance
Adult Health & Social Care	(9.9)	2.7	10.3	3.1
Communities Parks & Leisure	0.0	0.2	0.6	0.8
Economic Dev & Skills	0.0	0.0	(0.0)	(0.0)
Education, Children & Families	(3.9)	4.0	10.9	10.9
Housing	(1.7)	0.2	4.7	3.2
Strategy & Resources	(2.0)	2.2	0.4	0.6
Transport, Regen & Climate	0.0	0.1	(0.2)	(0.0)
Waste & Street Scene	(0.5)	0.3	(0.9)	(1.1)
Total	(18.0)	9.6	25.9	17.4

- 1.5.4. Balancing the General Fund 2023/24 budget was only possible because the Council identified £47.7m of savings:

General Fund Budget Implementation Plans (in £m)

Committee	Total Savings	Financial Savings Deliverable in Year	In Year Gap	Financial Savings Deliverable Next Year (Slippage)	Undeliverable Savings
Adult Health & Social Care	31.6	28.9	2.7	3.3	0.6
Comm, Parks & Leisure	2.0	1.9	0.2		0.2
Economic Dev & Skills	0.5	0.5	0.0		0.0
Ed, Children & Families	6.9	2.9	4.0	0.3	3.6
Housing	0.6	0.5	0.2		0.2
Strategy & Resources	4.1	1.9	2.2	2.1	0.2
Transport, Regen & Climate	0.8	0.7	0.1		0.1
Waste & Street Scene	1.1	0.8	0.3		0.3
Grand Total	47.7	38.1	9.6	5.7	3.9

The current forecasts show £9.6m savings plans are undeliverable this year. This represents a delivery rate of 80% against target. In 22/23, less than 65% of savings targets were delivered. Whilst we are improving upon overall delivery performance, we are still falling short of targets meaning further draws could be required from our reserves to meet these overspends if they are not managed and mitigated. Delivering in year budgets must be a key focus for all services for the Council to retain financial sustainability.

- 1.5.5. Inflation is continuing to fall; from April 2023 CPI at 7.8% to 6.3% in September (month 6). This fall in inflation does not mean that our cost base will now reduce, higher costs are now embedded in baseline expenditure. There is an increased demand for services alongside cost pressures in social care, home to school transport and homelessness services.

1.6. Key Committee Overspends:

- 1.6.1. **Adult Health and Social Care are forecast to overspend by £3.1m** The high cost of packages of care put in place during covid increased our baseline costs and this carries into 23/24. A huge amount of work has been done as part of an investment plan to tackle the underlying issues. One off funding has mitigated the position this year leaving a £0.5m overspend in the purchasing budgets. Work continues on the package reviews to reduce the baseline costs for the future. Recovery work is underway including establishment of Task & Finish groups and the development of business cases around invest to saves including focus on enablement, day services, reviewing high cost 1 to 1 support and maximising income.

The main area of overspend in the service now sits in staffing budgets. Service improvements in the Short -Term Intervention Team (STIT) are underway to deliver a stable position.

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- 1.6.2. **Education, Children and Families are forecast to overspend by £10.9m** The key overspends in the service relate to placements with external residential placements a particular issue which are forecast to exceed the previous year's costs by £6.6m. The average placement cost is £5,400 per week but due to a limited number of places in the city, placements for the most complex children can cost a much more. Actions are being taken to ensure that the right costs for placements are being met by all elements including education and where possible health. High-cost placements are also being reviewed.
- The savings proposal for £1.6m to increase fostering placements this year is forecast to not be delivered. Marketing is taking place, but our number of foster carers remains static. Nationally this has been an issue since the pandemic as older foster carers decided to exit the market and there has not been the like for like recruitment to new foster carers.
- Further demand in home to school transport costs are forecast to create a £3m overspend against budgets this year. Whilst not included in the month 6 position, the new school year has increased this overspend with a further 89 children now requiring transportation to school. Sheffield City Council are now supporting over 2,360 children with transportation to school, this has increased by almost 1,000 children in 4 years. An overarching review of this area will commence in 2024.
- Integrated Commissioning budgets are forecast to overspend by £2m in recognition of the unachieved saving from 2022/23 relating to leveraging additional funding from Health partners.

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- 1.6.3. **Homelessness support in temporary and exempt accommodation is forecast to cost the Council £8.4m** The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay. In 2022/23, the Council incurred a loss of £5.9m as a result of the legislation relating to temporary homelessness and supported accommodation. The Council is essentially bridging the gap between the amount the accommodation costs to procure and the amount we are able to recover via housing benefits.
- In 2023-24, this is forecast to cost the Council £4.9m for temporary accommodation and £3.5m for supported accommodation. The shortfalls are split between the Housing General Fund and Strategy and Resources budgets respectively.

The Budget Implementation Group

-
- 1.6.4. **A working group has been set up to drive improvements in budget delivery** A senior officer working group has been established to help drive delivery of the budget. The purpose of the Budget Improvement Group (BIG) is to improve the delivery of the Council's annual Revenue Budget (both General Fund and Housing Revenue Account) and in particular the delivery of the Budget Implementation Plans (BIPs). It will look to facilitate Council wide learning. The group is jointly chaired by the Director of Finance and Commercial Services and the Chief Operating Officer. The group has a nominated core

member from each Directorate: Adults, Children's, City Futures, Neighbourhoods and Strategic Support Services.

Transformation Funding

- 1.6.5. **The Council identified £4m to support transformation activity** As part of 2023-24 budget setting, the Council identified a £4m fund that would be used to support programmes of change in the organisation, expedite the delivery of savings plans or support where delivery of savings has become "stuck". The "BIG" group has provided advice, challenge, and recommendations for allocation of the transformation funding to the Council's Performance and Delivery Board.

In August 2023, the Performance & Delivery board approved bids to support delivery of programmes in Adult Social Care, Housing, Children's services, ICT, HR, and Organisational Strategy to build upon the Future Sheffield programme. These key projects will help stabilise the organisation and bring budgets back to a steady footing for the future. Each programme of work will be monitored, and progress reported to the Council's Performance & Delivery board to ensure activity remains on track. Overall performance will be reported to S&R committee and finance committee as part of in-year budget monitoring, with relevant policy committees overseeing progress on programmes in their areas.

Medium Term Financial Analysis (MTFA)

- 1.6.6. **The MTFA presented to S&R Committee on 7th September detailed committee budget savings targets** The Council is facing a challenging financial position. The Strategy and Resources Committee on 5th September received the Council's Medium-Term Financial analysis, highlighted the financial pressures facing the Council over the coming 4 years and the potential gap of £61.2m in resources.
- Each Committee was set a target to ensure a balanced budget for 2024/25, which requires them to find mitigations for any service pressures over above the additional resources allocated to them. The purpose of this is to allow the Council to achieve a balanced position for 2024/25 by the time the Strategy and Resources meets on 21st December 2023.

Timetable to 2024/25 Budget Setting

- 1.6.7.
- Services have been developing solutions to bridge the budget gap for 2024/25 and brought forward proposals recent policy committee meetings.
 - All Policy Committees will make their final decisions in December.
 - Consultation on the existing proposals and overall budget will need to take place.
 - Further budget balancing options will need to be developed.
 - The impact of the Local Government Financial Settlement to be assessed and reported.
 - On December 21st 2023, Strategy and Resources will be asked to make a recommendation on savings to date to Council.
 - On February the 21st 2024, Strategy and Resources will be asked to recommend the full Budget Report to Council
-

This current forecast in-year overspend must be urgently managed and mitigated to avoid the risk that the Council has to look to our available Budget Contingency Reserve (£30m) to balance at year end. Maintenance of a prudent level of contingency reserves is critical to ensure stability and sustainability for 2024/25 onwards.

23-24 Q2 Committee Budget Outturn Position

1.7. Adult Health & Social Care- £3.1m overspend

The forecast revenue outturn position for the AHS&C Committee is overspent by £3.1m	Full Year Forecast £m	Outturn	Budget	Variance
ADULTS, CARE AND WELLBEING		146.8	143.4	3.4
INTEGRATED COMMISSIONING (Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		8.6	8.9	(0.3)
Total		155.4	152.3	3.1

1.7.1. The 2023/24 settlement provided additional "one-off" funding for social care	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
ADULTS, CARE AND WELLBEING		(9.9)	2.7	10.7	3.4
INTEGRATED COMMISSIONING (Partnership Funding; Supporting Vulnerable People - Housing Related Support/Drugs and Alcohol Services)		0.0	0.0	(0.3)	(0.3)
Total		(9.9)	2.7	10.3	3.1

In February 2023 the Department for Levelling Up, Housing and Communities (DLUHC) approved the 2023/24 settlement for Local Government. Included within the Settlement were some funding and taxation commitments for 2024/25. These included details of Council Tax thresholds and additional funding for social care.

Beyond 2024/25 the picture is less clear. However, there is a general acknowledgement that due to fiscal constraints, there will be very little, if any, increase in public sector spending in unprotected services such as Local Authorities over the remaining period of the Medium-Term Financial Analysis. This settlement has been treated as "one-off" in year due to future uncertainty.

1.7.2. Of the £31.6m savings targets, £28.9m are on track to be delivered in year with some saving set to outperform budget, leaving a £2.7m in year gap: Of the £31.5m savings, £12.6m relate to additional grant income not a reduction in costs. Of the £2.7m of savings declared unachievable in 23/24, £3.3m are hoped to be delivered in 24/25 and with the remaining £2.1m declared undeliverable offset by £1.4m over delivery on some savings.

Budget Savings (BIPS) £m

Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	6.8	3.1	3.7	2.9	0.8
Amber	1.7	1.4	0.4	0.3	0.0
Green	23.0	24.5	-1.4	-0.0	-1.4

Total	31.6	28.9	2.7	3.3	-0.6
Savings Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Driving Improvements in Social Work Practice	1.1		1.1	0.8	0.3
Review of Better Care Fund	0.5	0.3	0.3		0.3
Appropriate use of residential care	0.5	0.3	0.3		0.3
Nursing care costs	0.3	0.2	0.2	0.2	-0.0
Direct Payments	0.3	0.2	0.1	0.1	-0.0
Contract savings	0.3	0.1	0.1	0.1	-0.0
Review of Living & Ageing Well	0.2		0.2	0.2	-0.0
Dedicated case management for young adults	0.4		0.4	0.4	-0.0
Review significant cost increases	1.1	0.7	0.4	0.4	-0.0
Homecare Transformation Project - Strength Based Reviews	0.5	0.3	0.2	0.2	-0.0
Reviewing homecare post pandemic	1.0	0.6	0.4	0.4	-0.0
Review cost increases	0.3	0.2	0.1	0.1	-0.0
Supported Living	0.5	0.3	0.2	0.2	-0.0
RED BIPS Total	6.8	3.1	3.7	2.9	0.8

1.7.3.	Purchasing activities are overspent by £0.5m	Full Year £m	Outturn	Budget	Var.
	Learning Disabilities	36.1	32.5	3.5	
	Older People	22.5	24.7	(2.2)	
	Physical Disabilities	17.5	18.2	(0.7)	
	Mental Health	9.0	9.1	(0.1)	
	Total Purchasing	85.0	84.6	0.5	

Learning Disabilities Purchasing, excluding the Social Care Grant is £9.7m overspent. This is net of £1.7m Continuing Health Care income from 22/23. Recovery work is underway including establishment of task & finish groups and the development of business cases around invest to saves including focus on enablement, day services, reviewing high cost 1 to 1 support and maximising income.

1.7.4.	The recovery plan details how the service will address the budget position in 2023/24	The Adult Social Care recovery plan was presented to committee on 20th September 2023 detailed how the service intends to address in 2023/24 in 5 key focus areas:
		<ul style="list-style-type: none"> • Recovery reviews • Enablement approach for working age adults, • Staffing costs • Residential care • Disability Facilities Grant

1.7.5. Transformation funding has been approved to support delivery of the BIPs	Funding has been approved to keep agency teams in place until the end of the financial year. This is a short-term investment to reduce long-term costs. Additional governance arrangements have been put in place to manage the performance of agency teams, with monthly reporting to the Council's Performance and Delivery Board.
1.7.6. A delay in housing related support provision is forecast to create a small underspend in 2023/24	A £0.3m underspend in Integrated Commissioning relates to Housing Related Support. Expenditure had been previously agreed for a new complex needs service for vulnerable adults who have accommodation needs. The service is unable to start until a suitable property is found and because it has not been possible to secure anywhere to date, the service will not start until later in the year.
1.7.7. The service is £1.9m overspent on staffing	Staffing is £1.9m overspent mainly in STIT (Short -Term Intervention Team) and Enablement teams which includes £0.2m undeliverable BIPs. Service improvement plans are underway to deliver a stable position.
1.7.8. A reduction in the disabled facilities grant has created an overspend	Community Equipment is £0.5m overspent and City-Wide Care Alarms £0.3m overspent due to no longer having access to Disabled Facilities Grant to fund these services.
1.7.9. Savings delivery remains the biggest challenge to the committee's financial position	<p>The key financial risk for 2023/24 is the pace of savings required and the impact of prior year's savings carrying into 2023/24 on top of current challenges. when significant new additional savings are also required of the service. So far, BIP delivery is positive at 91% with the remainder to be delivered in 2024/25.</p> <p>As with the other areas of the Council, cost and pay inflation are the major drivers for social care pressures into the medium term. Adults Social Care services are also forecasting increased pressures as a result of fee uplifts, growth and other demographic changes, plus increased transition costs between children's and adult care.</p>

1.8. **Communities, Parks & Leisure Committee – overspend of £0.8m**

1.8.1.	The Communities Parks & Leisure Committee is forecast to overspend by £0.8m	Full Year £m	Outturn	Budget	Variance
	Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)		11.8	11.4	0.3
	Parks, Leisure & Libraries (Bereavement; Coroner and Medico Legal; Libraries and Archives; Parks and Countryside; Partnerships and Special Projects; Physical Activity and Sports; Public Health)		34.9	34.1	0.7
	Integrated Commissioning (Voluntary Sector)		0.8	0.8	0.0
	Business Improvement		(0.1)	0.2	(0.3)
	Total		47.4	46.6	0.8

1.8.2.	There is forecast to be a shortfall of BIP delivery of £0.2m relating to Parks and Libraries	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
	Community Services (Community Safety; Family Centres; Youth Services; Community Services Business Support)		0.0	0.0	0.3	0.3
	Parks, Leisure & Libraries		0.0	0.2	0.6	0.7
	Integrated Commissioning (Voluntary Sector)		0.0	0.0	0.0	0.0
	Business Improvement		0.0	0.0	(0.3)	(0.3)
	Total		0.0	0.2	0.6	0.8

1.8.3. Of the committee's £2m savings, £200k will not be delivered in year:

Budget Savings (BIPS) £m

Service	Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
PARKS, LEISURE & LIBRARIES	Red	0.6	0.4	0.2		0.2
	Green	1.1	1.1	0.0		0.0
PARKS, LEISURE & LIBRARIES Total		1.7	1.5	0.2		0.2
COMMUNITY SERVICES	Green	0.4	0.4	0.0		0.0
COMMUNITY SERVICES Total		0.4	0.4	0.0		0.0
Grand Total		2.0	1.9	0.2		0.2

1.8.4. Libraries will under deliver BIPs by £135k	Libraries are set to fall short of the £585k target by £170k. This is part of a multi-year savings programme of £771k over 3 years. The shortfall will be mitigated by high vacancy rates this year. The next stage of redesign of library service is needed including a review of home library service as well as longer term review which needs to link into Council's approach to face to face service delivery in communities.
1.8.5. There is a potential underspend in Youth Services	The Youth service underspent by £1.1m last year due to delays in the implementation of a new operating model and recruitment slippage. Continued delays into 23/24 could create an underspend again this year although the service is forecast to spend to budget.
1.8.6. Community services is forecast to overspend by £348k	The overspend in the community services budgets relates to community support workers costs that were previously funded through Clinically Extremely Vulnerable grant funding which is no longer in place to support the expenditure.
1.8.7. The Parks Leisure & Libraries Services are forecast to overspend by £735k	Coroner and Medico Legal Centre are forecast to overspend by £338k due to increased staffing and contractual costs and small assorted overspends elsewhere are being offset by business improvement vacancies (£305k).

1.9. Economic Development & Skills Committee – balanced

1.9.1.	The Economic Development & Skills Committee budgets is forecast to hit a balanced position for the year	Full Year £m	Outturn	Budget	Variance
		EDUCATION & SKILLS (Employment and Skills; Family and Community Learning)	0.8	0.8	(0.0)
		PARKS, LEISURE & LIBRARIES (Events)	0.7	0.6	0.1
		ECONOMY, CULTURE & SKILLS	9.4	9.5	(0.1)
		Total	10.9	10.9	(0.0)

The forecast for services within the committee is to balance with small offsetting overspends in events and underspends in Economy, Culture & Skills.

1.9.2.	Whilst the net budget is £10.9m, the Committee is reliant on £16.1 m of income to support the services.	Service	Net Budget	Outturn - Income	Outturn - Expend	Total Outturn	Total Variance
		CULTURE, TOURISM & EVENTS	4.3	(0.2)	4.5	4.4	0.1
		ECON DEV & CULTURE	2.0	(0.3)	2.1	1.8	(0.2)
		EMPLOYMENT & SKILLS	1.8	(5.7)	7.3	1.6	(0.2)
		ECONOMY & BUSINESS SUPPORT	1.2	(0.6)	1.8	1.3	0.1
		FAMILY & COMMUNITY LEARNING	0.8	(7.9)	8.8	0.8	(0.0)
		EVENTS	0.6	(0.7)	1.4	0.7	0.1
		BUS DEV& FUND MGMT	0.4	(0.6)	1.0	0.4	0.0
		Grand Total	10.9	(16.1)	27.0	10.9	(0.0)

1.9.3. Budget Savings (BIPS) £m

Service	Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap
ECONOMY, CULTURE & SKILLS	Green	Maximising income from external grant sources	0.1	0.1	0.0
	Green	Reduction in activity budget for responding to in-year opportunities	0.1	0.1	0.0
ECONOMY, CULTURE & SKILLS Total			0.1	0.1	0.0
EDUCATION & SKILLS	Green	Review of delivery model of SEND at Sheaf Training Centre.	0.1	0.1	0.0
		Use grant funding to mitigate pay award pressure	0.3	0.3	0.0

	EDUCATION & SKILLS Total	0.4	0.4	0.0
	Total	0.5	0.5	0.0
1.9.4.	The committee's BIPS will be delivered	The four savings targets totalling £0.5m are forecast to be fully delivered this year.		

1.10. Education, Children & Families Committee - £10.9m overspend

1.10.1.	The Education, Children & Families General Fund is overspent by £10.9m	Full Year £m	Outturn	Budget	Variance
		Children & Families	119.6	114.1	5.5
		Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	18.4	15.2	3.3
		Integrated Commissioning (Commissioning; Children's Public Health; Early Help and Prevention)	4.9	2.8	2.1
		Total	142.9	132.1	10.9

1.10.2.	The 2023/24 settlement provided additional "one-off" funding for social care	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
		Children & Families	(3.9)	3.5	5.9	5.5
		Education & Skills (Access and Inclusion; Business Support; Operational and Portfolio Wide Budgets; School Budgets; Schools and Learning; SEN, EMTAS)	0.0	0.4	2.8	3.3
		Integrated Commissioning	0.0	0.0	2.1	2.1
		Total	(3.9)	4.0	10.9	10.9

In February 2023 the Department for Levelling Up, Housing and Communities (DLUHC) approved the 2023/24 settlement for Local Government. Included within the Settlement were some funding and taxation commitments for 2024/25. These included details of Council Tax thresholds and additional funding for social care.

