Sheffield City Council

Revenue Budget 2024/25

Sheffield City Council

Foreword

Sheffield is a brilliant city, proud of its past and resolutely determined about its future. We are the fourth biggest city in England and have amazing environmental, cultural, sporting and heritage assets. One third of Sheffield sits in the Peak District National Park, making us England's greenest city – and we have the highest ratio of trees to people of any European city. Sheffield has also been ranked the top City in the UK (outside of London) for starting a business in the Startups Cities Index. Sheffield's strong performance was recognised across business support, talent attraction, low cost of living, large working population and fantastic transport links Our neighbourhoods are seen as some of the most vibrant in the UK and Sheffield was proud to host the MOBO Awards in February 2024, building connections with communities, enriching lives through black music and culture and setting "a new standard for citywide cultural initiatives" (Kanya King).

Sheffield City Council has set out its priorities for the next four years in the draft Council Plan which outlines how the Council will deliver for citizens. The four-year Plan is linked to the Council's four-year Medium-Term Financial Strategy (MTFS) so that the Council has a clear view on what it is going to do in the coming years aligned to the resources available to deliver. It will allow citizens, city partners and investors to know where the Council is headed, what it stands for and give even more opportunity to hold the organisation to account.

The Council Plan is part of Sheffield City Council's commitment and contribution to Sheffield achieving its new City Goals. At the heart of everything in the Plan is a determination to challenge ourselves as an organisation to make a positive contribution to Sheffield's people, the city's prosperity and the planet we share.

The Council Plan sets a new mission for the organisation **'Together we get things done'** - emphasising that the Council is committed to working together as a whole organisation, with all the city's organisations and every community to deliver for the people of Sheffield. The Council Plan is part of our Policy Framework, setting the high-level policy direction for the whole organisation which is then delivered through our key strategies, service plans and the huge contributions that our staff make to the city every day.

The Council Plan is ambitious and recognises that the commitments can only be achieved if we work with the city in everything that we do and that we focus our resources on the outcomes and priorities. The most vital resource we have is our staff and building on our values, we will empower and enable our staff to thrive so that they have a real sense of belonging in the organisation and feel they can channel the pride and passion they have for Sheffield in the work they do every day.

A fundamental principle of the Council Plan is a closer alignment of expenditure and the Council's priorities. Sheffield's prudent approach to fiscal management, means we have a stable footing from which to deliver the required changes to support delivery of the plan. This is going to result in a move towards more outcome-based budgets from

2025/26 to maximise the effectiveness of delivery against the priorities. However, any changes in approach and allocations of financial resources will still need to be delivered within the constraints of the medium-term financial envelope.

To support continued development and progress, the Future Sheffield programme will drive the changes we need as an organisation to become a learning, listening, customer-focused Council that has a strong culture of performance and delivery, values people and drives out discrimination where it exists.

During 2023 a fundamental revision and refresh of the Council's performance management framework has taken place to algin with development of the new Council Plan and strategic outcomes.

The Performance Framework sets out how performance measures, risk management and budget monitoring are aligned to present a comprehensive picture of the Council's overall performance in terms of council plan outcomes, service delivery and financial management. We will report our progress and performance publicly, in line with our commitment to openness, transparency, and accountability.

We should be proud of how the city has responded to the unprecedented crises we have faced in recent years including Covid and the cost-of-living crisis alongside statutory partners, Sheffield's Voluntary, Community, Faith and Social Enterprise sector. After over a decade of cuts to Council budgets from central government and the scale of the recent challenges we have faced the Council must maintain a focus on financial sustainability.

By the law the Council must set a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This will take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels.

It has become increasingly hard to do this despite recent improved funding settlements from Government. Along with other Councils, Sheffield City Council continues to lobby Central Government to recognise the full impact of a decade of cuts in its and national Local Government funding between 2010 and 2020. The fact remains that Sheffield has 26% or £858 per household less to spend in real terms, when compared to 2010/11. This reduction is well above the national average of approximately 18% or £556 per dwelling.

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

This is no different for 2024/25 and results in the recommendation to Full Council to increase in Council Tax by 4.99%.