Beyond 2024/25 the picture is less clear. However, there is a general acknowledgement that due to fiscal constraints, there will be very little, if any, increase in public sector spending in unprotected services such as Local Authorities over the remaining period of the Medium-Term Financial Analysis. This settlement has been treated as "one-off" in year due to future uncertainty.

1.10.3. Budget Savings (BIPs) £m

Service	Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
CHILDREN & FAMILIES	Red	4.6	1.3	3.3	0.3	3.0
	Amber	0.2		0.2		0.2
	Green	1.2	1.2	0.0		0.0

CHILDREN & FAMILIES Total		6.0	2.4	3.5	0.3	3.2
EDUCATION & SKILLS	Red	0.4		0.4		0.4
	Amber	0.1	0.0	0.1		0.1
	Green	0.4	0.4	0.0		0.0
EDUCATION & SKILLS Total		0.9	0.4	0.4		0.4
INTEGRATED COMMISSIONING	Green	0.1	0.1	0.0		0.0
INTEGRATED COMMISSIONING Total		0.1	0.1	0.0		0.0
Grand Total		6.9	2.9	4.0	0.3	3.6

Of the committee's £6.9m Budget Implementation Plans (BIP) £4m are forecast to fall short this year representing a 42% delivery rate.

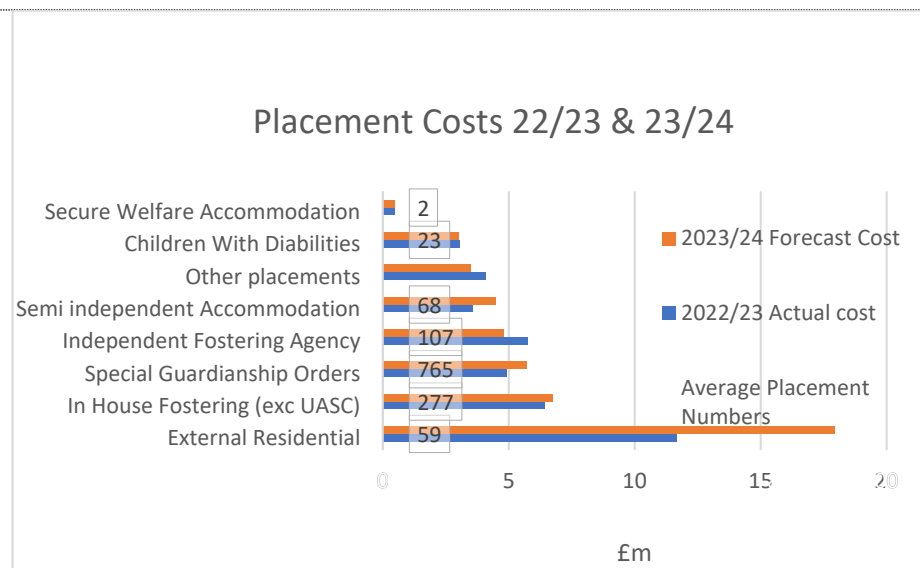
1.10.4. Details of the BIPs set to fall short of the target are shown below:

Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	A targeted campaign to increase numbers of fostering places available by 40 by OCT 2023	1.6		1.6		1.6
	Engage with partner to more cost effective way of working	0.3		0.3		0.3
	Edge of Care Staffing	0.2	0.0	0.1	0.0	0.1
	On-call service review	0.3		0.3		0.3
	Rebase the MAST budget	1.2	1.1	0.1	0.1	0.0
	Review care leaver offer to ensure access to support continues post 21	0.4	0.2	0.2	0.2	0.0
	Sufficiency and Placement Mix - identify and transition 18 year-old Care expedite transfer to Council / Social Housing	0.5		0.5		0.5
	Decentralise funding to increase efficiency	0.2	0.0	0.2	0.0	0.2
Children & Families Total		4.6	1.3	3.3	0.3	3.0
Red	Max opportunities across TS, C&F and SENDSARS for collaboration work to drive efficiencies in Home to School transport	0.4		0.4		0.4
Education & Skills Total		0.4		0.4		0.4
Total RED BIPS		4.9	1.3	3.7	0.3	3.3

1.10.5. **Placement costs continue to create overspends for the service** The key overspends in the service relate to placements with external residential a particular issue. These are forecast to exceed the previous year's costs by £6.6m. This sits alongside undelivered targets from the previous year of £2m.

The average placement is £5,400 per week. However, due to a limited number of places in the city, the most complex

children can cost much more. Actions are being taken to ensure that the right costs for placements are being met by all elements including education and where possible health. High-cost placements are also being reviewed.



1.10.6. The number of children in care is fairly stable Even though there is an increase in demand at the front door, we are maintaining our number of children in care that is with a backdrop of increased Unaccompanied Asylum Seeker Children. The number of looked after children has reduced from 674 (2021), to 666 (2022) to 653 (2023). This is low in contrast to comparators. This impacts on the cost of placements given the cases tend to be more complex and therefore more expensive.

1.10.7. We are struggling to recruit foster carers The savings proposal for £1.6m to increase fostering placements this year is also forecast to not be delivered. Marketing is taking place, but our number of foster carers remains static. Nationally this has been an issue since the pandemic as older foster carers decided to exit the market and there is not the like for like recruitment to new foster carers.

Foster placements has dropped from 71.0% to 65.1%, this has caused the major rise to the number of children placed in children’s homes, secure units, and hostels (including semi-independent living) from 19.0% to 25.1%, which is largely higher than comparators (range 12% to 16%).

This needs to be seen in the changes to our placement mix- more young people who we look after are young asylum-seeking children – who historically have been less likely to be placed within family-based care. A project is underway to increase Supported Lodgings – which should impact the use of semi-independent living. Whilst we want to increase the offer across the city, we are specifically working to target communities who have expressed an interest in supporting young people from asylum seeking backgrounds and who we have not historically reached effectively.

1.10.8. **£2m undelivered savings proposal from 22/23 adds to the committee overspend** Integrated Commissioning budgets are forecast to overspend by £2m in recognition of the unachieved saving from 2022/23 which reduced the base budgets this year. The saving related to leveraging additional funding from Health partners.

1.10.9. **Home to school transport is set to cause a £3m overspend this year** Further demand in home to school transport costs are forecast to create a £3m overspend against budgets this year. Whilst not included in the month 6 position, the new school year has increased this overspend with a further 89 children now requiring transportation to school. Sheffield City Council are now supporting over 2,360 children with transportation to school, this has increased by almost 1,000 children in 4 years.

An overarching review of home to school transport has now commenced to drive actions to reduce costs and no of trips provided. The impact of this work is unlikely to deliver measurable results this year but should reduce the overspend in the longer term.

1.10.10. Dedicated Schools Grant (DSG) is forecast to overspend by £0.6m	DSG Full Year Forecast £m	Outturn	Budget	Variance
	Children & Families	6.9	6.9	(0.0)
	Education & Skills	231.4	230.9	0.5
	Community Services	0.6	0.6	0.0
	Integrated Commissioning	3.4	3.3	0.1
	Organisational Strategy P&D	0.2	0.2	0.0
	Total	242.6	242.0	0.6

The main cause of overspend in Education & Skills is due to increases in Early Years EHCP plans and Special Educational Needs.

The integrated commissioning overspend relates to back dated costs of increased Medical Services contract.

1.11. **Housing Committee - General Fund Overspend of £3.2m & Housing Revenue Account overspend of £1.9m**

1.11.1.	The Housing General Fund is forecast to overspend by £3.2m against budget.	Full Year £m	Outturn	Budget	Variance
		Housing General Fund	11.1	7.9	3.2
		Regeneration And Development (Housing Growth - General)	0.2	0.2	(0.0)
		Total	11.2	8.1	3.2

The majority of the overspend in the Housing General Fund relates to homeless temporary accommodation and the loss the Council incurs as a result of Government subsidy rules.

1.11.2. **An increase in demand for Supported Accommodation & Housing Benefit Regulations have created a budget problem for the Council**

The Government does not fully subsidise all housing benefit payments made by the Council even though it sets the rules that determine the amount the Council has to pay.

In 2022/23, the Council incurred a loss of £2.8m as a result of the legislation relating to temporary homelessness accommodation. The Council is essentially bridging the gap between the amount the accommodation costs, in this case using hotels and B&Bs, and the amount we are able to recover via housing benefits from DWP, "subsidy loss".

In 2023/24 based on current demand and costs, the forecast subsidy loss is expected to reach £4.9m. There is no budget to support this. The in-year position has been mitigated by the use of prior year Homelessness grants totalling £1.7m, the team are working through the detail to ensure we are maximising use of grant funding towards the issue and clarifying eligibility on a number of other funding streams. Use of this funding could create pressures on staffing budgets in the next 2 years, but teams are looking for ways to resolve this. This particular mitigation is a one-off and is not an option for future years. Urgent action must be taken to reduce the loss incurred by the Council in this area.

1.11.3. **The Housing Solutions team are developing short- and long-term strategies to deal with the problems**

Ultimately, we need to stop using hotels and B&Bs as Temporary Accommodation for a variety of reasons, not just because of the financial cost. The service is developing a Temporary Accommodation strategy that will set out our approach, and options including commissioning models or recommendations for policy decisions.

The situation has arisen post lockdown and following the introduction of the Homelessness Reduction Act in 2017 coupled with the shortage of affordable housing in the city and a limited range of options, our use of hotel and B&B accommodation has reached an unsustainable and unaffordable level. The increase in Homelessness is a national issue and there are now more than 100,000 households in Temporary Accommodation which is the highest level for 20 years.

Some of the immediate measures in place to contain the problem include:

- **Voids** – working with the recently established team in housing to ensure we are utilising our stock to maximum effectiveness,
- Investigating **private sector** capacity and alternative delivery models to better use private sector rental as interim housing options
- Introduction of temporary **new management** resource in the housing solutions team focussing on strengthening process and challenge
- Recruiting **additional temporary staff** to deal with backlogs of cases and increasing the number of staff in the prevention team,
- Encouraging **partnering** of exempt supported accommodation providers with registered providers and social landlords to maximise claim eligibility.
- Commissioned end-to-end independent **process reviews** of placements to ensure rapid re-housing is taking place and challenging the robustness process and placement decisions,
- Reviewing, and moving on, **longer term placements in temporary and supported accommodation** to provide more cost-effective options to those at immediate risk of hotel accommodation,
- Developing business cases to strengthen the bolster resource in the **claims review team**,
- Working with **other Authorities** to understand potential localised solutions within the sub-region.

In the longer term, other actions are also underway:

- Current construction costs have made planned new TA schemes unaffordable in their current form. **Value engineering** work on capital investment opportunities for Temporary Accommodation are underway to find ways to make investments financially viable.
- Becoming more **creative** with our acquisition approach including repurposing alternative accommodation or leasing opportunities
- Working with **partner organisations**, including the South Yorkshire Housing Partnership to expand housing that is available
- Focus towards improving earlier **prevention** levels and focus on prevention activities including supporting residents to maintain tenancies and better targeted support.
- Our work with the **Royal Foundation** offers greater opportunities and access to resources with the aspiration to eliminate family homelessness.

1.11.4.	There is further demand risk to	The Home Office are accelerating decisions on backlogs of asylum cases, and this is likely to start being felt in the next month. This will mean more people will be presenting as homeless following positive decisions in addition to the usual
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Housing General Fund budgets

flow. This would result in a higher than usual number of people who have No Recourse to Public Funds (NRPF) with negative decisions. Partner organisations are signposting to Supported Exempt Accommodation (SEA). Both are likely to add pressures to the use of hotels and SEA. We are working with Migration Yorkshire and Home Office to try and understand the scale of the issue and what the impact will be and looking for any alternative options.

1.11.5.	The Housing Revenue Account is forecast to overspent by £0.5m	Full Year £m	Outturn	Budget	Variance
		Net Income – Dwellings	(160.1)	(161.6)	1.4
		Other income	(7.7)	(6.9)	(0.8)
		Repairs & Maintenance - Responsive repairs	50.2	46.9	3.3
		Repairs & Maintenance - Other	1.3	1.9	(0.6)
		Depreciation	25.0	25.0	0.0
		Tenant Services	54.5	55.9	(1.5)
		-Council Tax	1.9	1.9	0.0
		-Disrepairs	4.7	3.9	0.7
		Interest on borrowing	12.9	13.6	(0.7)
		Contribution to Capital Programme	17.5	19.3	(1.9)
		Total	0.0	0.0	0.0
1.11.6.	The key variance is rent loss of £1.4m from vacant properties	£1.4m of the variance relates rent loss from vacant properties including an undelivered BIP saving to implement measures to improve void rent loss. A multi-functional voids team is now in place to address this. This is offset by (£334k) lower bad debt provision than budget.			
1.11.7.	Other income is £800k higher than anticipated	Furnished accommodation service charges have overachieved by over £430k against budgeted levels and the service has benefitted from additional interest of £470k			
1.11.8.	Repairs and maintenance costs are £3.3m over budget	There are overspends in responsive repairs of over £3.3m. Key variances include overspends of £4.6m in subcontractor costs due to workflow increases in voids and working at height, £1.28m on equipment and materials, £1.7m agency costs, offset by (£3.6m) forecast capital income recharges mainly relating to firestopping, voids and working at height. The total overspend is largely represented by the unachieved BIP as show in 1.11.12.			
1.11.9.	Tenant Services is forecast to underspend by £1.5m	There are a variety of overspends in tenant services largely offset by lower recharges, additional capital management fee income £346k and vacancies in fire safety £407k, Asset Management Programme £231k and Housing Employability Project £227k, Tenancy enforcement team £284k and communal areas £229k.			
1.11.10.	Disrepair claims are continuing to cause overspends	Legal fees on disrepair cases are still high, partly due to an unachieved BIP, though an improvement plan is in place to reduce claims and further cost escalations.			

1.11.11. **Capital financing costs are lower than budget** HRA capital financing costs i.e., the interest payable on debt are lower than budget by £700k.

1.11.12. **Budget Savings (BIPS) £m**

Service	Financial RAG	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
HOUSING GENERAL FUND	Red	0.2		0.2		0.2
	Green	0.3	0.3	0.0		0.0
HOUSING GENERAL FUND Total		0.4	0.3	0.2		0.2
REGENERATION & DEVELOP	Green	0.2	0.2	0.0		0.0
REGENERATION AND DEVELOPMENT Total		0.2	0.2	0.0		0.0
HOUSING REVENUE ACCOUNT	Red	5.0	1.6	3.4	0.2	3.2
	Green	17.8	17.8	0.0	0.0	0.0
HOUSING REVENUE ACC Total		22.8	19.4	3.4	0.2	3.2
Grand Total		23.5	19.9	3.5	0.2	3.3

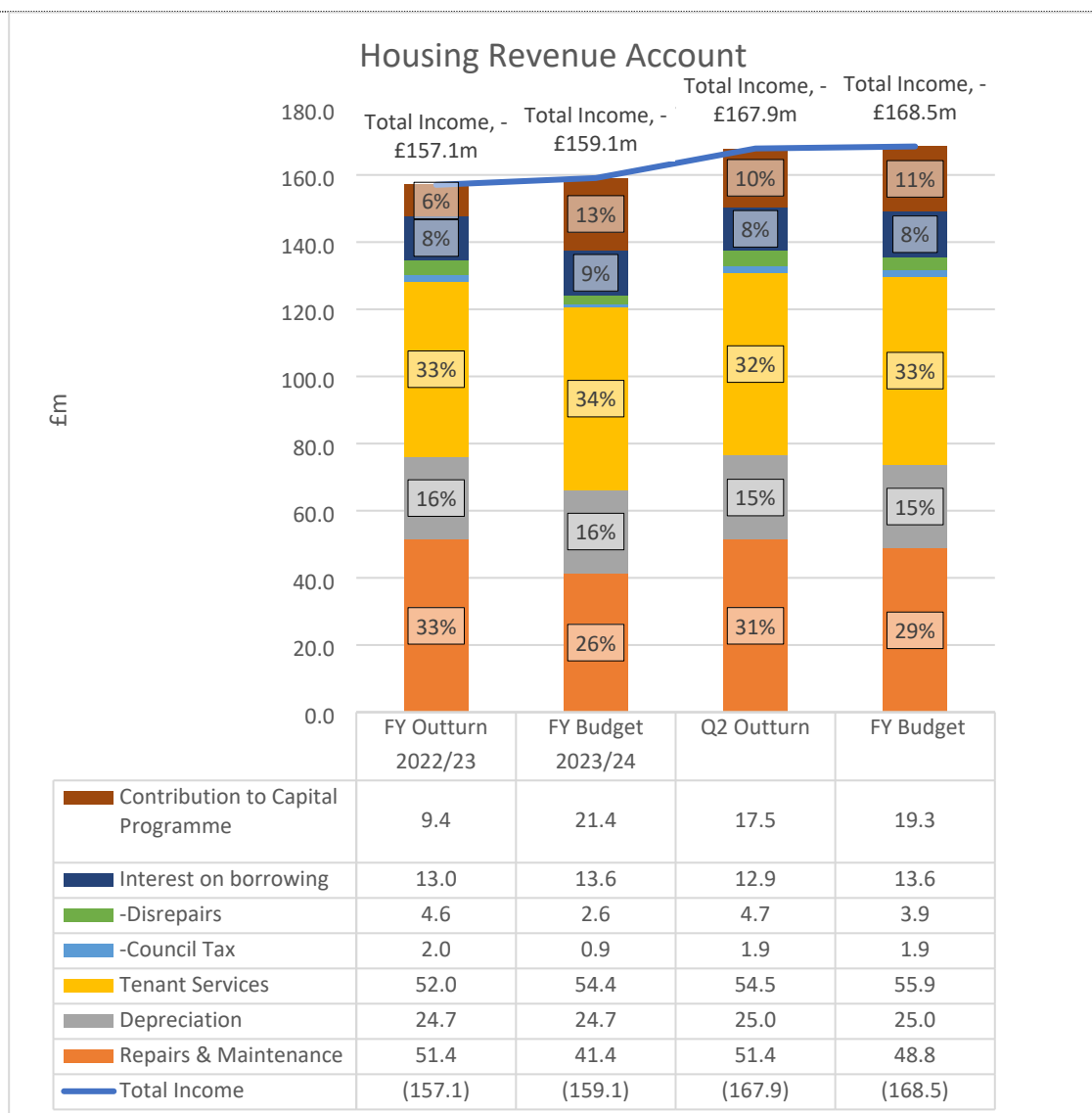
Of the £23.5m savings targets in place for 2023/24, £19.9m are forecast to be delivered. The £0.2m saving in the Housing General Fund relates to temporary accommodation which given the context of current budget pressures is not achievable this year.

Other red rated savings relate to the HRA, the main shortfall with repairs & maintenance:

Description	Total Savings	Savings Deliverable in Year	In Year Gap
Improvement in disrepair management	1.2	0.9	0.3
Improvement in void rent loss	1.8	0.1	1.6
Introduce recharges to tenants	0.3	0.1	0.3
Reduction in sub-contractor usage and a review of overheads in (RMS)	1.5	0.5	1.0
Review of Community Buildings	0.2		0.2
Total	5.0	1.6	3.4

1.11.13. The below chart shows the breakdown of the HRA in comparison to the prior year.

Uplifts to budgets in disrepairs, council tax, tenant services and most significantly repairs and maintenance should make contributing to the capital programme more achievable this financial year.



1.11.14.	Community heating account underspent by £0.3m	Full Year £m	Outturn	Budget	Variance
			(4.8)	(4.4)	(0.4)
			4.4	4.3	0.2
			(0.4)	(0.1)	(0.3)

1.11.15. **Overspends in the HRA impact the capital programme** The forecast outturn position results in a reduced contribution to the future programme. A sustained improvement in revenue budgets in 2023/24 must be delivered to ensure the long-term capital programme and HRA business plan remains affordable.

1.12. Strategy and Resources - £0.6m overspend

1.12.1.	The Strategy and Resources Committee budget is forecast to overspend by £0.6m	Full Year £m	Outturn	Budget	Variance
		Housing Benefit	3.7	0.2	3.5
		Regeneration And Development (Property)	(3.5)	(4.6)	1.1
		Organisational Strategy P & D	5.0	4.8	0.2
		People & Culture	6.4	5.9	0.5
		General Counsel	3.4	2.7	0.7
		Operational Services (Customer Services; Facilities Management; Transport)	22.2	21.9	0.3
		Policy & Democratic Engagement	7.7	7.5	0.2
		Digital Innovation & Ict	15.0	15.1	(0.1)
		Finance & Commercial Services	21.9	21.8	0.0
		Central Costs	(47.9)	(47.6)	(0.3)
		Public Health (Public Health Dph)	(0.1)	(0.1)	0.0
		Corporate Transactions	(517.7)	(517.7)	(0.0)
		Community Services (Local Area Committees)	2.8	2.9	(0.0)
		Resources Management& Planning	(0.0)	0.0	(0.0)
		Contract Rebates & Discounts	(1.0)	(0.7)	(0.3)
		Consolidated Loans Fund	22.8	28.1	(5.2)
		Total	(459)	(460)	0.6

1.12.2. **An increase in demand for Supported Accommodation & Housing Benefit Regulations have created a budget problem for the Council**

Exempt accommodation is defined in the Housing Benefit regulations as being accommodation provided by a Council, a Housing Association, a registered Charity, or a voluntary organisation where care or support or supervision is provided by the landlord or is provided on behalf of the landlord.

Where exempt accommodation is provided by a *Housing Association*, the subsidy rules mean that the Council receives 100% in subsidy in respect of the awards of Housing Benefit that are paid. Where exempt accommodation is provided by a *voluntary organisation or a registered charity* (but not by a Housing Association), the subsidy rules mean that the Council does not receive 100% in subsidy in respect of the awards of Housing Benefit that are paid.

The Housing Independence Service completed an exercise a few years ago with short term service providers who were not registered social landlords to encourage them to register themselves or partnered them with existing social landlords to act as the official landlord for the service they were providing. Completing a similar exercise with long-term providers and Adult Care and Housing commissioners will help relieve future pressures on Council budgets.

The subsidy shortfall cost the Council £3m for this type of accommodation in 22/23 and is forecast to cost in the region of £3.5m for 23/24 unless immediate action is taken to limit our exposure to the issue.

1.12.3. **Shortfalls in income from commercial property are forecast**

There is a shortfall against budgeted income for Electric Works of £305k due to low occupancy rate. The property lost key tenants in 2022/23 and more have left in this financial year

	<p>to create a £1.1m budget gap leaving occupancy at 57% where the budget is for 85% occupancy to meet income targets.</p> <p>The property team are falling short of their fee targets by £219k on property disposals and £128k on acquisitions. There is also a further £200k shortfall in other commercial estate income and vacant property management costs.</p>
<p>1.12.4. Shortfalls in 2022/23 BIP delivery have left legacy issues for 2023/24</p>	<p>Savings plans in 2022/23 required significant budget savings relating to operating model changes in the Council's Strategic Support Services directorate. Some of the savings plans were not delivered in 22/23 and have slipped into this financial year. Affected services include Organisational Strategy Performance and Delivery (formally Business Change), Human Resources, General Council (Legal Services), Finance & Commercial Services, Policy, and Democratic Engagement.</p> <p>The Future Sheffield programme will look to re-base budgets in some of these services over the coming months to ensure resourcing is financially sustainable in the directorate. Allocations from the transformation fund have been made to support this programme of work to right size services to ensure operational and financial resilience for the future.</p>
<p>1.12.5. Interest income from cash balances continues to remain strong</p>	<p>High interest rates have had a positive impact for the Council for 2022/23 and further gains above budget have been made into 2023/24. At the Bank of England's last Monetary Policy Committee meeting in November 2023, the interest rate was held at 5.25%, the market implied path is that the bank rate will remain at this level until Q3 of 2024.</p> <p>The Council has strong cash balances and agile treasury management activity has enabled us to benefit from these favourable market investment rates. Slippage in the capital programme has also reduced the need to externalise borrowing. A forecast £5m improvement against expectations has been reflected in the Q2 forecast and goes some way towards mitigating some of the challenges faced in Strategy and Resources committee budgets.</p>

1.13. **Transport, Regeneration & Climate Committee - balanced**

1.13.1.	The Transport, Regeneration & Climate Committee is forecast balance to budget	Full Year £m	Outturn	Budget	Variance
		Streetscene & Regulation (Clean Air Zone)	(0.0)	0.0	(0.0)
		Inclusive Growth & Development (Planning Services; ITA Levy; Transport and Infrastructure)	40.7	40.6	0.0
		Regeneration And Development (Capital Delivery; Property Regeneration)	2.4	2.5	(0.0)
		Total	43.1	43.1	(0.0)

1.13.2.	Underlying income trends contribute to the budget position	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
		Streetscene & Regulation (Clean Air Zone)	0.0	0.0	(0.0)	(0.0)
		Inclusive Growth & Development (Planning Services; ITA Levy; Transport and Infrastructure)	0.0	0.1	(0.1)	0.0
		Regeneration And Development (Capital Delivery; Property Regeneration)	0.0	0.0	(0.0)	(0.0)
		Total	0.0	0.1	(0.1)	(0.0)

Services within the committee are required to deliver £800k of savings this year. Current forecasts show £700k of the BIPs are on target.

The shortfall against target relates to the proposal to increase fees and charges for Building Control services. New methodology for liabilities (WIP) has been introduced but has created a negative movement in July, impacting forecast outturn and overall deliverability of BIP target. The activity levels still support original forecast.

1.13.3.	The underspend reflects vacancies and higher Highway Network activity.	Contributory factors in the underspend are vacancies within Planning & Transport and extra income from higher than planned Highway Network Management activity, somewhat offset by a continuation of reduced planning fee income for the year in the region of £0.5m
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1.13.4.	There are overspends in development control	Planning applications are forecast to fall short of income targets by £553k and building standards £309k this year. If the current income trend continues for the following 2 quarters of the year, there could be additional income risk above reported forecast levels.
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1.13.5.	A breakdown of budgets included in the TRC committee is provided below for further detail on the split between income and expenditure budgets:
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Service	Budget	Outturn - Income	Outturn - Expendi ture	Total Outturn	Total Variance
PRECEPTS AND LEVIES	23.8		23.8	23.8	(0.0)
TRANSPORT & INFRASTRUCTURE	14.0	(6.5)	19.6	13.1	(0.9)
PLANNING SERVICES	2.6	(3.8)	7.3	3.5	0.9
CAPITAL DELIVERY SERVICE	2.0	(6.1)	8.1	2.0	(0.0)
PROPERTY REGENERATION	0.3	(0.9)	1.2	0.3	(0.0)
DIR OF PLANNING INVEST & SUS	0.2	0.0	0.2	0.2	0.0
DIRECTOR OF REGEN AND DEVELOPM	0.1	(0.6)	0.7	0.1	0.0
CARBON REDUCTION			0.0	0.0	0.0
CLEAN AIR ZONE	0.0	(7.0)	7.0	(0.0)	(0.0)
SUSTAINABILITY & INVESTMENT	0.0	0.0	0.0	0.0	0.0
Grand Total	43.1	(24.9)	68.0	43.1	(0.0)

1.14. Waste & Street Scene Committee is £1.1m underspent

1.14.1.	The Waste & Street scene committee is forecast to underspend by £1.1m.	Full Year £m	Outturn	Budget	Variance
		Streetscene & Regulation (City Centre Management; Director Of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services)	65.8	66.9	(1.1)
		Total	65.8	66.9	(1.1)

1.14.2.	Whilst the committee is forecast to underspend this year, £300k of savings plans are set to fall short of target	Full Year Variance £m	One-off	BIPs	Trend	Total Variance
		Streetscene & Regulation (City Centre Management; Director Of Street Scene; Environmental Regulations; Highway Maintenance; Highways Contract; Licensing; City Markets; Waste Management; Emergency Planning; Parking Services)	(0.5)	0.3	(0.9)	(1.1)
		Total	(0.5)	0.3	(0.9)	(1.1)

1.14.3. Budget Savings £m*rounded to nearest £100k

Financial RAG	Description	Total Savings	Savings Deliverable in Year	In Year Gap	Savings Deliverable Next Year	Undeliverable Savings
Red	Further dimming of lighting & reduction to carbon emissions	0.1		0.1		0.1
Red Total		0.1		0.1		0.1
Amber	Challenge planning conditions for longer parking tariff periods	0.1		0.1		0.1
	Reduction in nighttime running hours of City Centre fountains	0.1	0.1	0.1		0.1
Amber Total		0.2	0.1	0.1		0.1
Green	5% cuts to supplies & services budgets	0.1	0.1	0.0		0.0
	50% cut to training budgets	0.0	0.0	0.0		0.0
	Create new car park at West Lane	0.1	0.1	0.0		0.0
	Freeze the annual contribution to the lifecycle costs sinking fund	0.3	0.3	0.0		0.0
	Removal of underspent budget	0.1	0.1	0.0		0.0
	Removal of vacant posts to create improved structure and service delivery	0.2	0.2	0.0		0.0
Green Total		0.8	0.8	0.3	0.0	0.3
TOTAL		1.1	0.8	0.3		0.3

- 1.14.4. A breakdown of budgets included in the W&SS committee is provided below for further detail on the split between income and expenditure budgets:

Service Area	Budget	Outturn - Income	Outturn - Expend	Total Outturn	Variance
WASTE MANAGEMENT	31.0	(6.2)	37.1	30.9	(0.1)
HIGHWAYS CONTRACT	29.0	(47.9)	76.9	29.0	0.0
ENVIRONMENTAL REGULATIONS	4.8	(1.7)	6.9	5.1	0.4
HIGHWAY MAINTENANCE DIVISION	2.2	(1.2)	3.4	2.2	(0.0)
CITY CENTRE MANAGEMENT	1.9	(1.4)	3.6	2.2	0.4
STREETSCENE AND REGS	1.3	0.0	0.7	0.7	(0.6)
SHEFFIELD CITY MARKETS	1.3	(1.7)	3.3	1.6	0.3
EMERGENCY PLANNING	0.3	(0.1)	0.4	0.3	0.0
LICENSING	0.2	(1.5)	1.8	0.3	0.1
PLACE HUB	0.0	0.0	0.0	0.0	0.0
COST OF LIVING HUB	0.0	(11.3)	11.3	(0.0)	(0.0)
PARKING SERVICES	(5.1)	(12.7)	6.0	(6.7)	(1.6)
Grand Total	66.9	(85.8)	151.6	65.8	(1.1)

The above breakdown provides good context for the high value expenditure budgets of the committee. A £1.1m underspend represents just 1.6% deviation from net budget and less than 1% of expenditure budgets.

- 1.14.5. **Contract inflation over the past two years has driven up base budgets** Whilst inflation is beginning to fall, contract inflation pressures driven by RPIX are now embedded in our cost base. Contract inflation was applied for 2022/23 at 8%, for 2023/24 at 12.6% and medium-term planning assumptions have allowed for 7% for 2024/25 costs, 4% for 2025/26 and 3% thereafter in line with current market expectations.

1.6 **Capital Programme Monitoring Q2 2023/24**

Further details on the capital spending priorities of each of these Committees are contained in our Capital Strategy which is refreshed each year. **Appendix 1** sets out the overall position at quarter 1 against the 2023/24 approved budget.

1.7 **Treasury Management Report Q2 2023/24**

Appendix 2 summarises the Treasury Management position for the period to 31st October 2023 and the potential implications for revenue budgets. The report meets the requirements of both the Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. The regulatory environment places responsibility on Members for the review and scrutiny of Treasury Management policy and activities. This report is therefore important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

1.8 **Collection Fund Monitoring Report Q2 2023/24**

The Council, as a billing authority, is required by law to set up and maintain a Collection Fund separate from the General Fund. It records transactions relating to both the Council Tax and the National Non-Domestic Rates (NDR). It shows how these local taxes have been distributed to the Council's General Fund. **Appendix 3** provides an update of the Council's collection fund position as at Q2 and forecast outturn position for 23/24.

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

- 2.1 The recommendations in this report are that each Policy Committee notes their 2023/24 budget forecast position and takes action on overspends.

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

- 3.1 There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals

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

4.1 Equality Implications

- 4.1.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

4.2 Financial and Commercial Implications

4.2.1 The primary purpose of this report is to provide Members with information on the City Council's revenue, capital, treasury, and collection fund budget monitoring position for 2023/24.

4.3 Legal Implications

4.3.1 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.

4.3.2 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.

4.3.3 By the law, the Council must set and deliver 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.

4.4 Climate Implications

4.4.1 There are no direct climate implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

4.4 Other Implications

4.4.1 No direct implication

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

6. REASONS FOR RECOMMENDATIONS

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

CAPITAL PROGRAMME MONITORING AS AT SEPTEMBER 2023

Section 1 – Statement of Budget Movement

	2023/24	2024/25	Future	Total	Comments
Month 4 Approved Budget	315.4	134.1	269.1	718.6	The key changes to the programme from the last report relate to: KEY ADDITIONS
Additions	6.8	14.7	38.3	59.8	+ £2.2m - Inclusion of Youth Investment Fund Schemes at All Saints and Stocksbridge + £2.3m - Inclusion of expansions to Manor Lodge and Wharnccliffe Side Primary Schools + 2.0m - Inclusion £2m for Gleadless Valley Acquisitions programme + £1.6m - Inclusion of £1.6m for grant to Harmony Works as part of Levelling Up Fund + £1.0m - Inclusion of budget for Market Tavern Improvements part of Levelling up Fund + £0.75m - Inclusion of various Transport Schemes
Variations	-8.2	-8.7	-12.7	-29.6	
Reprofile	-13.5	12.7	0.8	0.0	KEY VARIATIONS + £0.6m - Increase in budget for Nether Green Jnr Roof + £0.5m - Increase in budget for Nether Edge Crookes Active Travel - £2.4m - Reduction in Block Allocation for Gleadless Valley Masterplan for acquisitions and revenue contribution to operational team
Slippage & Acceleration	-4.0	4.0	0.0	0.0	
Month 6 Approved Budget	296.6	156.8	295.5	748.9	KEY REPROFILES - £0.4m - Reprofile of CAZ Back Office implementation expenditure

The table above summarises the movement in the capital budget from month 4 to month 6 23/24 and the Capital programme budget position as at September 2023. Showing an overall approved capital programme of **£748.9m** over the next 5 years.

Section 2 – 2023/24 Forecast Outturn Position and Movement From Prior Report

The forecast outturn position at the end of September 2023 is **£231.6m** against an approved budget of **£292.6m**. A variance of **£65m**.

This is a movement of £34.1m from the £30.9m below budget at Month 4.

Overall the forecast outturn position has fallen by £29.7m following an exercise asking project managers to revisit the forecasts of key schemes in order to provide a more realistic position. These revised forecasts will form the basis for a set of budget variations that will be brought forward for approval.

The remaining movement is the result of the approval of budgets bringing these into line with project forecasts.

Details of the key variations and movements by Policy Committee area are shown in the table below.

Key areas to note:

Housing - £31.6m below budget

- Major reprofiling of Stock Increase Programme underway in response increased tender return costs and pressures on overall HRA budget.
- Identified slippage on External Wall Insulation Schemes

Transport, Regen & Climate Change - £33.4m below budget

- Delays to Future High Streets Fund Events Central Scheme due to tender returns requiring additional time to secure funding
- Reprofiling of expected delivery of Stocksbridge Towns Fund Programme
- Delays to Levelling Up Fund Castle Site programme again due to tender returns requiring additional time to secure funding
- Lower than forecast uptake of Clean Air Zone Grants

Adult Health & Social Care - £0.9m over budget

- There remains pressure withing the Disabled Facilities Grant Budgets due to the ongoing backlog which built up during COVID exacerbated by increased demand and rising construction prices. Work is ongoing to refine the data held by the service to estimate current liabilities. The current level of forecast overspend for 23/24 is able to be contained within historic one off grant funding and £0.5m additional resources announced by government. Careful monitoring is required to establish the position for 24/25.

Strategy & Resources - £0.9m over budget

- This largely relates to budgets awaiting approval for GP Hubs schemes, which is dependent on signing of a funding agreement with the Integrated Care Board. Once complete this position will normalise.