Following 14 years of delivering savings to offset cuts in funding totalling over £483m, as well as cost pressures resulting from inflation and increased demand for vital services, means savings have become increasingly difficult to deliver without wholesale closures of service on which Sheffield residents rely.

For 2024/25 we are forecasting pressures of £79m for Committees budgets. These pressures result from rising demand for services but also significant increases in contract and price inflation due to the current economic backdrop. Approximately £49m of these pressures relate to Social Care Services.

Through our 2024/25 Business Planning Process, Committees managed to identify £8m of savings to help deliver the balanced budget. Examples of the savings include, service redesigns including improved automation, reduced subsidies to leisure providers, person-centred reviews of care packages, to name a few. Delivery of these savings will require steadfast commitment, and targeted resources from the Council to be successful. It is therefore imperative that robust action is taken to deliver planned savings and contain financial pressures over the next year. Consequently, if overspends emerge, then the Strategic Leadership Team will be required to develop and implement plans to mitigate fully any overspend, within 2024/25, in consultation with elected Members.

In addition to these savings, increases in Business Rates income and associated grants, uplifts to sales fees and charges where appropriate, additional funding from government (mainly ringfenced to social care) along with the difficult decision to increase Council Tax by 4.99%, means we are able to set a balanced budget for 2024/25.

For Council Tax, the extra 4.99% including the Adult Social Care Precept, delivers approximately £16m for Sheffield and is vital to close the budget gap. This is a difficult choice and will place an additional financial burden on the households of Sheffield. Most homes will see an increase of £1.17p per week. However, Sheffield is committed to supporting its most vulnerable families. To do this, £200k has been added to the Council Tax Hardship fund, bringing the total to £2.4m for 2024/25. At the same time the Council is reviewing all its support payments to residents to ensure they are targeted towards those who need it most.

The Council does not take the decision to increase Council Tax lightly but the alternative to this, finding £16m more of savings within 2024/25, will have too great an impact on vital services in the city.

A different option would have been to use reserves to balance the budget as done for 2022/23. However, placing reliance on reserves is not a prudent step for the longer-term sustainability of the Council. Our remaining reserves will instead be better targeted to one-off 'invest to save' type activity required to support savings delivery plans and transformational work. This investment will ensure the Council will be in a better place and shape to deal with the challenges and opportunities presented over the medium term.

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

However, against this financial backdrop, the Council's priorities remain clear. It will continue to maintain its critical services for the citizens of Sheffield and we will strive to deliver the priorities set out in our new Council Plan.

BUDGET REPORT 2024/25

Contents

List of Appendices

2024/25 REVENUE BUDGET
REPORT OF THE CHIEF EXECUTIVE AND DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

Purpose of the Report

1. The purpose of this report is to:

   - recommend to Full Council the City Council's revenue budget for 2024/25, including the position on reserves and balances;
   - recommend to Full Council to approve a 2024/25 Council Tax for the City Council; and
   - recommend to Full Council to note the levies and precepts made on the City Council by other authorities.

Section 25 Statutory Statement on Sustainability of Budget and Level of Reserves

Key messages

The Section 151 Officer (Director of Finance and Commercial Services) has reviewed the adequacy of reserves and the robustness of the estimates behind calculating the budget requirement in line with the requirement under Section 25 of the Local Government Act 2003.

He has concluded that reserves remain adequate and estimates robust. However, the Council's financial position is deteriorating during 2023/24 due to funds required to support the in-year overspend of £17.4m.

In addition, the Council requires the delivery of £7.5m of savings schemes to balance the 2024/25 budget. In practice some of these schemes will prove difficult to implement in whole or part following consultation, and a number are unlikely to deliver a full year of savings during 2024/25. These challenges mean that further reserves might be needed to balance the 2024/25 financial position.

It is therefore imperative that robust action is taken to deliver planned savings and contain financial pressures over the next year. If this action is not taken successfully, the Council's position will become financially unsound from 2025/26 onwards. Consequently, if overspends emerge, then the Council's Strategic Leadership Team (SLT) will be required to develop and implement plans to mitigate fully any overspend, within 2024/25, in consultation with elected Members.