Forecast 23/24 Outturn Position and movement

Capital Programme	FY Outturn	FY Budget	Month 06		Month 04		Comments (where variance +/- 500k)
			FY Variance	Movement	FY Variance	Movement	
ADULT HEALTH & SOCIAL CARE	7,108	6,200	908		2,129	(1,221)	Key Variances + £0.9m - Recovery from COVID backlog and increased demand are at the root of issues. Overspend can be contained within £0.6m resources c/f from prior year and £0.5m increase in grant recently announced. However pressure likely to remain in 24/25
COMMUNITIES, PARKS & LEISURE	25,629	25,552	77		9	68	
ECONOMIC DEVELOPMENT & SKILLS	1,117	1,125	(9)		(847)	838	Key Movements + £0.8m - Forecasts now completed for Community & Cultural Assets and Low Carbon grants projects
EDUCATION, CHILDREN & FAMILIES	20,110	21,955	(1,845)		203	(2,048)	Key Variances - £1.2m - Astrea Sports Pitch - Discussions on going with Trust regarding future of the scheme - £0.75m - SEND School Contribution - Scheme being delivered by DfE currently delayed therefore SCC contribution not expected to be made until 24/25 - £0.47m - Rushey Meadow Children's Home - anticipated slippage on scheme due to design issues -£0.1m - Watercliffe Meadow Retaining Walls - slippage of expenditure into future years as project currently on hold.
HOUSING	67,648	99,216	(31,568)		(28,458)	(3,110)	Key Variances - £25.1m - SCC Stock Increase programme self delivery - Schemes at Newstead OPIL, Hemsforth OPIL and Block Allocation for the wider programme to be reprofiled as a result of affordability issues - £4.25m - Handsworth General Needs - Construction company SCC acquiring from has gone into receivership - scheme delayed until new owners found. - £3.8m - Corker Bottoms New Builds - delays to scheme delivered by SHC - £1.4m - Newstead Enabling Works - Forecast underspend on works anticipated to be used for reinstatement works - £1.4m - External Wall Insulation package 2 - Alternative programme of works just submitted - £1.1m - General Council Housing Acquisitions - reprofiling due to increase volume to be delivered under Local Authority Housing Fund - £0.5m - Private Sector Homes Upgrade Grant - Delay to contract award - £0.4m - External Wall Insulation package 3 - Investigating asbestos in roofs - £0.3m - Lift Replacement Programme - Slippage due to delay in procurement + £4.5m - New Build Acquisitions Hackenthorpe - Full spend forecast budget to be approved October committee + £2.2m - Local Authority Housing Fund - Full spend forecast budget to be approved October committee + £1.1m - Daresbury / Berners New Council Housing - Reflects worst case scenario of outcome of contract variations + £0.6m - Single Staircase Tower Blocks - Contractual completion is a 13 week extension of time on original contract dates
STRATEGY & RESOURCES	6,850	5,979	871		598	273	Key Variances +£1.7m - 4 x new GP Hubs schemes - Awaiting signing of MoU with Integrated Care Board before budgets can be authorised +£0.26m - Woodhouse Hub - Forecast increased costs due to additional structural works. -£0.5m - Transport Efficiency - due to slight slippage of expected vehicles delivery dates on part of programme. -£0.19m - Spring St Kennels - currently no forecast expenditure in 23-24 as project on hold pending further investigation. - £0.1m - Public Sector Decarbonisation Schemes - saving on programme of works - £0.1m - Saving on previous structural works budget - £0.1m - Closed Churchyards Boundary Walls - Forecast slippage on repair works
TRANSPORT, REGEN & CLIMATE	102,242	135,670	(33,428)		(4,511)	(28,916)	Key Variances - £11.3m - Stocksbridge Towns Fund Programme - Work to refine programme ongoing. Anticipated slippage of expenditure - £8.3m - LUF Castle Site - Slippage of scheme completion into 25/26 - programme updated following receipt of Phase 1 programme All years overspend of £3.5m now forecast - £4m - Future High Streets Fund Programme - Forecast slippage on programme due funding issues. All years overspend of £0.9m forecast. Budget amendment to be brought forward. - £3.7m - Brownfield site Acquisitions - Anticipated acquisitions slipped into future years - £2.8m - CAZ Grants - Forecast slippage on grant awards - £1.5m - Shalesmoor Gateway Scheme - Delay from DfT awarding whole scheme funding - £1.2m - West Bar Enabling - Grant pass through to developer. Slightly behind schedule - £0.6m - Devonshire Quarter - reprofile of expected acquisition of property - £0.5m - Upper Don Flood Phase 2 - Slippage on feasibility stage + £0.7m - TCF Programme development phases- Spnd currently exceeding funding allocations - to be recovered from construction phase funding
WASTE & STREET SCENE	910	907	3		5	(2)	
TOTAL	231,613	296,604	(64,991)		(30,873)	(34,118)	

Section 3 – Top 10 Schemes forecasting to overspend over project life

The table below identifies the top 10 capital schemes forecasting to overspend over the life of the project by value and therefore potential risks to the authority.

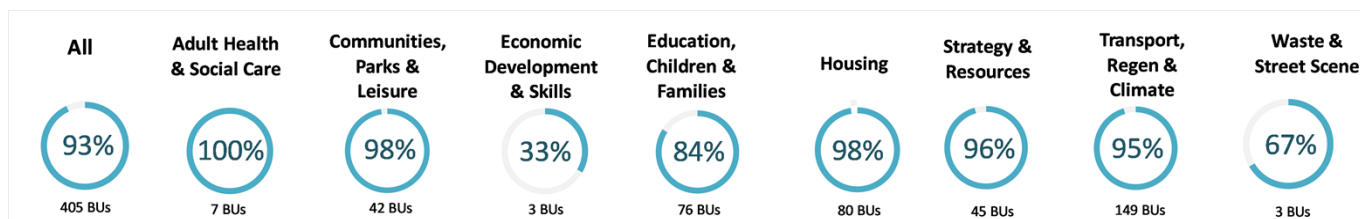
Items “Awaiting Approval” indicate new projects or projects moving from feasibility to delivery stages where the anticipated revised costs have been forecast in anticipation of formal budget approval and funding is identified.

The remaining items represent known issues on schemes which will require either additional funding or scope reductions to bring schemes back within funding envelopes.

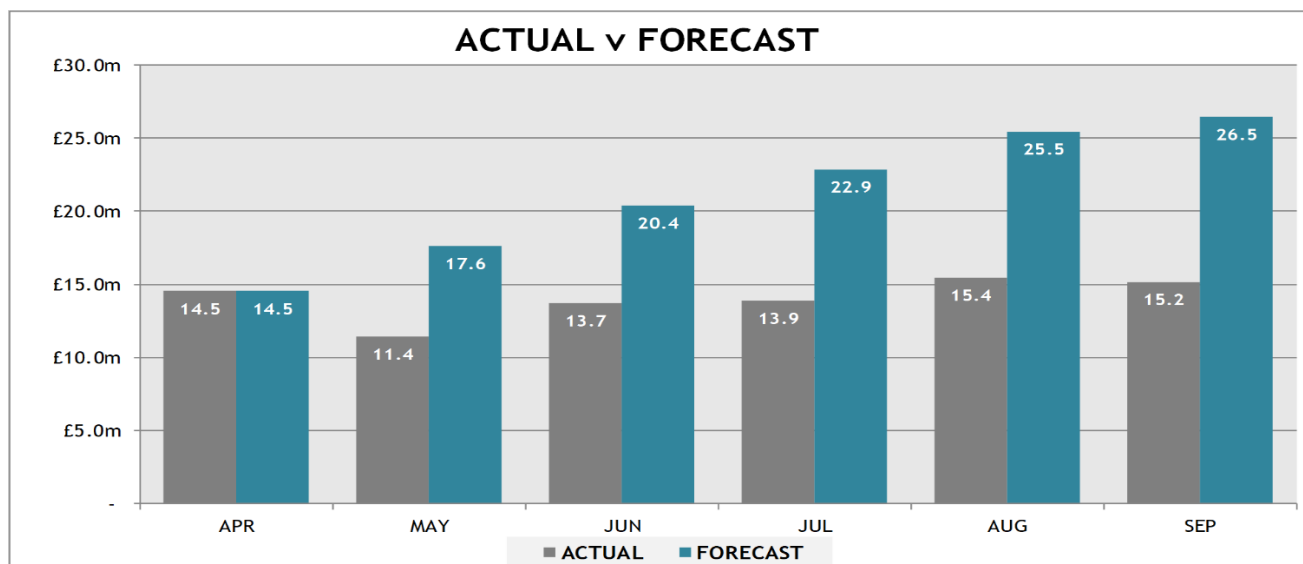
Business Unit	Policy Committee	All Years Budget	Forecast Variance on all years budget	Explanation
4.1 Council Housing - Main Street Hackenthorpe Acquisitions	HOUSING	-	4,466	Awaiting Approval - Business Case approved at September Housing Programme Group, full budget due to be approved at Finance Committee 16.10.23. Expecting completion of purchases to happen in Q3 and Q4 of 2023/24 financial year.
4.2 Levelling Up Fund: Castlegate Public Realm & Enabling Works	TRANSPORT, REGEN & CLIMATE	13,400	3,493	Overspend - Castle Site Project to be delivered through a 2 stage process. This will provide an opportunity to review current estimates and align delivery to the available funding. Additional funding bid has also been submitted by SCC. No risk of overspend by SCC and forecasts will be updated prior to Contract Award for the full works. The current forecast indicates level of cost of preferred option An additional £3.5m is anticipated from SYMCA Gainshare funding to address part of this variance. Outturn Expenditure: As pre-tender cost plan. To be updated further upon agreement of Stage 1 costs and update to Stage 2 cost plan
4.3 Local Authority Housing Fund Acquisitions Phase 2	HOUSING	-	3,120	Awaiting Approval - Business Case approved at September Housing Programme Group, full budget due to be approved at Finance Committee 16.10.23.
4.4 Accelerated Adaptations Grant (AAG)	ADULT HEALTH & SOCIAL CARE	998	1,498	Overspend - Forecast reflects latest figures based on a review of project manager source data from newly developed spreadsheet, together with wages/Occupational Therapist fees etc.. Senior management are looking at widening means-based-testing to try to reduce net demand on some services. e.g. Stairlifts were previously provided through AAG, but will now have to be applied for through a DFG means-tested application, thus reducing pressure on the currently reported forecast overspend going forward. This overspend is partly offset by underspends in other areas of activity reducing overall overspend on DFG to £0.9m
4.5 Newstead Site Reinstatement	HOUSING	37	1,323	Awaiting Approval - Spend profile updated to reflect the scope of works and total estimated costs included in the outline business case (OBC). A formal capital Budget variation will be submitted on completion of approval of the OBC. Spend profiled in line with limited programme information from the consultants and so will be subject to variation when detailed information is obtained. Outline Business Case approved at September Homes Programme Group with full budget due to be approved at Finance Committee 16.10.23. Project will be funded from a saving on the site enabling works.
4.6 Berners/Daresbury-General Needs New Council Housing	HOUSING	13,764	1,122	OVERSPEND - New Capital Variation Report submitted to September Housing Programme Group requesting an increased budget of £1,139,573 which was approved. Full revised budget due to be approved at Finance Committee 16.10.23. New programme issued identifying December 23 completion of final units Project Manager and Cost Manager to review implications to overall cost and Completion Date of project
4.7 Transforming Cities Fund: Cross City Bus	TRANSPORT, REGEN & CLIMATE	1,759	960	Overspend - Budget spend profile updated to reflect contractors design completion forecast of Jan 24. Resulting in an increase in 23/24 spend. Full year overspend forecast. This is as a result of additional fees incurred resulting from the client's decision to update the RIBA 2 plan and the additional contract costs as a result. GPR fees are also an additional cost from the original budget. The client is aware of the forecast overspend and the need to identify additional funds. YTD overspend as a result of increased design costs. Negotiations continue and the contractor is putting a proposal together with regards to the approach to the contract going forward. It is anticipated that additional funding to cover these costs will be released on submission of Final Business Case to the COMbined Authority for the construction phase
4.8 Future High Street Fund - Events Central 20-26 Fargate	TRANSPORT, REGEN & CLIMATE	6,617	908	OVERSPEND - Budget is unlikely to be sufficient to deliver scope of works. Tender quotation is £7m construction cost, vs. a £4.4m cost estimate within the existing budget forecast. Final cost is likely to be somewhere between the two under a more competitive process. Gainshare has been allocated to the project but will be subject to final business case on tender receipt. Costs being incurred against business unit to divert stats and provide drainage infrastructure via Sisk contract (FHSF Public Realm) to enable Event Central works. This derisks the Building project.
4.9 GP Transformational Hubs - City Centre	STRATEGY & RESOURCES	-	868	Awaiting Approval - Full budget conditionally approved at Finance Committee August 23 - awaiting signing of funding agreement with Integrated Care Board before budget can be formally approved.
4.10 Single Staircase Tower Blocks - Fire Risk Assessment Works & Comminals	HOUSING	11,122	619	Overspend - Variation Report requesting £500K more funding and slippage of £127,178 into 24/25 will be going to October Housing Programme Group and November Finance Committee. This variance includes sums being cross charged to separate Electrical budgets for works that fall into maintenance/repairs. These are to be sorted shortly
Total		47,698	18,378	

Section 4 - Forecasting

4.1 – Capital Business Unit forecasting performance



4.2– Capital Business Unit Forecasting Accuracy



The graph at 4.2 compares the actual expenditure incurred each month against that which was forecast in the prior month. As can be seen month on month overall actual expenditure is consistently less had been forecast in the previous month. This continues the trend seen in previous financial years 22/23. Key schemes that have spent significantly below forecast in the current month are:

Under TRC: -£2.5m (Stocksbridge Towns Fund Programme), -£0.6m (Clean Air Zone programme) , - £0.5m (Transforming Cltities Fund Programme) - £0.2m (Future High Streets Fund Public Realm)

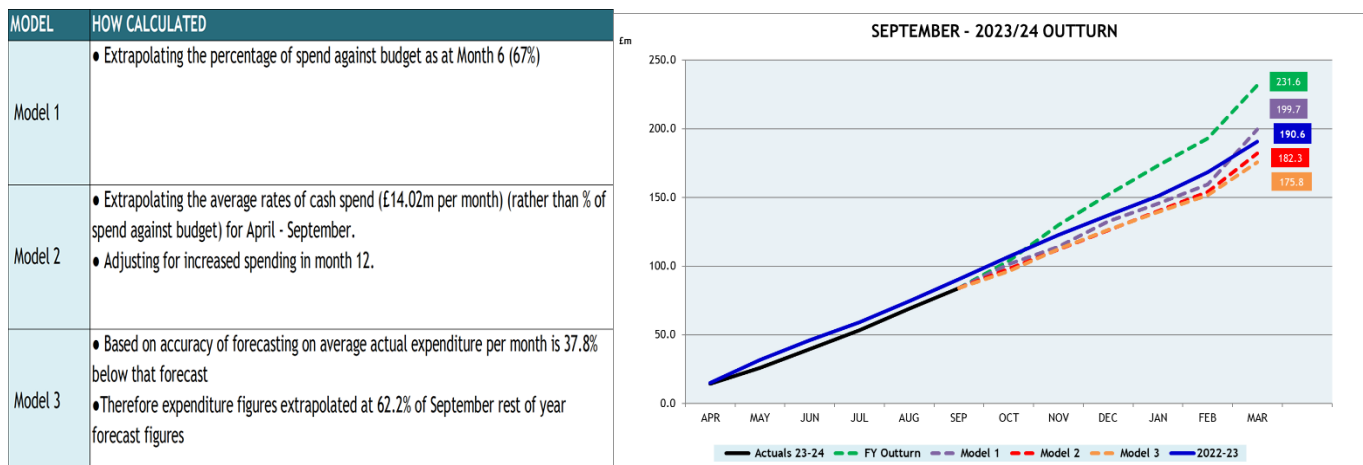
Under Housing: -£1m (Local Authority Housing Fund Acquisitions), -£0.8m (New build Council Housing Gaunt Road) - £0.7m (Heating Breakdowns) - £0.6m (External Wall Insulation Package 2)

Under Education Children & Families: -£0.75m (Silverdale School Expansion), -£0.75m (Expected payment to DfE re: new SEND School)-£0.3m (Astrea School Pitch), - £0.3m (Fire Risk Assessment Programme works)

Under Strategy & Resources - £0.8m (Vehicle Replacement Programme)

We continue to work closely with colleagues in the Capital Delivery Service to identify key drivers behind the regular high levels of over optimistic forecasts.

4.3 – Forecasting Models



The graph at 4.3 shows a potential spread of outturn positions compared to the current forecast based on the extrapolation models described. Also included is the profile of expenditure for 2022/23 as a comparator.

On going work and a focussed exercise to review 40 key schemes last month resulted has resulted an overall reduction in forecast outturn of £29.7m from month 4 which gives a more realistic picture of likely expenditure.

However, the level of over-forecasting identified at 4.2 suggests this remains over optimistic.

Forecasting models and historic data suggest that actual spend will be at least £30-£50m lower than currently forecast and we will continue to work with project managers to refine these forecasts

Section 5 – Key Risks and Issues

Key Issues

- Disabled Facilities Grant - Pressure continues in this area to deal with COVID backlog, increasing demand and rising costs. One off historic grant and anticipated additional government funding was expected to alleviate pressure in 23/24 but latest forecast indicates a potential further issue. Further close work to be undertaken with service to review accuracy of latest forecast.

- Levelling Up Fund - Castle Site - Current designed scheme exceeds approved funding and there is a risk that a) savings have to be identified post tender b) additional funding is required for recent cost estimates. Additional funding is being explored but the timescales are currently unknown and there is no guarantee of success. Extension of timescales for completion to 2025 has alleviated risk to completion date.

- Future High Street Fund Programme - Tender returns indicate this project will cost £5.5m more than the £20.5m available budget to complete despite undergoing a reduction of scope as a result of inflation and uncertainty in construction market. Bids are underway to SYMCA to secure additional funds, outcome of this to be confirmed shortly, but currently underwritten from CIF.

- Council Housing Stock Increase Programme - The affordability of the current Stock Increase Programme remains an ongoing issue due to high levels of tender returns for schemes which has provided the opportunity to review current specifications and standards and allow more time for elected member and resident consultation. Decisions regarding future size and shape of the programme will be considered as part of the Council HRA Business Plan 2024/25 and the updated 5 year Housing Investment Programme (capital).

High levels of inflation and supply issues re: construction materials - This is having a significant impact on cost and delivery timescales of capital schemes as evidenced by Future High Streets Programme, Levelling Up Programme and challenges faced on Council Housing Stock Increase Programme as contractors price in these risks to tender

Key Risks

Key risk areas -

Schemes funded via time limited grants:

- **Active Travel Fund** - Due to a failure to finalise change requests and Stage 3 agreements for Sheaf Valley Cycle Route there is currently over £300k spent at risk on this scheme that we are unable to claim funds for until the issue is resolved. Failure to do so will require these to be funded from other sources – potentially LNCTP.

- **Transforming Cities Fund Schemes** – Extended design periods are leading to increased costs on these phases which are exceeding the funding released under staged agreements with SYMCA. While these costs should be recoverable when schemes progress to full delivery, timescales on this remain unclear.

Other Issues

Schools Condition Allocation - Works already committed and proposed pipeline indicate the majority of 24/25 allocation (not yet confirmed) is already allocated, which may mean difficult choices to be made should further urgent works be identified.

Council Housing Right To Buy (RTB) Receipts - The current profile of Stock Increase Programme (SIP) could have an impact on loss of RTB receipts being used to support The SIP programme. A review of The SIP Programme is underway to revise The profile to protect spending of RTB receipts.

Revenue Implications of Treasury

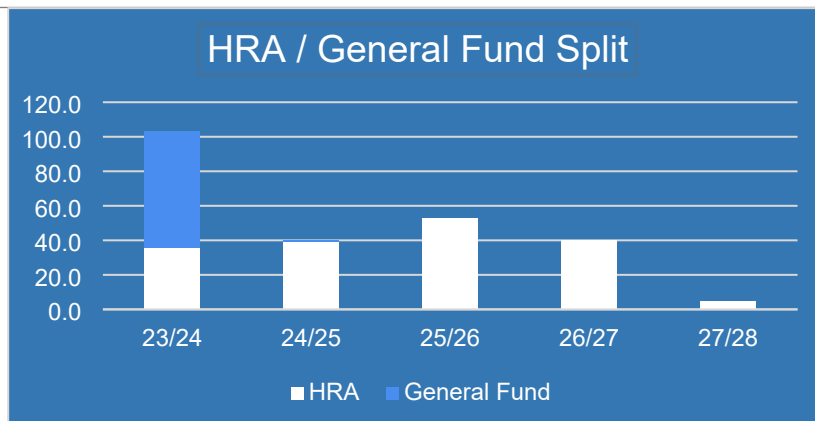
Purpose of the Report

The purpose of this report is to summarise the Treasury Management position for the period to 30th September 2023 and the potential implications for revenue budgets.