2. The Chartered Institute of Public Finance & Accountancy (CIPFA) published the Financial Management Code in October 2020, which included the Financial Management Framework as a way of self-assessing compliance with the Code. Part of the Framework reinforces the requirement under Section 25 of the Local Government Act 2003 for the Section 151 Officer (Director of Finance and Commercial Services) to review the adequacy of reserves and the robustness of the estimates behind calculating the budget requirement. This section specifically addresses this requirement, with relevant data referenced elsewhere within this Report.

The adequacy of reserves

3. **Appendix 5** details the Council's current reserves and balances, and the overall strategy for the coming years. Holding reserves is part of good financial management for any organisation, and the Council holds reserves mostly against future liabilities (earmarked reserves). Our overall reserves levels are in line with other major cities in the country. However, unearmarked reserves set aside to deal with unknown emergencies, at £15.1m benchmarks as low compared to other authorities.

4. The Council maintains a Medium Term Financial Analysis (MTFA) to assess the risks within the Council's financial position. The MTFA is reviewed alongside the Reserves Strategy to assess the level of future sustainability.

5. This section, read together with Appendix 5, satisfies the requirement to review reserves balances and confirms them as adequate in the medium term. However, this year the risks to the Council's reserve position have increased and there are a number of challenges that threaten the sustainability of the Council's budget.

6. The main challenge for 2024/25 as with prior years, is the Council's ability to continue to deliver savings and manage increased pressures. The Council has a good track record of delivery, but ten years of reductions during austerity make it harder to find more savings every year. For 2024/25 the Council needs to make £7.5m of savings. Whilst savings of this value have been put forward as part of balancing this budget, it is likely a proportion will not have a full-year impact in 2024/25 (i.e. the time needed to implement the underpinning service changes means that savings will not start to accrue from 1st April, but will start later in 2024/25) In addition, it is inevitable there will be unforeseen difficulties in implementing some schemes, or these schemes will not deliver the full amounts expected.

7. To support the delivery of savings and offset any potential slippage in the total amount of expenditure reductions during 2024/25, the Council has identified up to £5m of contingency and transformation funding within its budget.

8. If the contingencies detail above and/or the management action set out in paragraph 9 below prove insufficient to fully offset any in year budget gap, the Council has identified up to £13.3m of its earmarked reserves to meet this financial gap. Prudent financial management in previous years meant the Council was able to identify £70m of reserves during 2020/21 to support budget pressures. However, the combination of a £19.8m overspend in 2021/22, the budget gap of £14.5m in 2022/23, an overspend of £5.0m in 2022/23 and the forecast month 6 overspend in 2023/24 of £17.4m, means an estimated £56.7m of these reserves will be used by the end of 2023/24. However, a one-off collection fund surplus of £12.5m for 2024/25, discussed in a later section of this report, will be added to support this reserve. This will provide a total £25.8m available to support future budget overspends. Using any of these reserves during 2024/25 would, however, leave the Council with significantly less room for manoeuvre in setting its budgets for 2025/26 onwards.

9. It is imperative that the Council's agreed savings schemes deliver in full, with any further cost pressures that occur during 2024/25 onwards being fully controlled and mitigated. If this does not happen, then the Council will have to use its remaining reserves in a more risky and less sustainable manner to resolve its budget gaps. Such a strategy would mean that the s151 Officer might not be able to conclude that the Council's Budget is sustainable, or its level of reserves is adequate. Consequently, if overspends emerge, then SLT will be required to develop and implement plans to mitigate fully any overspend, within 2024/25, in consultation with elected Members.

The robustness of estimates behind the budget requirement

10. This Report proposes a budget requirement of £543.8m, and a Band D Council Tax charge of £1,932.56 for the year 2024/25. The calculations behind these figures are reported principally within **Appendix 6**, though the calculations are based on estimates from a number of sources that are also published within this Report. The publication and inclusion of relevant estimates within this document stands as confirmation of their robustness. The Council has a proven track record of establishing realistic and robust balanced budgets, relying on its specialist functions of business and financial planning.

11. The Business Planning Process is described below at paragraph 23 and informs the Committee Business Implementation Plans [1].