In addition, Appendix 1 sets out Indicators not already covered in the main report but are required to satisfy the Council's Prudential Code and Treasury Management Code of Practice obligations.

1. Capital Investment & Funding

1.1 Significant capital investment delivered across the city	The Council continues to deliver significant capital investment across the city which will provide improved facilities and infrastructure and supports the local economy, whilst ensuring the impact on debt costs within the revenue budget is effectively managed.																								
1.2 The capital budget for 23/24 to 27/28 totals £736m	As at 31 st August 2023, the <u>approved</u> capital budget, for the period from 2023/24 through to 2027/28 totals £736m (a full breakdown is shown in Appendix A). Budget for this period was just £605m, indicating material slippage in the programme to the end of 22/23.																								
1.3 Housing and non-housing split of planned investment	<p>The split of this planned investment across housing and non-housing is shown in the graph below: -</p> <div style="text-align: center;"> <table border="1" style="margin: 10px auto;"> <caption>Capital Investment Data (Estimated from Chart)</caption> <thead> <tr> <th>Year</th> <th>Housing (£m)</th> <th>Non Housing (£m)</th> <th>Total (£m)</th> </tr> </thead> <tbody> <tr> <td>23/24</td> <td>100.0</td> <td>200.0</td> <td>300.0</td> </tr> <tr> <td>24/25</td> <td>130.0</td> <td>30.0</td> <td>160.0</td> </tr> <tr> <td>25/26</td> <td>140.0</td> <td>0.0</td> <td>140.0</td> </tr> <tr> <td>26/27</td> <td>130.0</td> <td>0.0</td> <td>130.0</td> </tr> <tr> <td>27/28</td> <td>20.0</td> <td>0.0</td> <td>20.0</td> </tr> </tbody> </table> </div>	Year	Housing (£m)	Non Housing (£m)	Total (£m)	23/24	100.0	200.0	300.0	24/25	130.0	30.0	160.0	25/26	140.0	0.0	140.0	26/27	130.0	0.0	130.0	27/28	20.0	0.0	20.0
Year	Housing (£m)	Non Housing (£m)	Total (£m)																						
23/24	100.0	200.0	300.0																						
24/25	130.0	30.0	160.0																						
25/26	140.0	0.0	140.0																						
26/27	130.0	0.0	130.0																						
27/28	20.0	0.0	20.0																						
1.4 33% of capital expenditure will be financed by borrowing up to the end of 27/28	The proportion of this investment funded by prudential borrowing over this period will be £241m. On this basis, approximately 33% of the capital expenditure planned for the next four years is being funded by Prudential Borrowing. After 2023/24 almost all borrowing will be related to HRA expenditure.																								
1.5 Graph - Prudential borrowing over next 5 years	The following graph shows how this element of funding varies over the five years. HRA borrowing (£153.7m) makes up the majority of borrowing over the period term, with the General Fund requirement much lower after completion of HOTC works in the near term.																								



1.6 Disposal of HoTC II assets are expected to be delayed. Borrowing costs and MRP will continue at current levels during this period

Anticipated disposals of Blocks in the Heart of the City development are now expected to be delayed until more favourable economic conditions help maximise the benefit of the disposal. As a result, assets will be held and financed for longer, meaning the cost of interest and the Minimum Revenue Provision (MRP) charged to revenue will be higher for longer, although these charges will be offset by the rentals received.

1.7 No new external borrowing planned in 23/24. Borrowing rates are currently high and volatile. Internal resources can delay borrowing until more favourable conditions return.

Economics conditions have seen the cost of borrowing rise dramatically in the first half of this year, forecasts are for more uncertainty but with cost eventually falling back by 24/25. This supports delaying borrowing and using internal sources, with options to look at short term borrowing should liquidity become an issue over this period.

If 100% of 23/24 forecasts for Prudential borrowing was externalised at current interest rates of around 5.5%, this would see an additional (fully year cost) of around £5.6m.

1.8 Capital Expenditure funded by new borrowing is forecast to be £13m higher than budgeted.

The latest projected capital expenditure estimates for 2023/24 compared to the original budget position shows that Prudential Borrowing is £13m higher than budgeted.

Within this HRA borrowing is down by £18m as expenditure is financed by other means. General fund shows an increase of £30m due to slippage from previous years and rising.

1.9 Cash balances have remained strong and so we have delayed external borrowing.

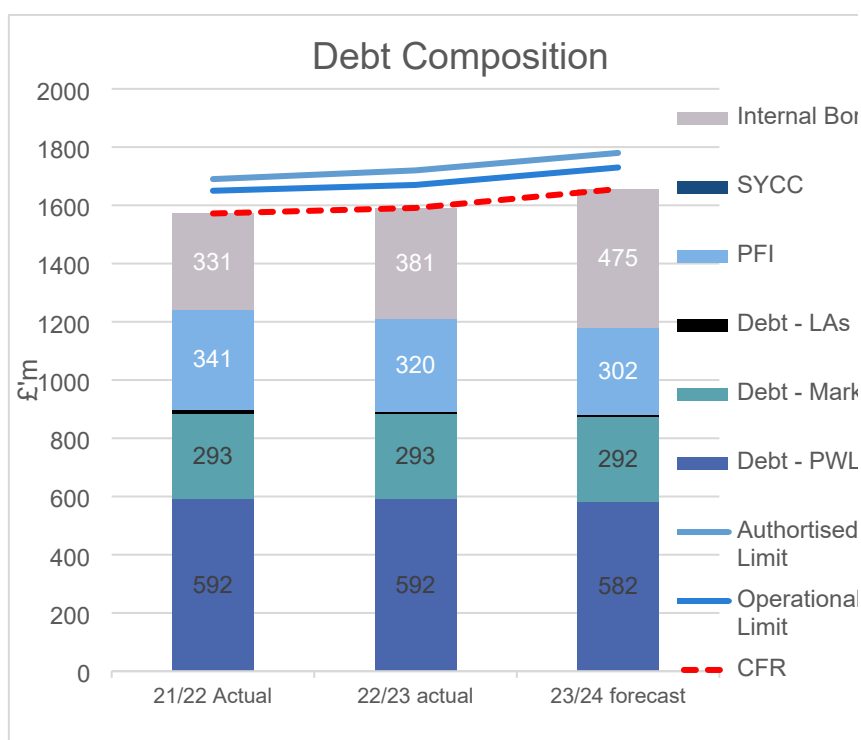
Cash balances have remained strong and have afforded us the luxury of delaying borrowing into next year. Irregular funding flows from government partially creates this opportunity but other sources such as working capital balances also contribute. Balances are expected to decrease but have remained level during the first half of the year.

2. Update on Debt

2.1 Current Debt Composition (assumes full years' cap ex in our Capital Financing Requirement – CFR)

Borrowing from internal sources will increase.

Rates expected to fall but will remain higher for longer than in previous forecasts.



The above table shows:-

- The capital financing requirement continues to increase as the council is using new borrowing to finance capital schemes at a faster rate than it is being reduced by provisions to repay debt (MRP).
- The Council is using a substantial proportion of its own liquidity to fund capital expenditure, rather than taking external borrowing. If no further borrowing is externalised the Council will have borrowed internally up to £475m by 31st March 2024.
- This approach is taken because we pay more to borrow externally than we receive on any cash we invest. This report assumes further internal borrowing, as interest rates are expected to fall in the medium term. However, the scale of internal borrowing makes the associated interest rate risk, i.e. rates could be higher in future when we need to borrow externally a material consideration.
- Budgeted borrowing costs are expected to be avoided. Forecast was for small amounts to be taken from Sept 23 onwards. Avoiding this is expected to save in the region on £500k, no new borrowing has been taken since March 22.
- The Council is expected to maintain a moderate amount of borrowing capacity, over and above its current/forecast CFR when compared to the Operational Boundary. Whilst this capacity is forecast to reduce, we do not anticipate breaching the Boundary this year, as we still have a satisfactory margin of safety.

2.2 Strategy Update – no proposed changes except delays to proposed borrowing.

There are no proposed changes to:-

- Treasury Management Strategy Statement
- Annual Investment Strategy
- Minimum Revenue Provision Policy
- Either the Operational or Authorised Borrowing Limits

The 2023/24 Treasury Management Strategy Statement (TMSS) set out plans to borrow an additional £80m to fund in-year Capital Expenditure and reduce the under-borrowed position. Strong cash balances have allowed us to defer this borrowing and should see significant interest costs avoided for 2023/24.

So far this financial year:-

- £10m of loans will be repaid during 23/24
- No further borrowing to fund General Fund investment is anticipated during this financial year, so internal borrowing is expected to increase as per the chart in 2.1
- The HRA is forecasting to expand its capital investment programme which will lead to new borrowing being required. This borrowing is expected to be needed during 24/25 at the earliest, depending on the levels of capital expenditure.

2.3 No rescheduling of our borrowing has been undertaken

No rescheduling of any of our borrowing has been undertaken. Options to repay an £18m LOBO loan with Commerzbank are currently being reviewed. This debt is allocated to the HRA so will have no General fund impact. We will keep this position under review, currently the charges to reschedule PWLB debt are higher than the benefits of doing so.

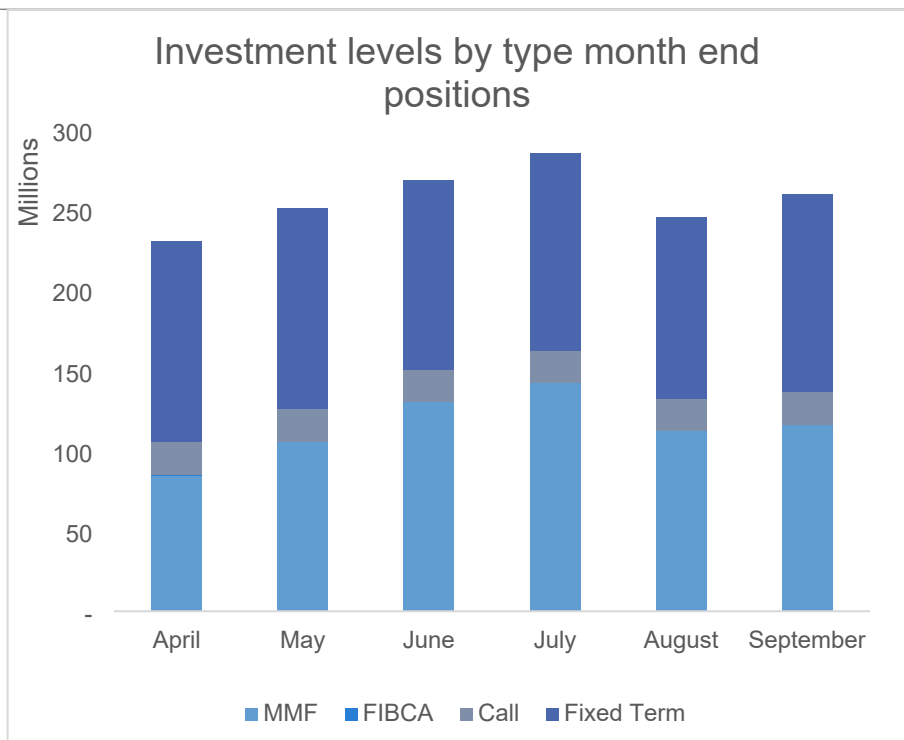
2.4

23/24 Investment Balances	23/24 Monthly Average Balances (£M)	23/24 Average Return	22/23 Average Return
April	£297.6	3.85%	0.5%
May	£277.9	3.91%	0.7%
June	£278.1	4.00%	1.0%
July	£282.5	4.20%	1.0%
August	£283.5	4.40%	1.3%
September	£282.2	4.50%	1.5%
YTD Ave	£283.6	4.14%	

Investment balances have remained consistently higher than anticipated throughout the first half of the year. Rates of return have also exceeded forecasts of around 4%, contributing to an increase in income of around £4.5m. Rates are significantly higher than 12 month ago, but expectations are that we are now at or near the peak. Average returns will continue to increase in the later half of the year as older (lower returning) investments mature.

3. Update on Investments

3.1 Investment balances have decreased by £103m from March 23 due to £140m of pension prepayments in April 23. Excluding the pension prepayment balances have increased so far this year.



Investment balances appear to have increase marginally throughout the year with only moderate movements month to month. While these tables are representative of the normal patterns for investment balances, they do not show a large decrease from the opening balance of £363m. The decrease from this opening position was due to significant pension prepayments made in April 23.

3.2 Sufficient liquidity is being maintained, balances are expected to reduce, but income from investments is higher than budgeted.

There are no investments for longer than 365 days

Liquidity in the Local Authority sector is diminishing, competition for borrowing is increasing and this demand is increasing the rates paid for Local to Local lending. In the short term, while balances allow, Sheffield can take advantage of lending at these rates. Bank and other investments had shown showing similar signs of recovery as the BOE increased base rates but this appears to have peaked based on expectations that future movements of base rate will be downwards. Borrowing costs have increased during the quarter and as usual are higher than typical investment returns within our appetite for risk.

Investment balances are expected to fall toward the end of the financial year, though income will still be higher than budgeted.

On this basis, the Council will maintain a mix of investment balances to ensure ready access to funds and where possible benefit from locking away funds for a short fixed duration. We will not pursue yield at cost of the security of funds or the liquidity requirement of the Authority.

There are currently no proposals for the Council to invest sums for periods longer than 365 days.

4. Revenue

4.1 Treasury Management budget is underspent as a result of increased income. This should be considered a short term bonus.	As at September 2023	Forecast £m	Budget £m	Variance £m
	Investment Income	10.5	3.9	6.6
	Interest Costs (net of HRA recharge)	18.3	16.8	1.5
	MRP Costs	15.0	15.1	0.1
	Budget Variances	22.8	28	-5.2

The above table shows:

- Costs are forecast in line with budget as a result of:
 - Interest Income is the main reason for the budget underspend. It's important to note cannot be relied on to supplement services other than in the short term. Reserves and Working capital balances will be depleted and rates of return will fall in future years.
 - Interest costs are showing over as a result of amendments to the budget position and lower than budgeted transfer of cost to the HRA.
 - In the medium term costs are expected to rise as accounting adjustments made to MRP expire in 24/25 and the significant underborrowed position and risk are unwound.

4.2 Financing Costs as a proportion of Net Revenue are expected to increase. Mainly due to decreasing income (netted off cost) and increase in MRP as corrections to overprovision ends.	Ratio of Financing Costs To Net Revenue	2023/24	2024/25	2025/26
	Finance Costs (net)	£31,739	£41,211	£46,190
	Net Revenue	£500,763	£518,521	£532,506
	Ratio	6.34%	7.95%	8.67%

** Excluding PFI financing costs and associated grants but includes MRP charges made to services but not included in the treasury management budget*

The above table shows:

- Financing costs generally increase over the period. However, over this period external interest costs are only expected to increase marginally from £21.1m to £23.8m.
- Financing Costs in 24/25 include an extra £7.8m in MRP. £5.7m of this is due to the ending of reversals for previous overprovisions.
- Investment income is netted of the financing cost above, this is expected to be less in future years falling from around £11m in 23/24 to £5m in 25/26 as both balances and rates decline.
- Please note that the capital programme projections become less accurate the further forward the forecast, and therefore financing costs may increase if the amount of the capital programme funded by prudential borrowing increases.

5. Risk Assessment

5.1 The principal risks associated with treasury management	Risk	Mitigation
	Loss of investments as a result of a failure of a counterparty	Application of Annual Investment Strategy in relation to choice of counterparty/investment type, level of investment and monitoring of credit ratings
	Increase in net borrowing costs due to an increase in borrowing costs and/or a decrease in investment returns	Planning and undertaking borrowing in light of interest rate trends/forecasts. Borrowing using fixed rate loans to limit volatility of interest costs
	Interest rates rise significantly, increasing the cost of servicing new borrowing	The planned use of internal borrowing carries a risk that interest rates will be higher when we look to externalise the borrowing.
	Fraud	Strong internal controls – with dual stage authorisation for any out-going payments

6. Other Matters

- 6.1 Section 151 Officer Compliance** **The Section 151 Officer confirms compliance with the approved TMSS for 2021/22 and that a prudent investment approach has been followed with priority given to the security and the liquidity of amounts invested over the yield we receive.**
- The Section 151 Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2023/24.**

Appendix 1 – Prudential and Treasury Management Indicators

This appendix covers the prudential and treasury management indicators not already covered in the body of the main report but are required under the Prudential Code or the Treasury Management Code of Practice.

Capital Programme and Funding

Forecast as at August 2023	2023/24 Forecast £m	2023/24 Budget £m	2023/24 Variance £m
Non Housing Expenditure	197.6	107.2	90.4
Housing Expenditure	99.2	106.9	-7.8
Total	296.8	214.1	82.7
Financed by:			
Capital Receipts	18.4	8.2	10.2
Capital Grants and Contributions	135.1	57.8	77.3
Revenue Contributions	39.8	57.3	-17.5
Prudential Borrowing	103.5	90.8	12.7
Total	296.8	214.1	82.7

Breakdown of Capital Expenditure

Capital Expenditure	23/24	24/25	25/26	26/27	27/28
ADULT HEALTH & SOCIAL CARE	6.2	0.0	0.0	0.0	0.0
COMMUNITIES, PARKS & LEISURE	25.3	0.1	0.0	0.0	0.0
ECONOMIC DEVELOPMENT & SKILLS	1.1	0.3	0.0	0.0	0.0
EDUCATION, CHILDREN & FAMILIES	22.0	3.4	0.0	0.0	0.0
HOUSING	99.2	132.0	140.4	126.8	17.2
STRATEGY & RESOURCES	6.0	0.0	0.0	0.0	0.0
TRANSPORT, REGEN & CLIMATE	136.1	19.2	0.7	0.0	0.0
WASTE & STREET SCENE	0.9	0.0	0.0	0.0	0.0
TOTAL	296.8	155.1	141.1	126.8	17.2

Movement in Capital Financing Requirement

Capital Financing Requirement (CFR)	Per TMSS 23/24	Mid Year Forecast £m
CFR - General Fund CFR	1,282.0	1,293.6
CFR - Housing Revenue Account	399.7	362.6
TOTAL	1,681.7	1,656.2
Borrowing	1020.0	890.2
Other Long Term Liabilities	320.0	320.0
Forecast - Total Debt as at 31 March 2022	1340.0	1210.2

Revenue Implications of Treasury September 2023

Authorised and Operational Borrowing Limits show significant headroom especially compared to external debt.

Authorised and Operational Limits on Debt	Per TMS £m	Forecast £m
Authorised Limit	1,780	1,780
Operational Boundary	1,750	1,750
Projected Year End Capital Financing Requirement	1,682	1,656
Headroom to Operational Boundary (CFR)	68	94
Headroom to Authorised Borrowing Limit (CFR)	98	124
Projected External Debt at 31 March 2024	1,340	1,210
Headroom to Operational Boundary (debt)	410	540
Headroom to Authorised Borrowing Limit (Debt)	440	570

Interest Rate Forecast

The Council's treasury advisor, Link Asset Services, has provided the following forecast.