12. The Council's main sources of income when setting its budget are Council Tax, retained Business Rates and specific grant funding. These income streams can be subject to considerable variation year on year. The Business Rate position is discussed at paragraph 34, and the grant funding position is discussed at paragraph 32.

13. The Council maintains a Risk Register to assess the main financial risks facing the Council. In doing so, the Council maintains an awareness of issues that would greatly prejudice the accuracy of the estimates in the Budget.

Medium Term Financial Outlook

Key messages

The September 2023 Medium Term Financial Analysis predicted an overall funding gap of approximately £61.2m between 2024/25 to 2027/28.

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

Planning beyond 2024/25 will have to be based on prudent assumptions, including very limited if any support from Government after 2025/26.

Information from the Autumn Statement and details provided in this year's Settlement, suggest the assumptions in the MTFA will need to be revised in early 2024/25 and will worsen the medium term position.

14. This budget has been set in the context of the likely resources available and calls on those resources over the medium term to ensure sustainability. The Medium Term Financial Analysis (MTFA), published in September 2023, set out the Council's latest financial forecast for the period 2024/25 to 2027/28.

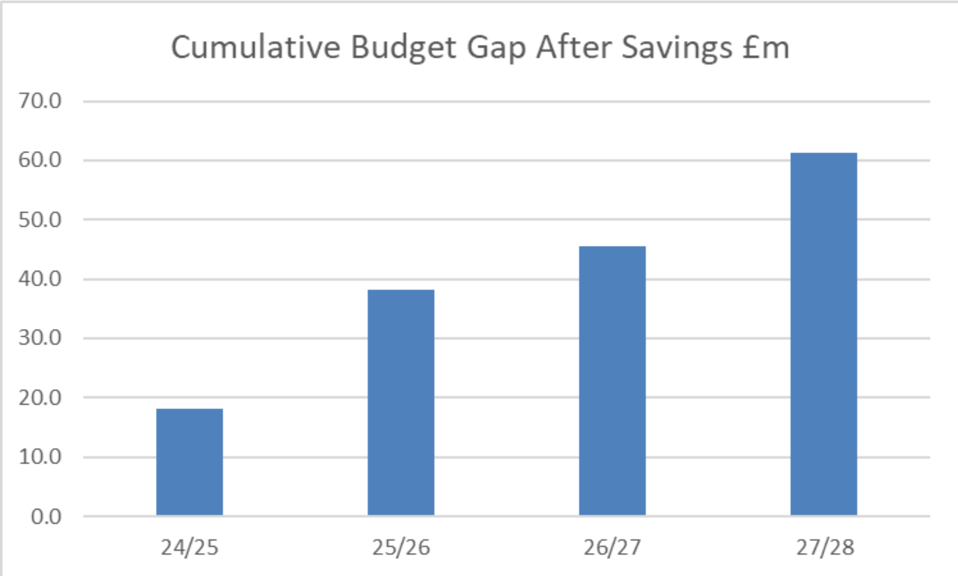
15. The Council's social care services continue to experience significant cost and demand pressures which, even with the additional social care funding announced in the 2023/24 Settlement, completely outstrip the growth in local taxation in the medium term.

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

16. Outside of the social care services, the Council is still suffering from high inflation on its major contracts in 2024/25 and a loss in Housing Benefits Subsidy on Short Stay and Supported Accommodation. Above inflation wage increases in the private sector are also putting additional pressure on all Council services.

17. The following graph, Figure 1, shows the forecast cumulative net gap of £61.2m by 2027/28 as per the published MTFA (September 2023).

Figure 1



Reform to Local Government funding

18. The Council's financial planning continues to be hampered by complicated and relatively short-term Spending Review announcements by Central Government. The Provisional Settlement announced on the 18th December 2023 was no different with a one year settlement.

19. Future allocation around grants such as New Homes Bonus funding and Services Grant are now more uncertain. Our September 2023 MTFA assumptions were that these grants would either continue at current levels or be redistributed back to Local Authorities on a need's basis. However, these grants are now being cut to fund increases elsewhere in the settlement.

20. The Autumn Statement set out the Governments fiscal headroom over the next 5 years, with the majority of public spending increases being frontloaded into 2024/25. There are limited increases to public spending beyond 2024/25 and with spending commitments to protected services such as the NHS and MoD already confirmed, real terms cuts to unprotected services such as Local Government are inevitable.

21. In addition, the Government had still been considering whether to, and how to, re-allocate the total amount of funding it makes available between different types of authorities. This is known as the 'Fair Funding Review' and has been delayed for several years by the 2019 General Election and the Covid pandemic. It has now been confirmed this review will not take place during this parliament and therefore cannot realistically be implemented before 2026/27. However, there is a consensus amongst some public sector finance commentators that there is now insufficient funding with the Local Government system to successfully implement a Fair Funding review in its current format. Therefore, any material redistribution of funding is unlikely, especially given the current financial failure rate of councils.

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

Business Planning for 2024/25

Key messages

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

Budget savings, service efficiencies and increased income will have to be delivered during 2024/25 and beyond, in order to achieve a balanced budget.

For 2024/25 there is a significant uplift in the amount of funding available via government grants and local taxation, reducing the budget targets for each Committee.

Committees worked with officers of the Council to identify savings packages to offset these remaining budget targets. These were proposed to the Strategy and Resources Committee and are recommended to Full Council in March 2024.

23. The Council's approach to managing its financial position in the medium term is controlled through the Business Planning process. This requires Committees to develop Business Implementation Plans (BIP's), which show what activities will be provided in 2024/25 for a specified cash limited budget. The Business Planning process for 2024/25 began in conjunction with the publication of the MTFA report to the Strategy and Resources Committee in early September 2023.

24. As reported in the MTFA and detailed above, significant budget pressures such as contract inflation and the increasing demand for services continue to outstrip available resources over the medium term. For example, adults social

care pressures were forecast to be £82m between 2024/25 and 2027/28, offset by only £4.7m of anticipated additional income. Consequently, budget savings, service efficiencies / transformations and increased income will have to be delivered during 2024/25 and beyond, in order to achieve a balanced budget over the medium-term and protect our front-line services.

25. For 2024/25 however, there is significant additional funding to support the budget process. This funding includes, local taxation income including the adult social care precept, inflation linked Central Government funding and the preannounced service specific grants in social care. This substantial increase in income reduced the level of savings required by each committee.

26. The process agreed by Strategy and Resources for the application of the additional funding was as follows:

- Anticipated 2024/25 pay awards were funded for all Committees.
- Adult Social Care Precept is applied to the Adult Health & Social Care (AHSC) Committee. In addition, the AHSC receives 69% of the Social Care grant available, with Education, Children & Families Committee receiving the rest. This allocation is based on their relative shares of the original social care pressures for 2024/25.
- Funding was allocated towards significant contract inflation pressures which are out of the control of the relevant committee. Examples include the waste contract, highways and Microsoft licencing. Corporate funding was also set aside to cover the significant increase in Housing Benefit subsidy losses.
- The remaining income was allocated to committees based on their share of Net Revenue Budget.

27. Following the allocation of the additional income, each policy committee applied inflationary increases to sales fees and charges, where possible and just, to arrive at a final budget target.

28. In order to achieve these budget targets, varying approaches to savings are being undertaken as set out in the Business Implementation Plans and summarised in **appendix 2** of this report.

29. Not all Committees were able to achieve the savings targets and will therefore receive additional funding for 2024/25. This is discussed in more detail within the ‘Development of Committees Budget’ section of this report.

Formulation of the Budget for 2024/25

Key messages

The Council is required by statute to set a balanced budget. There are several stages involved in formulating a balanced budget; these include:

- the assessment of likely increases or reductions to income sources such as Central Government grants, Council Tax and Business Rates.
- assessment of increased expenditure for both Corporate funded items and cost pressures within Committees resulting from increased demand for services, cost inflation and planned investments.
- the resulting Budget Gap from the above two stages have to be met by delivery of budget savings. Should the level of savings be insufficient to meet this Gap, the Council’s reserves must be used.