Updating of our forecasts 27 September 2022

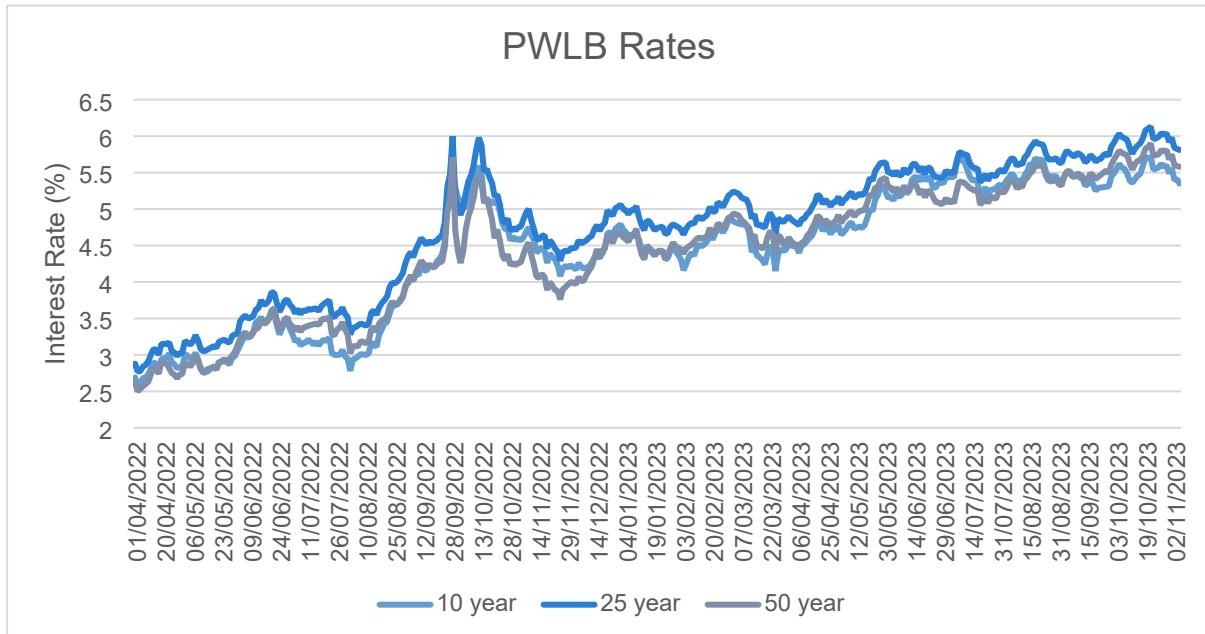
Comparison of forecasts for Bank Rate today v. previous forecast												
Bank Rate	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
27.09.22	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
09.08.22	2.50	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00
Change	1.50	2.25	2.25	2.25	2.00	1.50	1.50	1.00	0.75	0.50	0.50	0.50

The long term forecast for for borrowing rates is to reduce steadily from 23 onwards. However, PWLB 25 year has already touched 6% in early October before falling back considerably. There remains significant uncertainty in gilt markets, strong cash balances should allow us to delay new borrowing until conditions are more favourable.

Link Group Interest Rate View	27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

PWLB

PWLB Rates have risen significantly over the last two years. The increasing UK base rate has typically seen a corresponding increase in PWLB borrowing rates. Current rates are higher now than the spike seen in October 22. There are local and global factors that could increase gilts such as the forthcoming UK general election and heightening tensions in the middle east.



v

Collection Fund Monitoring

As at 30th September

Summary

1. In 2023/24 approximately £360.6m of the Council's net expenditure was forecast to be financed directly through locally collected taxation. This taxation is initially collected by the Council and credited to the Collection Fund.
2. As at the end of September, the local share of the Collection Fund Income Stream is forecasting a surplus of £5.0m across the Fund.
3. This surplus will not affect the 2023/24 general fund position, and instead will be accounted for within the 2024/25 revenue budget.

Income Stream, retained by SCC (all figures £m)	Budget 23/24	Forecast Year End Position	Variance
Council Tax	(267.8)	(270.3)	(2.5)
Business Rates (<i>excl related grants</i>)	(92.8)	(95.3)	(2.5)
Total	(360.6)	(365.6)	(5.0)

Council Tax

4. The forecast year end position for Council Tax is a surplus of £2.9m, of which the Council will receive £2.5m.

Collection Fund - Council Tax (all figures £m)	Budget 23/24	Forecast Year End Position	Variance
Gross Council Tax income yield for 2023/24	(439.7)	(440.4)	(0.7)
Revenue foregone due to Council Tax Support	40.8	40.8	0.0
Other discounts and exemptions	69.6	68.6	(1.0)
Prior year liability adjustments		1.7	1.7
Net Collectible Council Tax	(329.3)	(329.3)	(0.0)
Losses on collection and increase/(decrease) to bad debt provision	14.8	11.9	(2.9)
Council Tax Income	(314.5)	(317.4)	(2.9)
Allocation of Council Tax Income (<i>%age share in brackets</i>)			
Sheffield City Council (85.2%)	(267.8)	(270.3)	(2.5)
South Yorkshire Police and Crime Commissioner (11.0%)	(34.7)	(35.0)	(0.3)
South Yorkshire Fire & Rescue (3.8%)	(12.0)	(12.1)	(0.1)
Total Allocations	(314.5)	(317.4)	(2.9)

5. The estimates used for the purposes of setting the 23/24 Budget appear to be reasonably accurate. The Net Collectible Council Tax (after exemptions and discounts) are in line with original estimates. The driver for the surplus position is a £2.9m improvement against the expected bad debt provision. This is due to an

expected recovery in the collection relating to this year's liability, as well as prudent estimates of the rate at which the Council collects historic debts.

6. The main threat to the position is the uncertainty created by the ongoing inflationary context, and the impact this may have on residents' ability to pay Council Tax. The headline position assumes a level of decline in future months, so we are proceeding on a cautious footing and estimating a level of payment failure and additional provision needed for eventual bad debt.
7. As above, any variance to the budgeted position will not affect the 23/24 outturn position but must be accounted for in future years. The above table demonstrates a surplus available to support the Revenue Budget in 24/25, if this position holds true.

Business Rates

8. The forecast year end position for Business Rates is a £4.0m surplus, of which the Council will receive £2.5m.

Collection Fund - Business Rates (all figures £m)	Budget 23/24	Forecast Year End Position	Variance
Gross rates yield relating to 23/24	(267.1)	(267.1)	(0.0)
Estimated reliefs relating to 23/24	76.5	74.6	(1.9)
Prior year liability adjustments		7.3	7.3
Losses on collection, appeals and increase/(decrease) to bad debt provision	11.7	2.1	(9.6)
Net Collectable Business Rates	(178.9)	(183.1)	(4.2)
Transitional Protection Payments due to Authority	(9.3)	(9.3)	-
Cost of Collection allowance	0.7	0.7	-
Disregarded amounts (see breakdown below)	3.5	3.7	0.2
Non Domestic Rating Income	(184.0)	(188.0)	(4.0)
Allocation of net business rates (%age share in brackets)			
(a) Sheffield City Council (49%)	(90.2)	(92.1)	(1.9)
SY Fire Authority (1%)	(1.8)	(1.9)	(0.1)
Central Government (50%)	(92.0)	(94.0)	(2.0)
Total Allocations	(184.0)	(188.0)	(4.0)
Share of disregarded amounts			
(b) Sheffield City Council	(2.6)	(3.2)	(0.6)
South Yorkshire Mayoral Combined Authority	(0.9)	(0.5)	0.4
Sheffield City Council NNDR Income, (a) + (b)	(92.8)	(95.3)	(2.5)

9. This is a healthy position, and contains within it a number of larger variances.

- (a) The net liability (gross liability less reliefs) for 23/24 is currently £1.9m better than assumed in Budget – this is due to some reliefs being claimed at a lower rate than assumed in the Budget.
 - (b) The Council must account for £7.3m of liability adjustments that relate to prior years, as appeals are settled and other adjustments to bills are made. It should be borne in mind that the Council's ability to control or influence these decisions is minimal and these decisions are taken by the Valuation Office Agency.
 - (c) The £9.6m favourable variance against Losses in Collection relates to two main drivers. £4.2m relates to the bad debt provision – due to strong collection rates of this year's and historic debt, the Council is able to set less aside in order to provide against the risk of default. £5.4m relates to the appeals provision – as historic appeals are decided, the Council can release from the provision to fund the 'loss' of the appeals (some of which related to (a), above), or because the provision is no longer needed.
10. This position is sensitive to a number of risks – that aggregate rating liability remains stable, and that payment rates continue to be strong. The assessment of bad debt and payment rates at this stage proceeds on a prudent footing, and regular monitoring is conducted to give confidence to the forecast year end position.

Conclusion

11. The above forecast of a modest surplus position rests on a number of assumptions – detailed above. For avoidance of doubt, it must be remembered that any eventual deficit at year end does not affect the 2023/24 General Fund revenue outturn, and will be accounted for within future revenue budgets.
12. Due to the size of the Collection Fund, a small percentage variation in income or expenditure over the coming months will have a significant impact on the forecast position. The surplus outlined above is less than 2% of the 23/24 Collection Fund income share. Monthly monitoring of the Collection Fund position is conducted to ensure that we are fully aware of any changes and the potential budget impacts for future years.

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Report to Policy Committee

Author/Lead Officer of Report:

Damian Watkinson,
Finance Manager

Tel: 0114 273 6831

Report of: *Phillip Gregory*

Report to: *Finance Committee*

Date of Decision: *18th December 2023*

Subject: *Capital Approvals for Month 07 2023/24*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

This report provides details of proposed changes to the existing Capital Programme as brought forward in Month 07 2023/24.

Recommendations:

- (i) Approve the proposed additions and variations to the Capital Programme listed in Appendix 1
- (ii) Approved the issuing of grants to 3rd parties as identified in Appendix 2
- (iii) Approve the reprofiling and slippage of existing schemes/allocations as listed in appendix 3

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

Appendix 1, Appendix 2, Appendix 3

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Liz Gough</i>
		Legal: <i>Gemma Day/Rahana Khalid</i>
		Equalities & Consultation: <i>N/A</i>
		Climate: <i>N/A</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission:	<i>Philip Gregory</i>
3	Committee Chair consulted:	<i>Cllr Zahira Naz</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the 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: <i>Damian Watkinson</i>	Job Title: Finance Manager
	Date: <i>23/11/23</i>	

1. PROPOSAL

- 1.1 The proposed changes to the Capital programme will improve the recreational leisure facilities, schools, roads and homes used by the people of Sheffield, and improve the infrastructure of the city council to deliver those services

2. HOW DOES THIS DECISION CONTRIBUTE ?

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

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Any appropriate consultation was carried out at the original approval of the schemes included

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 Any Equality implications are the responsibility of the service area under which the approval falls. An Equalities Impact Assessment was submitted with each Business Case

4.2 Financial and Commercial Implications

- 4.2.1 A number of schemes have been submitted for approval in line with the Council's capital approval process during the Month 07 reporting cycle. This report requests the relevant approvals and delegations to allow these schemes to progress.

- 4.2.2 Below is a summary of the number and total value of schemes in each approval category:

- 9 additions of specific projects to the capital programme creating a net increase of £7.838m
- 9 variations to specific projects and allocations in the capital programme creating a net reduction of £4.456m
- 25 reprofiles of schemes with no overall change to budgets

- 4.2.3 Further details of the schemes listed above can be found in Appendix 1 & 3.

4.3 Legal Implications

- 4.3.1 Any specific legal implications are identified on a per scheme basis in appendix 1 in relation to schemes to be delivered and Appendix 2 in relation to grants to be issued.

4.4 Climate Implications

- 4.4.1 Any specific Climate implications are identified on a per scheme basis in appendix 1. A Climate Impact Assessment was submitted with each Business Case

5. ALTERNATIVE OPTIONS CONSIDERED

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

6. REASONS FOR RECOMMENDATIONS

- 6.1 The proposed changes to the Capital programme will improve the services to the people of Sheffield.
- 6.2 To formally record changes to the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.

Scheme name / summary description		Value £'000
A	Transport Regeneration & Climate Change	
	New additions	
	<p>Attercliffe Waterside Citu</p> <p>Recommendations</p> <ul style="list-style-type: none"> To approve the addition of £1,710K to the Capital Programme for development costs at Attercliffe Waterside, funded by SYMCA grant To approve the passport of these funds to Citu, SCC's development partner at the site <p>Why do we need the project? Attercliffe Waterside is a multi-phase residential-led regeneration project comprising over 900 homes, being delivered by the Council's development partner Citu and their contractor Sirius. SYMCA funding has been secured to assist with delivering Phase 1; over 400 homes. Some of this funding was for acquisition for site assembly and has been spent and drawn down. The remainder of the grant is to cover:</p> <ul style="list-style-type: none"> Abnormal foundation costs (addressing historic contamination from former industrial uses) Refurbishment of existing character buildings on frontage of site <p>How are we going to achieve it? SCC's development partner Citu will incur these costs so the grant will be passported to them via a system of claims. SCC will enter into a back-to-back agreement with Citu to reflect the terms and conditions of the contract with the funder, ensuring the conditions of the grant are met.</p> <p>What are the benefits?</p> <ul style="list-style-type: none"> Major residential led development of problem brownfield site, providing new homes, landscaped spaces and a mixture of leisure, retail, café and bars on the site and wider high street to realise regeneration ambitions. A new community to revive the retail centre in Attercliffe and change perceptions of the area. Ultra-low carbon 'eco homes', including 1&2 bed canal side apartments and 3&4 bed townhouses. Onsite construction teams are directly employed and trained locally. Creative and commercial uses in retained buildings. Improved connectivity to TCF scheme and new customers for public transport. Support for the recently approved Levelling Up Fund investment in Attercliffe. <p><i>Outputs 23/24</i> 432 Housing units unlocked</p> <p><i>Outcomes 23/24</i> 133 Jobs created</p>	+1,710

7 Apprenticeships								
When will the project be completed? Funds to be drawn down from SYMCA in 24/25								
Funding Source	Brownfield Housing Fund	Amount	£1,710K	Status	Grant accepted at Finance Sub-Committee 22.03.23	Approved	City Futures PG 22.11.23	
Approval Route		Grant Acceptance Report included the intention to pay £1,710K to Citu, approved at Finance Sub-Committee 22.03.23						
Variations and reasons for change								
Page 82	Wordsworth Avenue Crossing Recommendations To approve the budget increase of £141.8k to a total of £148.8k to fully design and construct the zebra crossing on Wordsworth Avenue.							+141.8
	Scheme description Through the City's Transport Strategy, the Council has a corporate objective to increase participation in active modes of transport. Pedestrian Improvement Schemes are delivered through the Local Transport Plan (LTP) Capital Programme and are designed to provide crossings and safer walking facilities. This in turn promotes healthier lifestyles whilst encouraging vibrancy in local areas and supports access to public transport. This project is to provide a safe place to cross Wordsworth Avenue to link the access to Cookson Park skate park and playground in a residential area.							
	What has changed? The feasibility works are now complete and full detail design will be undertaken for the installation of a zebra crossing on an existing plateau. The full cost of the project is expected to be £148k fully funded from Local and Neighbourhood Transport Complementary Programme [LNTCP]. The budget is to be increased by £141.8k.							
	Variation type: - <ul style="list-style-type: none"> Budget increase 							
Funding	Local and Neighbourhood Transport Complementary Programme [LNTCP].							
Approval Route		Sheffield Local Transport Plan Report - TRC Committee 16.03.23						
Creswick Lane Crossing								

Page 83	<p>Recommendations</p> <p>To approve the budget increase of £141.8k to a total of £148.8k to fully design and construct the zebra crossing on Creswick Lane.</p>		+141.8
	<p>Scheme description</p> <p>Through the City’s Transport Strategy, the Council has a corporate objective to increase participation in active modes of transport. Pedestrian Improvement Schemes are delivered through the Local Transport Plan (LTP) Capital Programme and are designed to provide crossings and safer walking facilities. This in turn promotes healthier lifestyles whilst encouraging vibrancy in local areas and supports access to public transport.</p> <p>This project is to provide a safe crossing place on Creswick Lane, Sheffield 35.</p> <p>What has changed?</p> <p>The feasibility works are now complete and full detail design will be undertaken for the installation of a zebra crossing on Creswick Lane which will be used regularly by school aged children attending Yewlands Academy and also St Thomas Moor Primary school. The full cost of the project is expected to be £148k fully funded from Local and Neighbourhood Transport Complementary Programme [LNTCP].</p> <p>The budget is to be increased by £141.8k.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> Budget increase 		
	Funding	Local and Neighbourhood Transport Complementary Programme [LNTCP].	
Approval Route		Sheffield Local Transport Plan Report - TRC Committee 16.03.23	
<p>Glossop Road Crossing</p> <p>Recommendations</p> <p>To approve the budget increase of £238k to a total of £245k to fully design and construct a signal controlled crossing point on Glossop Road.</p>		+238	
<p>Scheme description</p> <p>Through the City’s Transport Strategy, the Council has a corporate objective to increase participation in active modes of transport. Pedestrian Improvement Schemes are delivered through the Local Transport Plan (LTP) Capital Programme and are designed to provide crossings and safer walking facilities. This in turn promotes healthier lifestyles whilst encouraging vibrancy in local areas and supports access to public transport.</p> <p>This project is to provide a safe crossing place on Glossp Road, Sheffield 10.</p> <p>What has changed?</p> <p>The feasibility works are now complete and full detail design will be undertaken for the installation of a signal controlled crossing on Glossop Road. The full cost of the project is expected to be £245k fully funded from Local and Neighbourhood Transport Complementary Programme [LNTCP].</p> <p>The budget is to be increased by £238k.</p>			

	Variation type: -						
	<ul style="list-style-type: none"> Budget increase 						
	Funding	Local and Neighbourhood Transport Complementary Programme [LNTCP].					
Approval Route	Sheffield Local Transport Plan Report - TRC Committee 16.03.23						
Page 84	On Street Chargers					-61	
	Recommendations						
	To approve the budget reduction of £61k to a total of £332k.						
	Scheme description						
	This project is to expand the electric vehicle charger network to help bring forward the switch to electric vehicles in Sheffield in line with Net Zero targets and to improve the provision of on-street residential chargepoint infrastructure in areas lacking off-street parking with the installation of 11 double-headed fast chargers for use by battery-powered electric vehicles at residential on-street locations (lacking off-street parking), and at residential public car park locations across Sheffield.						
	Site No.	Street Name	Postcode	Car Park / On-street	No. of double-headed charge-points (7kW)		No. of Bays / Sockets
	1	Hope St., Stocksbridge	S36 1GY	Car Park	2		4
	2	Louth Rd, Greystones	S11 7AW	On-street	1		2
	3	Slate St., Lowfield / Heeley	S2 3GT	On-street	1		2
	4	Freedom Rd., Walkley	S6 2XE	Car Park	1		2
5	Upwood Rd., Hillsborough	S6 4FT	On-street	1	2		
6	Bishopsholme Rd., Fir Vale	S5 7DF	On-street	1	2		
7	Flodden St., Crookes	S10 1HA	On-street	1	2		
8	Station Road, Darnall	S9 4JU	Car Park	2	4		

Page 85	9	Balmoral Road, Woodhouse	S13 1QG	On-street	1	2	
	Total				11	22	
	<p>What has changed?</p> <p>The design works are now complete and following a tender exercise, the cost of the project has reduced by £61k to £318.4k. The project is funded by a grant from the Department of Transport [Office for Zero Emission Vehicles] and Local and Neighbourhood Transport Complementary Programme [LNTCP].</p> <p>Variation type: -</p> <ul style="list-style-type: none"> Budget decrease 						
	Funding	Department of Transport [Office for Zero Emission Vehicles] and from Local and Neighbourhood Transport Complementary Programme [LNTCP].					
Approval Route		TRC Committee report 21.02.22					
Communities Parks & Leisure							
New additions							
<p>Longley Park Playground FEASIBILITY</p> <p>Recommendation To approve the addition of £13.3K to the Capital Programme for improvements to Longley Park playground, funded by Public Health</p> <p>Why do we need the project? The current play and sport provision within Longley Park is in need of improvement. A preliminary round of external consultation organised by the Northeast LAC, was used to assess the prioritise and concerns of the local community regarding the park and gather information to inform further design e.g. preferences for play/sport provision, demographic of users, accessibility issues. A concurrent internal consultation assessed requirements of internal stakeholders.</p> <p>How are we going to achieve it? Investigate options for the playgrounds, disused tennis courts, basketball court and adjacent land, to identify any necessary survey work, and develop preferred costed design option to RIBA stage:</p> <ul style="list-style-type: none"> Desktop and intrusive surveys 							+13

- Design review and resulting revisions of design
- Preferred option developed to RIBA 2
- Cost plan 1
- Material to use within public consultation/co-design
- Provide information that Parks & Countryside can translate into a funding bid:

What are the benefits?
Full scheme has potential improvements to deliver improvements to:

- Disused Teen Playground;
- Football Strip;
- Seating Area;
- Under 5's playground;
- Basketball court;

When will the project be completed?
Feasibility March 2024

Funding Source	Public Health	Amount	£13.3K	Status	Public Health Allocations Year 5	Approved	Communities, Parks & Leisure PG 13.11.23
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Approval Route Project Mandate approved at Parks, Leisure, and Libraries SMT 04.07.23

Youth Investment Fund Refurbishments

Recommendation
To approve the addition of £322.4K to the Capital Programme to improve 4 local youth facilities funded by Youth Investment Fund grant and a Revenue Contribution to Capital

Why do we need the project?
The Youth Investment Fund's (YIF) objective is to create, expand and improve local youth facilities and their services, to drive positive outcomes for young people, including improved mental and physical wellbeing, and skills for life and work. As part of the YIF, funding is available to subsidise relatively small-scale refurbishment works of within £150K to help improve facilities that are currently used to run youth clubs throughout the city.

The buildings which have been identified are all in need of modernisation works:

- The Milan Centre Youth Club - £37.5K
- Osgathorpe Pavilion Youth Club - £83.5K
- Tinsley Pavilion Youth Club - £102.5K
- Woodthorpe Youth Club - £98.5K

+322

How are we going to achieve it?

- Internal refurbishment of sections of the buildings to improve the provision of youth services on site
- Internal refurbishment of the existing buildings to include replacement of kitchen facilities, WC facilities, heating, improved external security, lighting upgrades, window upgrades, flooring upgrades and internal decoration
- Improved energy performance such as lighting upgrades and window upgrades
- Improved accessibility for disabled users through the upgrade of accessible WC facilities

What are the benefits?

Improved facilities for the provision of youth services, including:

- Upgraded toilet and wash facilities
- Improved building access including addition of improved WC facilities for disabled users
- Upgraded kitchen facilities
- Internal redecoration
- Improvements to energy performance of the buildings by improvements to heating, windows, and doors

When will the project be completed?

All grant funded work needs to be completed by December 2024

Funding

Youth Investment Fund Grant £282.2K awarded 03.11.23
 Revenue Contribution to Capital £40.2K Neighbourhood Services Communities Central Costs Revenue Budget confirmed 07.11.23
 Total £322.4K

Funding Source	See Funding Section above	Amount	£322.4K	Status	Grant awarded 03.11.23 All Youth Investment Fund grants were approved for acceptance at Finance Committee 01.08.23	Approved	Communities, Parks & Leisure PG 13.11.23
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Approval Route	Youth Strategy adopted via Leader Decision March 2022 Briefing note to all Members via LAC Managers June 2023 Strategy & Leadership Board 27.06.23 Email confirming all the above sent to CPL Members 25.07.23
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Variations and reasons for change

High Hazels Park Improvements

+102

Recommendation

To approve the addition of £102.4K to the Capital Programme for improvements at High Hazels Park, funded by Public Health, contributions from Darnall Ward Pot and Local CIL and a Revenue Contribution to Capital

Scheme description

Deliver improvements at High Hazels Park covering the area where the large shelter currently sits. Parks carried out a wide community consultation over Summer 2021 which has resulted in some broad priorities by the community.

What has changed?

There is now an agreed preferred design option and funding has been secured. Deliverables are:

- Demolition of the large external shelter in the park
- Creation of a seating area including small shelter
- Creation of a small gym area
- Marking of a scoot track in main play area

Variation type: Budget increase

Budget

23/24 Budget £32.6K

24/25 Budget £87.4K

Total Budget £120.0K

Funding

Public Health Allocations Year 4 £100.0K

Darnall Ward Pot received 22/23 £5.0K

Darnall Local CIL Contribution £11.2K confirmed 22.09.23

Revenue Contribution to Capital £3.8K via S106 Maintenance confirmed 06.09.23

Total Funding £120.0K

Funding

See Funding Section above

Approval Route

Feasibility approved Cabinet August 2021

Page 89	C	Waste and Street Scene	
		New additions	
		None	
		Variations and reasons for change	
		None	
	D	Adult Health & Social Care	
		New additions	
		None	
		Variations and reasons for change	
		None	
	E	Housing	
		New additions	
	<p>Council Housing General Capitalised Repairs</p> <p>Recommendation To approve the drawdown of £2,200k of HRA funding to cover capital repair works to Housing Stock</p> <p>Scheme description Following investigation of the Repairs and Maintenance Service (RMS) budget and actual activity it has become evident that RMS are undertaking works which can be classified as capital investment. This occurs when response to customer requests for responsive and planned work results in significant enhancement to properties rather than simply repairs to existing infrastructure e.g roofing, fire doors, boundary walls, replacement of, bathrooms.</p> <p>What has changed? After clarification of the SCC definition of capital expenditure RMS supplied figures for the first three months of 23/24 to Finance of work deemed to be capital. These figures were scrutinised by Finance and an estimate of £2.2m capital expenditure per annum was arrived at. This figure exceeds the existing budget provision of £500K per annum.</p>	+2,200	

	<p>Allocation of an additional £1,700K to the existing budget provision will allow for the correct apportionment of costs to the appropriate budgets in line with the agreed SCC definition of capital expenditure. This alteration will allow for a more accurate understanding of SCC's capital investment in its Housing stock</p> <p>It should be noted that that while the recategorization of this expenditure may resulted in a reported improvement in the Housing revenue position the overall pressure on the service will remain the same.</p> <p>Variation type: Budget increase</p> <p>Funding HRA £1,323.6K Drawdown from Block Allocation for Health & Safety Essential Works £637.9K Drawdown from Block Allocation for Internal Works £238.5K Drawdown from Block Allocation for Other Essential Work £2,200.0K 23/24 Budget Required</p>			
	<table border="1"> <tr> <td data-bbox="192 746 331 794">Funding</td> <td data-bbox="331 746 2011 794">See Funding Section above</td> </tr> </table>	Funding	See Funding Section above	
Funding	See Funding Section above			
	<table border="1"> <tr> <td data-bbox="192 810 564 858">Approval Route</td> <td data-bbox="564 810 2011 858">Housing Investment Programme Allocations approved as part of the HRA Business Plan Full Council 20.02.23</td> </tr> </table>	Approval Route	Housing Investment Programme Allocations approved as part of the HRA Business Plan Full Council 20.02.23	
Approval Route	Housing Investment Programme Allocations approved as part of the HRA Business Plan Full Council 20.02.23			
	<p>Council Housing - Capitalised Repairs Void Properties</p> <p>Recommendation To approve the drawdown of £1,600k of HRA funding to cover capital works being carried out on void properties to bring them up to lettable standard.</p> <p>Why do we need the project? Following investigation of the Repairs and Maintenance Service (RMS) budget and actual activity it has become evident that RMS are undertaking significant volumes of capital work specifically to void properties. This expenditure may fall into various categories but principally cover items such as kitchen and bathroom replacements that are required to meet the SCC "Lettable Standard". SCC need to accurately report the levels of capital investment in the housing stock and the clarification of revenue and capital expenditure should promote greater responsibility for budget management within RMS.</p> <p>It should be noted that that while the recategorization of this expenditure may resulted in a reported improvement in the Housing revenue position the overall pressure on the service will remain the same.</p> <p>How are we going to achieve it? To continue to undertake necessary works on void properties to bring them up to lettable standard, with expenditure accounted for as capital spend on an approved capital budget.</p> <p>What are the benefits?</p>	<p>+1,600</p>		

Page 91	<ul style="list-style-type: none"> Accurate recording and budget monitoring of capital investment in SCC housing stock Simplified process flow and reduced requirement for approvals and authorisations between RMS and Housing Investment Teams <p>When will the project be completed? March 2024</p> <p>Costs 23/24 £1,600K full year cost based on analysis of actual spend in the first quarter of 23/24 projected over the remainder of the financial year</p> <p>Funding HRA £1,575.0K Block Allocation for Internal Work £25.0K Block Allocation for Other Essential Work £1,600.0K Total Funding</p>								
	Funding Source	See Funding Section above	Amount	£1,600K	Status	Funding Allocations part of the Current Approved Housing Investment Programme	Approved	Homes PG 15.11.23	
	Approval Route		Housing Investment Programme approved as part of the HRA Business Plan Full Council 20.02.23						
	<p>Errington Estate Improvements</p> <p>Recommendation To approve the addition of £33.6K to the Capital Programme for improvements at the Errington Estate funded by Local Community Infrastructure Levy</p> <p>Why do we need the project? Partnership work to address anti-Social Behaviour has been ongoing in this area since around July 2022 which has seen positive action/ results. Some measures have been put in place already funded by the Neighbourhood Team, however the issues now identified are capital works to:</p> <ul style="list-style-type: none"> Address issues and incidents of anti-social Behaviour in/around 11 blocks (99 flats) Provide additional security to the blocks/external communal parts Improve drying areas Improve waste management by providing additional/suitable waste bins and recycling facilities Improve the general 'kerb' appeal of the area <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> Erect metal fencing around drying areas to create secure areas to house waste/recycling bins Erect metal fencing to some communal parts to deter cars/quad bikes from driving over grassed area Landscaping/structural/brick work to provide/realign ramps and boundaries to drying areas to provide a safe system of work for operatives emptying the bins (which will be larger euro bins) and tenants and residents accessing the bin areas. 							+39	

<ul style="list-style-type: none"> Demolish some existing poor condition bin stores <p>What are the benefits?</p> <ul style="list-style-type: none"> Reduced anti-social behaviour Reduced incidents of setting bin/bin areas on fire Improved recycling Increase in tenant satisfaction/ reduction in complaints/ reports of ASB Sustained tenancies and reduced turnover <p>When will the project be completed? March/April 2024</p> <p>Costs 23/24 Works £33.6K Contingency £5.0K Total £38.6K</p> <p>Funding Local CIL Park & Arbourthorne Ward £33.6K RCC from Repairs Contingency Budget £5.0K Total £38.6K</p>							
Funding Source	See Section above	Amount	£38.6K	Status	Local CIL Allocation Confirmed 07.06.23 Revenue Contribution to Capital confirmed 15.11.23	Approved	Homes PG 15.11.23
Approval Route		Local Area Committee – June 2023					
<p>Council Housing New Build Phase 33 – New Build Acquisitions Main Road/ Whitwell Street Darnall</p> <p>Recommendation To approve the drawdown of £1,217.5K of HRA funding to cover the acquisition of new build properties at Whitwell Street Darnall</p> <p>Why do we need the project? The Council is seeking to acquire 6 x houses (2 x 3 bed and 4 x 2 bed) on Main Road and Whitwell Street in Darnall to be added to the Council’s General Needs Stock as part of the Stock Increase Programme.</p>							+1,218

According to the Sheffield and Rotherham Strategic Housing Market Assessment, Sheffield has an overall shortfall of affordable homes of c902 per annum. The East Housing Market Area (HMA) has the 4th highest demand for Affordable Homes out of the whole City and is in an area with limited surplus Council owned land suitable for affordable housing development. Acquisition of these units would help reduce the shortfall in this area.

The Council relies on acquisitions from private developers to meet its commitment to invest c354m in new Council homes by 2029, via its Stock Increase Programme, to help mitigate the loss of homes being lost through the Right To Buy legislation.

How are we going to achieve it?

Acquire 6 houses, 2 x 3 bed and 4 x 2 bed for General Needs at Main Road and Whitwell Street in Darnall.

N.B. The Council is in the process of acquiring 4 x 4 bed houses on the same development via a the LAHF scheme (Local Authority Housing Fund).

What are the benefits?

- The units will provide General Needs housing at Affordable Rent
- Rehousing services have confirmed that there would be demand for this unit type/ location.
- The units are near completion
- Acquisition of these 6 units achieves a positive NPV over 30 years overall with NPV in year 1 at affordable rent

When will the project be completed?

Contract completion and handover January 2024

Funding

HRA Borrowing £730.5K
1-4-1 Receipts £487.0K
Total Funding £1,217.5K

Funding Source	See Funding Section above	Amount	£1,217.5K	Status	Funding Allocations part of the Current Approved Stock Increase Programme	Approved	Homes PG 15.11.23
Approval Route		Stock Increase Programme approved as part of the HRA Business Plan Full Council 20.02.23					

Variations and reasons for change

Manor House Older Person Independent Living (OPIL) Fire Risk Assessment works Recommendations +143

	<p>Increase budget for the scheme by £142,963 to a total of £628,948</p> <p>Scheme description Manor House is a an OPIL facility that is owned by SCC. As part of due diligence, a re-appraisal of fire risk has been undertaken and has highlighted improvements required in compartmentation. Works to be undertaken to include upgrade of compartmentation works, new doors, and upgrade to the active fire protection system.</p> <p>What has changed?</p> <ul style="list-style-type: none"> • Construction Costs – The main differences are increased Asbestos Attendances (+£60K) and Access hatches (+£30K) into the first floor ceiling to maintain the fire alarm equipment. The Asbestos Attendances increase is due to the contractor attending site, with their specialist removal contractor and discovering more works than anticipated are fixed to the textured coated ceilings and need specialist attendances to ensure safe removal/working. The access hatches were not originally envisaged, however intrusive surveys have shown equipment is in the voids and has no current maintenance access, these are also within the textured coated ceilings. • CDS Fees – These have been updated to show additional electrical design involvement, following intrusive surveys allowing the full extent of the requirements to be known and increased project duration, caused by the amount of asbestos attendances required. <p>Variation type: Budget increase</p>		
	Funding	HRA via Block Allocation for Health & Safety Works	
	Approval Route	Required Health & Safety Works – Scheme initially approved Finance Committee October 2023	
	<p>Council Housing Health & Safety Essential Works Block Allocation</p> <p>Recommendation</p> <ol style="list-style-type: none"> 1. To approve a drawdown of £1,323.6K to the Capitalised Repairs scheme 2. To approve a drawdown of £143.0K to the Manor House OPIL FRA scheme <p>Scheme description Block allocation of funding for health and safety works to the SCC Housing stock.</p> <p>What has changed?</p> <ul style="list-style-type: none"> • A Variation Report has been submitted to approve a budget for property repair costs incurred by the Repairs and Maintenance Service. £1,323.6K funding has been identified to come from this allocation. See separate entry above for Council Housing General Capitalised Repairs 		-1,467

	<ul style="list-style-type: none"> A Final Business Case has been submitted including an uplift in budget for the Manor House OPIL FRA scheme, therefore £143.0K needs drawing down from this allocation <p>Variation type: Budget decrease</p> <p>Budget Current 23/24 Budget £539.2K - £299.2K = £240.0K Current 24/25 Budget £13,840.6K - £1,167.5K = £12,673.1K Total 23-27 Budget £47,829.6K - £1,466.6K = £46,363.0K</p>		
	Funding	HRA	
	Approval Route	Housing Investment Programme Allocations approved as part of the HRA Business Plan Full Council 20.02.23	
Page 95	<p>Council Housing Internal Works Block Allocation</p> <p>Recommendations</p> <ul style="list-style-type: none"> To approve a drawdown of £1,575.0K to the Capitalised Repairs Voids scheme To approve a drawdown of £637.9K to the Capitalised Repairs scheme <p>Scheme description Block allocation of funding for internal works to the SCC Housing stock.</p> <p>What has changed?</p> <ol style="list-style-type: none"> A Final Business Case has been submitted to approve a budget for void property repair costs incurred by the Repairs and Maintenance Service. £1,575.0K funding has been identified to come from this allocation. See separate entry above for Council Housing - Capitalised Repairs Void Properties A Variation Report has been submitted to approve a budget for property repair costs incurred by the Repairs and Maintenance Service. £637.9K funding has been identified to come from this allocation. See separate entry above for Council Housing General Capitalised Repairs <p>Variation type: Budget decrease</p> <p>Budget Current 24/25 Budget £500.0K - £500.0K = £0.0K Current 25/26 Budget £999.5K - £999.5K = £0.0K</p>		-2,213

	<p>Current 26/27 Budget £5,906.3K - £713.4K = £5,192.9K Total 23-27 Budget £7,405.8K - £2,212.9K = £5,192.9K</p>		
Page 96	<p>Funding HRA</p>		
	<p>Approval Route</p>	<p>Housing Investment Programme Allocations approved as part of the HRA Business Plan Full Council 20.02.23</p>	
	<p>Council Housing Other Essential Work Block Allocation</p> <p>Recommendation</p> <ul style="list-style-type: none"> To approve a drawdown of £25.0K to the Capitalised Repairs Voids scheme To approve a drawdown of £238.5K to the Capitalised Repairs scheme <p>Scheme description Block allocation of funding for other essential works to the SCC Housing stock.</p> <p>What has changed?</p> <ol style="list-style-type: none"> A Final Business Case has been submitted to approve a budget for void property repair costs incurred by the Repairs and Maintenance Service. £25.0K funding has been identified to come from this allocation. See separate entry above for Council Housing - Capitalised Repairs Void Properties A Variation Report has been submitted to approve a budget for property repair costs incurred by the Repairs and Maintenance Service. £238.5K funding has been identified to come from this Q number. See separate entry above for Council Housing General Capitalised Repairs <p>Variation type: Budget decrease</p> <p>Budget Current 23/24 Budget £495.6K - £263.5K = £232.1K Total 23-27 Budget £5,291.6K - £263.5K = £5,028.1K</p>		-264
	<p>Funding HRA</p>		
	<p>Approval Route</p>	<p>Housing Investment Programme Allocations approved as part of the HRA Business Plan Full Council 20.02.23</p>	
	<p>Council Housing Stock Increase Programme Block Allocation</p> <p>Recommendation</p>		-1,218