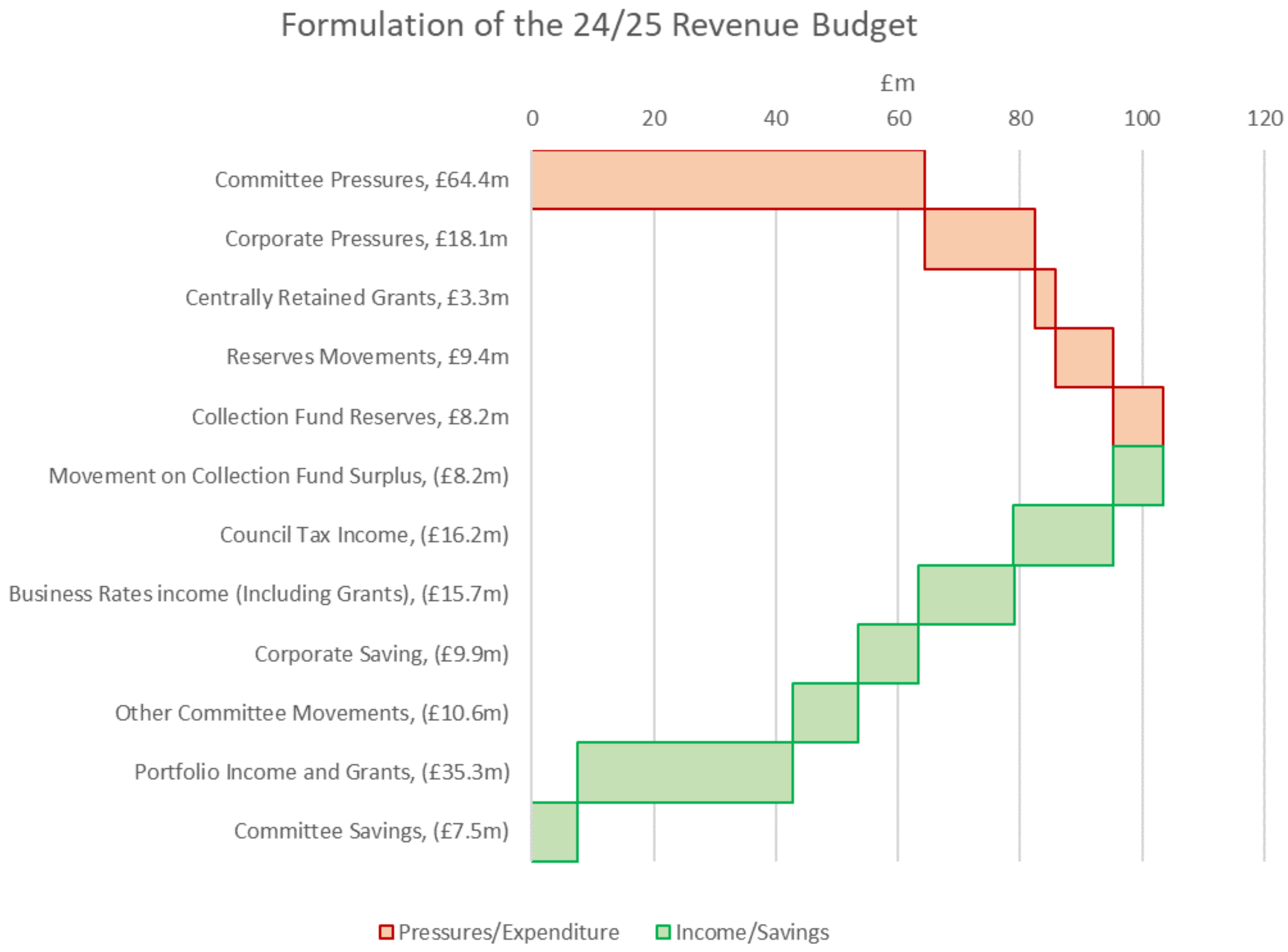
The 2024/25 budget has been set without the use of unplanned draws from reserves.

The following sections provide details of the assessments undertaken and the processes followed to ensure the 2024/25 budget is balanced.

30. In formulating the Budget for 2024/25, there are a number of adjustments that will need to be made to reflect variations in costs and resources, some of which are outside of the control of the Council, whilst others reflect the continuation of current Council policy and/or the Council’s priorities.

31. The following sections show those items that have been included in the proposed budget, along with a summary graph (Figure 2) which demonstrates how the Council’s revenue budget for 2024/25 has been balanced.