Page 97	To approve a drawdown of £1,217.5K to the New Build Acquisitions Main Road/ Whitwell Street Darnall scheme		
	<p>Scheme description Block allocation of funding for the Housing stock increase programme.</p> <p>What has changed? A Final Business Case has been submitted to approve the acquisition of 6 properties at Main Road/ Whitwell Street in Darnall. The funding therefore needs drawing down from this allocation .</p> <p>See separate entry above for Council Housing New Build Phase 33 – New Build Acquisitions Main Road/ Whitwell Street Darnall</p> <p>Variation type: Budget decrease</p> <p>Budget Current 24/25 Budget (pre-reprofile) £32,860.2K - £1,217.5K = £31,642.7K</p>		
	Funding	Various including; HRA Borrowing, HRA Capital Receipts, Homes England Grants, S106	
	Approval Route	Stock Increase Programme Allocations approved as part of the HRA Business Plan Full Council 20.02.23	
F	Education Children & Families		
	New additions		
	<p>Sheaf Training Centre Accessibility</p> <p>Recommendations</p> <ul style="list-style-type: none"> To approve the inclusion of £640.6k in the capital programme for the Sheaf Training Centre Accessibility scheme. Funded via a £366k contribution from the Training Centre revenue budget and £274.6k from the High Needs Capital Allocation <p>Why do we need the project?</p> <p>Sheaf Training Centre wishes to maximise the use of its facilities by making all areas accessible to all of their pupils. The centre wants to improve accessibility to allow access for all to the open amenity space and the construction area. There is a need for a disabled toilet within the previous primary school to give toileting facilities close to the construction workshop area. There is also an issue with safe access and egress for vehicles both drop offs and service deliveries. Internal teaching capacity is to be increased by sub-dividing existing teaching spaces.</p>		+640.6

<p>How are we going to achieve it?</p> <ul style="list-style-type: none"> ○ Create internal access between different building levels and disabled W/C ○ Improve access to 2 external areas: A. construction workshop B. outdoor amenity and horticultural area ○ Dropped kerb to pedestrian entrance route ○ Create additional parking ○ Assess turning head within site for minibus and service vehicles ○ Introduce partitions to increase teaching space <p>What are the benefits?</p> <ul style="list-style-type: none"> ○ Internal access between different building levels for pupils and disabled W/C creation ○ Pupil access to external areas on the site ○ Additional parking for staff and visitors ○ Internal teaching capacity increased <p>When will the project be completed? 31/10/2024 (tbc)</p>							
Funding Source	DfE High Needs Capital Allocation and a Revenue Contribution	Amount	£274.6k £366k	Status		Approved	
Approval Route	Growth and improvement of SEND provision part of approved capital strategy						
<p>Special Educational Needs and Disabilities (SEND) Minor Adaptation Works Provision</p> <p>Recommendations</p> <ul style="list-style-type: none"> • To approve a drawdown of £100k from DfE High Needs Capital Funding Allocation to the SEND Provision Adaptation Works scheme. <p>Why do we need the project?</p> <p>Under the Equalities Act of 2010 schools and Local Authorities (LAs) are required to:</p> <ul style="list-style-type: none"> ○ Make reasonable adjustments to ensure that disabled pupils are not at a disadvantage and enables pupils to participate in education, school activities and associated services. 							+100.0

Page 99	<ul style="list-style-type: none"> ○ Consider the potential impact on disabled pupils in terms of time and effort, inconvenience, indignity and discomfort, loss of opportunity and diminished progress. <p>To deliver these duties minor adaptations are sometimes required to school buildings. The Local Authority (LA) manages priorities as they arise and will determine the level of financial contribution (as part of the admission process). Maintained schools may be expected to contribute towards accessibility work. Examples of where LA funding has been used: Adding a ramp, installation of a lift, creating accessible toilets/changing rooms etc.</p> <p>How are we going to achieve it?</p> <p>This is a rolling programme to assist maintained schools to pay for adaptation, alterations and improvements to support the learning children with a disability. Current school funding is insufficient to do so. We are establishing a ring-fenced budget of £100k to fund low level adaptations that may be required</p> <p>What are the benefits?</p> <p>Assist schools to pay for adaptation, alterations and improvements to support children with a disability.</p> <p>When will the project be completed?</p> <p>N/A</p>							
	Funding Source	DfE High Needs Capital Allocation	Amount	£100k	Status		Approved	
	Approval Route	Part of statutory duty						
Variations and reasons for change								
None								
G	Strategy & Resources							
New additions								
None								
Variations and reasons for change								
None								

H	Economic Development & Skills
	New additions
	None
	Variations and reasons for change
	None

	Scheme name / business unit / summary description of key terms	Recipient	Value £'000
A	Transport Regeneration & Climate Change		
Page 101	<p>94147 Attercliffe Waterside Citu</p> <p>BACKGROUND</p> <p>In March 2023, the Finance sub-committee approved the Council becoming accountable body for £3,993.9K of funding from the South Yorkshire Mayoral Combined Authority (the Authority). Together with an earlier grant, the total grant awarded to the Council from the Authority for this project was £4,080K. The grants are towards the acquisition of land by the Council and towards works for Phase 1 of a proposed development scheme to unlock development of a wide scheme. This will create a new neighbourhood of low-carbon new homes.</p> <p>The Council now wish to passport the £1,710K of funding to Attercliffe Waterside Ltd (AWL), via a back-to-back agreement.</p> <p>See Section A for further details</p> <p>LEGAL IMPLICATIONS</p> <p>The Council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act which enables the Council to passport the funding to AWL.</p> <p>The back-to-back agreement is not yet finalised, but the intention is for the back-to-back agreement to be on materially the same terms as the grant agreement between the Council and the Authority. If this is not the case, then a further decision will be sought.</p> <p>Key terms of the back-to-back agreement will be:</p> <ul style="list-style-type: none"> • The Project should look to achieve the Project Outputs, Project Outcomes. Failure to achieve the Project Outputs can result in the grant being clawed back. • The grant must only be used for the eligible costs and is subject to the special conditions and the terms of the back-to-back agreement. • Expenditure can only be defrayed from the commencement date to the completion date. • Any significant changes to the project or changes which have the potential to breach subsidy control must be approved by the Council and the Authority. • The Authority will retain 5% of each claim for qualifying expenditure. The 5% will be released in 2.5% amounts on completion of specific events. This includes for example on practical completion of the works, a review meeting being completed, delivery of the project outcomes and once the Council has received the retention amount from the Authority. 	Citu Group Developments Limited	1,710

	<p>The Council must comply with all applicable legislation and regulations including but not limited to Public Contracts Regulations 2015, UK GDPR, the Data Protection Act 2018 and Subsidy Control.</p> <p>A subsidy control assessment has been carried out, the grant to AWL is deemed to be a subsidy but is in accordance with the principles and will be published on the governments transparency database.</p>		
B	Communities Parks & Leisure		
	None		
C	Waste and Street Scene		
Page 102	None		
	Adult Health & Social Care		
	None		
E	Housing		
	None		
F	Education Children & Families		
	None		
G	Strategy & Resources		
	None		
H	Economic Development & Skills		
	None		

Slippage / Reprofile Summary

Transport Regeneration & Climate Change

Scheme Name	Current 23/24 Budget	Slippage or Reprofile	Slippage / Reprofile Amount	Increase to 24/25	Increase to 25/26	Increase to 26/27	Increase to 27+	Explanation
Clean Air Zone Buses & Coaches	2,914,147	Slippage	- 1,393,928	1,393,928				This project is for providing grants for upgrades on non-scheduled buses operating within Sheffield and scheduled buses operating within Sheffield and Rotherham. The slippage re-profile more accurately reflects the expected grant uptake for the project
Clean Air Zone HGV Upgrades	3,520,000	Slippage	- 1,440,043	1,440,043				This project is for the provision of grant support to owners of HGV's, to upgrade vehicles so that they are compliant with the requirements of the Sheffield and Rotherham Clean Air Zone. The slippage re-profile more accurately reflects the expected grant uptake for the project
Shalesmoor Gateway	2,157,518	Slippage	- 1,542,628	1,542,628				Still awaiting funding approval for the wider scheme from the Department for Transport which has delayed the design process.
Upper Don Valley Flood Defence Phase 2 Ph2	1,129,547	Slippage	- 486,287	486,287				This is due to delays in the progress of the work, caused mainly by a shortage of resource in the consultants project team
Levelling Up Fund Castle Site	12,199,226	Slippage	- 8,807,351	8,807,351				Castle Site Project to be delivered through a 2 stage process. This will provide an opportunity to review current estimates and align delivery to the available funding. Current year slippage is due to issues in the tender process caused by current market conditions.
Pounds Park / Rockingham Street Transport Improvements	1,438,911	Slippage	- 289,898	289,898				Slippage due to delay in approving costs for Rockingham Street. Review of drawings and Technical queries rectified prior to Highways Management approving the design for construction.
Future High Streets Fund Event Central Building	4,213,732	Slippage	- 3,497,264	3,497,264				The first tender for the building was unsuccessful. The project has been re-tendered causing significant delay to start on site. The expenditure has been reprofiled over a longer programme as per indication from tender participants.
Transforming Cities Fund Nether Edge Wedge Cycling	1,071,260	Slippage	- 269,402	269,402				Design for this scheme has been delayed due to physical constraints and potential issue with requirement for license from the Environment Agency (EA). The slippage of scheme into 24/25 is currently being mitigated through discussions with the EA.
Brownfield Sites Acquisitions	4,760,668	Reprofile	- 3,692,576	3,692,576				A re-prioritisation of acquisitions is required to establish an agreed list of priority projects
West Bar Highways & Enabling Works	3,477,675	Reprofile	- 1,124,669	1,124,669				Updated forecast received from Urbo of when they expect to make claims for the funds, which has therefore allowed a reprofile of when payments to Urbo can expect to be made.
Streets Ahead Opportunities	3,427,623	Reprofile	- 137,000	137,000				A key part of this programme of works is interventions requested by Local Area Committees. The work to prioritise these is ongoing.
Sheaf Valley Parking	289,006	Slippage	- 221,600	221,600				Delays due to Traffic regulation order (TRO) being advertised due to a new TRO system being put in place. Objections have also been received following this being advertised. Construction is now estimated for April / May 2024
Barkby Rd Steps	81,980	Reprofile	- 81,980	81,980				The project will not be progressing this financial year due to resource issues
			- 22,984,626	22,984,626	-	-	-	

Housing

Scheme Name	Current 23/24 Budget	Slippage or Reprofile	Slippage / Reprofile Amount	Variation to 24/25	Variation to 25/26	Variation to 26/27	Variation to 27+	Explanation
Council Housing Heating Breakdowns	2,083,868	Slippage	- 286,074	286,074				The output tracker is identifying lower figures against the original output estimates.
External Wall Insulation Package 2	4,579,850	Slippage	-1,407,321	189,570	1,217,751			Progress on site has been delayed . Slippage to match rate of progress and likely adjusted spend profile. Finance forecasting adjusted to show a -£1.4m reduction in 2023/2024 and reallocated into FY 2025 due to contractor delays to date. However, site compound completed and established, Residential Liason Advisors appointed and in place to engage with residents and works started on pilot properties. Alternative programme submitted meeting the contract end date.
External Wall Insulation Package 3	10,248,345	Slippage	-875,000	875,000				The works to Wates houses and Malt houses will be completed within this financial year, but the works to the 22 PreFabs has been suspended until a pilot scheme on one dwelling has been completed. Early surveys indicate that with asbestos in the roof void, combined with substandard roof structure and external frame, moving these dwellings forward may not prove to be cost effective.
Local Authority Housing Fund Acquisitions	5,799,401	Reprofile	- 315,669	315,669				Still expect to spend to budget based on agreed acquisitions by end of November but more refurbishment costs expected after the end of the March24 than originally profiled
Council Housing General Acquisitions	2,661,698	Reprofile	- 1,123,105	280,776	280,776	280,776	280,777	Current activity aims to purchase the target 20 General Acquisitions in 2023/24 and none of the slippage units from 2022/23. This is due to funding arrangements linked to 1-4-1 Right to Buy receipts. The approach has been agreed with colleagues in Housing Growth and Finance and is subject to change dependent on how the new build picture develops.
New Council Housing - Handsworth Acquisitions	4,271,911	Reprofile	- 4,250,500	4,250,500				The developer has gone into receivership. The receivers are planning to sell the development as it is (not finished) with a view to the purchaser entering into a contract with SCC to buy the units. This is a long process and it now won't happen in this financial year.
New Build Council Housing - Newstead Older Persons Independent Living	9,935,920	Reprofile	- 9,934,727	6,493,968	1,914,694	1,526,065		A major reprofiling of the Stock Increase Programme is proposed. This forecast reflects the current anticipated position as a result of this. This work was concluded in October and will inform a Housing Policy Committee member briefing prior to carrying out the budget variation for approval.
New Build Council Housing - Hemsworth Older Persons Independent Living	3,813,148	Reprofile	- 3,810,106	790,384	3,019,722			Forecast reflects approved reprofile of expenditure
New Council Housing - Corker Bottoms Acquisitions	8,337,083	Reprofile	- 3,755,283	3,755,283				£3,800,000 is the majority of the 50% deposit to be paid to SHC on contract signing. This is the original deposit amount but would obviously be different if the acquisition is renegotiated. The delay with the project has meant that the deposit has been reprofiled into 2023/34- with further payments now moving into 2024/25. However, there is still no official programme for the acquisition. Reprofile of budget was submitted. This acquisition remains a priority for the HRA Stock Increase Programme and commitment made. The forecast reflects the submitted reprofile
Council Housing Stock Increase Programme Block Allocation	9,084,749	Reprofile	- 8,384,749	- 28,868,375	- 18,400,239	9,703,698	45,949,665	Knowle Hill Temporary Accommodation & New Build Temporary Accommodation: Paused due to increased build costs within the current construction market. Pending discussions with Housing Policy Committee/Members the project has been reprofiled based on a quarter 3 2024/5 start on site. Gleadless Valley New Build: Projects have been reprofiled to the end of the Stock Increase Programme (2026/27 - 2028/29) until a more accurate profile can be provided by the Gleadless Valley Team
			- 34,142,534	- 11,631,151	- 11,967,296	11,510,539	46,230,442	

Strategy & Resources (Corporate Estate)

Scheme Name	Current 23/24 Budget	Slippage or Reprofile	Slippage / Reprofile Amount	Increase to 24/25	Increase to 25/26	Increase to 26/27	Increase to 27+	Explanation
Vehicle Fleet Replacement 23-24	2,514,480	slippage	- 700,466	700,466				Slippage into next year due to delayed delivery dates now being quoted for some vehicles and plant, most of which are now expected to be delivered in April 2024.

Education, Children & Families

Scheme Name	Current 23/24 Budget	Slippage or Reprofile	Slippage / Reprofile Amount	Increase to 24/25	Increase to 25/26	Increase to 26/27	Increase to 27+	Explanation
Astrea Academy Sports Pitch	1,179,251	Reprofile	- 1,179,251	1,179,251				Discussions ongoing with Academy Trust regarding provision of Sports Pitches- resolution not expected this financial year

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Report to Policy Committee

Author/Lead Officer of Report: Angela Glentworth Head of Regeneration and Property Service
Tel: 2734700

Report of: Executive Director, City Futures
Report to: Finance Committee
Date of Decision: 18th December 2023
Subject: Proposed Lease at Solpro Business Park, Windsor Street, Sheffield S4 7WB

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? NOT YET COMMISSIONED				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
The Commercial Terms which set out in Appendix 1.				
<i>"The appendix is not for publication because it contains exempt information under Paragraphs 3 of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

This report

1. Seeks the approval of the Finance Committee to enter into a lease for the Council's occupation of premises situated at the Solpro Business Park.
2. Sets out the provisionally agreed terms in relation to point 1, above, and as detailed in the Proposal section of this report.

Recommendations:

The Finance Committee is recommended to:

- R1. On consideration of the commercial terms, confirm that it is satisfied with the proposed terms and authorises the completion of the lease and any other legal documentation necessary required.

Background Papers:

n/a

Lead Officer to complete:-	
1	<p>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.</p> <p>Finance: Helen Damon</p> <p>Legal: David Sellars</p> <p>Equalities & Consultation: Louise Nunn</p> <p>Climate: (N/A)</p>
	<p><i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i></p>
2	<p>SLB member who approved submission: <i>Executive Director City Futures</i></p>
3	<p>Committee Chair consulted:</p>
4	<p>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.</p> <p>Lead Officer Name: <i>Philip Dendy</i></p> <p>Job Title: <i>Surveyor</i></p> <p>Date: <i>October 2023</i></p>

1. PROPOSAL

- 1.1 The Council currently occupies part of the Solpro Business Park by virtue of a 15-year lease dated the 29th October 2008, granted by the Landlord Solpro Manufacturing Limited. The contractual term ended on the 30th September 2023. The leased area continues to be used by Housing Services, and is being 'held-over', pending resolution of the proposed lease arrangements.
- 1.2 Housing Services wish to continue to make use of the site but anticipate that they will relocate from the site following completion of a formal review of accommodation and service requirements. Therefore, Housing do not wish to be tied into a lease of the premises for a further 15-years. Accordingly, revised terms have been provisionally agreed with the landlord for a new lease on more flexible terms, to facilitate a relocation should suitable Council accommodation be identified and become available.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The proposed lease will facilitate the on-going occupation and use of the subject premises by Housing. If the envisaged lease did not proceed the services provided from the site would be disrupted, which would in turn be detrimental to the local community which rely on the services provided.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 As there will be no material change to the provision of facilities at the property there is no requirement for or benefit to holding a public consultation.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

As there are no equality implications on any of the protected characteristic groups there is no further information needed at this time.

4.2 Financial and Commercial Implications

- 4.2.1 The proposed lease will facilitate the on-going occupation and use of the subject premises by Housing. If the lease did not proceed, then the services provided from the site would be disrupted, or cease, which would be detrimental to the local community which rely on the services provided.
- 4.2.2 The rent of £331,080 per annum will be funded from existing budgets within Housing Services.

4.3 Legal Implications

4.3.1 The entering into a lease by the Council as the tenant is an acquisition. Section 120 of the Local Government Act 1972 provides that a principal council can acquire land (whether situated in or outside their area) by agreement for the purposes of any of their functions or the benefit, improvement or development of their area.

4.3.2 In this case the taking of the lease for the reasons set out in the report falls within the general powers under section 120.

4.3.3 The lease does not give security of tenure under the Landlord and Tenant Act 1954 and as such when the contractual term ends in approximately three years if the Council is still in occupation it will have no rights to remain. It is therefore important that alternative premises are found and secured within this timeframe.

4.4 Other Implications

4.4.1 None beyond those identified in this report.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Do nothing.

6. REASONS FOR RECOMMENDATIONS

6.1 The proposal to take a lease renewal would enable Housing to continue to function from the subject accommodation and to provide a service to the local community. The proposal will also provide the desired flexibility to allow Housing to relocate should suitable alternative accommodation be identified.

See Separate cover for Appendix 1

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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