Figure 2



Local Government Finance Settlement

Key messages

The annual Provisional Local Government Finance Settlement was announced on the 18th December 2023 and confirmed on the 7th February 2024. The Financial Settlement sets out funding allocations from Central Government for the year 2024/25.

This confirmed, among other things, various grants payable to the Council for the year such as additional Social Care funding, cuts to some non-ringfenced grants including New homes Bonus and Services Grant, the level of Business Rates compensation funding, as well as, the referendum threshold for Council Tax.

32. The Government announced details of the Provisional Local Government Finance Settlement for 2024/25 on 18th December 2023, an additional Written Statement was issued on the 24th January 2024 increasing funding

allocations, with the Final Settlement allocations being presented to the House of Commons on the 7th February 2024.

33. Below is a summary of the key points set out in the Final Settlement which impact on the 2024/25 budget for the Council:

Centrally Retained Grants

- Revenue Support Grant (RSG) for Sheffield will increase in 2024/25 by around £2.9m or 6.7% in line with CPI as at September 2023.
- As part of the 2022/23 Financial Settlement a new grant titled '2022/23 Services Grant' was announced. SCC's share of the grant was £10.0m but was cut by £4.4m in 2023/24. This grant will see a further substantial and unexpected £4.6m reduction in 2024/25. This grant reduction is being used to fund increases elsewhere within the settlement such as RSG and the 4% minimum funding guarantee. This created a new pressure for SCC's budget.
- An additional 1-year award results in a decrease to New Homes Bonus funding for SCC of £1.6m. This is due to slow building growth during 2022/23. No legacy payment will be due on this award.

Service Grants

- The Provisional Settlement announced additional Social Care Support Grant (SCSG) of £8.8m for 2024/25. £6m of this funding was anticipated and assumed within Business Planning. The additional £2.8m resulted from the equalisation of the grant to consider Local Authorities differing abilities to raise social care funding via the ASC precept.
- A Written Statement was announced by Government on the 24th January increased the Council allocation of Social Care Support Grant funding by a further £5.6m. This funding is to be directed toward Childrens Social Care issues. By the 24th January, the Education, Childrens and Families Committee had agreed a balanced budget. This funding will therefore be held corporately until agreement on its use is reached during 2024/25.
- Improved Better Care Fund Grant is to be increased by £2.7m for 2024/25 in relation to new burdens around hospital discharge.

Collection Fund

- The Government announced modifications to the Business Rates system for 2024/25, which included splitting the 'Standard' and 'Small' Business Rates Multipliers. The Government is freezing the Small Business Rates Multiplier with SCC being compensated for the loss in income. In addition, the Retail, Hospitality and Leisure Relief has been extended for 2024/25, again with SCC to be compensated for any losses. The total increase in anticipated business rates related grants is £10.4m. Full details of the forecast changes to Business Rates income including the impact of the Local Government Finance Settlement are detailed in the following section.

- The overall referendum trigger for Council Tax increases has been set to 5% and will accommodate authorities' ability to raise a 'Social Care Precept' of up to 2%. The threshold for Core Council Tax before a referendum is triggered is increased to 2.99% for 2024/25. Full details of the anticipated increase to Council Tax income for 2024/25 are reported later in this report.

Business Rates Income

Key messages

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

For 2024/25, the Council will receive £200.8m of income from business rates and associated grants. This is £15.7m more than budgeted for in 2023/24.

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

Overall Business Rates Estimate for 2024/25

35. The net business rates allocated to the Council is £94.4m (£90.1m in 23/24).

36. The Council may retain 100% of the business rates collected from designated renewable energy hereditaments and the designated New Development Deal (NDD) hereditaments (including some of the Heart of the City 2 development). This is shown in the table below and brings the Council's share of business rates income to a total of £97.9m. Additionally, the Council will receive £102.8m of related grant income (£92.4m in 23/24) and overall, business rates-related income will increase £15.7m.

Table 1 *(23/24 grant values restated)*

All figures in £k	2023/24	2024/25	Change (+/-)
Net Business Rates	(90,134)	(94,415)	(4,281)
Designated Area Business Rates (NDD)	(863)	(1,696)	(833)
Renewable energy amounts	(1,697)	(1,810)	(113)
South Yorkshire Investment Zone	0	(28)	(28)
Total Income from Business Rates	**(92,694)**	**(97,949)**	***(5,255)***
Business rates top up grant	(51,146)	(55,654)	(4,508)
NNDR1 grants incl. small rate relief	(7,694)	(8,717)	(1,023)
Business Rate Inflation Cap (BRIC) grant	(27,055)	(32,181)	(5,126)
Retail Hospitality and Leisure Relief	(6,458)	(6,266)	192
Total related grant income within NNDR1	**(92,353)**	**(102,818)**	**(10,465)**
Total income from Business Rates in 24/25 Budget	**(185,047)**	**(200,767)**	**(15,720)**

37. The Council is estimated to retain £97.9m of business rates in 24/25 (increase of £5.3m from 23/24). This is mainly to do with the uplift of the 'standard' multiplier (payable when a ratepayer occupies premises with Rateable value over £51k) in line with CPI inflation of 6.7% at September 2023. The decision over multiplier increases is taken annually by Central Government, and this uplift was confirmed in the Autumn Statement 2023.

38. A new income stream for the Council has begun relating to the successful bid for an Investment Zone within South Yorkshire. The Investment Zone in Sheffield relates to a 134 hectare area which includes parts of the City Centre, Attercliffe and the new West Bar developments. From 1st April 2024, growth above a baseline set as at November 2023 will be retained locally. This is a relatively modest income stream currently, but is forecast to grow following investment and construction within that zone in the medium term.

39. The Council will also receive £102.8m of grant income, which is an increase of £10.5m to 23/24. £4.5m of this is an increase to Sheffield's allocation of top up grant. £2.4m of this particular increase is due to the impact of inflationary uplifts to the top up grant calculation, and the remainder is a technical adjustment relating to the 2023 Revaluation of the national ratings list.

40. The Council will receive a combined £6.0m increase to grant income relating to Business Rates Inflation Cap compensation (BRIC) and compensation for relief schemes. Taken together, this net increase is largely due to the Government's decision to freeze the multiplier payable on 'small' hereditaments (below £51k) and the Government's commitment to compensate authorities for this decision.

Council Tax income

Key messages

Subject to Council approval, the Council Tax rate will increase by 4.99%, comprising 2.99% for the Core Council Tax and 2% for the Adult Social Care Precept.

The majority of dwellings in the Council's area are Band A, and as such will see an increase the equivalent to £1.17 per week.

There are approximately 146,975 Band D equivalent properties on which to charge Council Tax, an increase of approximately 1.0% from 2023/24.

The Council will therefore receive £284.0m of income via Council Tax, which is £16.2m greater than 2023/24.

This Report recommends the 4.99% increase to Council Tax.

Council Tax base for 2024/25

41. It is proposed to set a Council Tax Requirement of £284.0m for 2024/25 based on a 4.99% increase. This includes the application of the 2% increase for Adult Social Care precept. This results in a Band D tax charge of £1,932.56, including the Adult Social Care precept, without any discounts or exemptions.

42. This includes a determination that the Council Tax base – the number of properties on which a tax can be charged – will be 146,975 Band D equivalent properties, compared to 145,490 in 2023/24. This increase in tax base is due to estimates of the overall net growth in the tax base over the next financial year as new properties are constructed, as well as an increase in the estimated rate at which the Council will collect Council Tax from taxpayers from 95.5% in 23/24 to 96% for 24/25. In recent years, the budgeted Collection Rate has been lower than the actual collection rate, so increasing the budget collection rate reflects a better match to the available data.

43. The phrase "Band D equivalent properties" is used throughout this report because Band D is used by the Government as the standard for comparing Council Tax levels, between and across local authorities. This measure is not affected by the varying distribution of properties in bands that can be found across authorities. A definition of Council Tax can be found in **Appendix 11**.

44. Nearly 60% of dwellings in the Council's area are within Band A, and as such this charge is calculated at 6/9ths of the Band D charge, or £1,288.36 for 2024/25 (£1,227.13 for 2023/24), the equivalent to a £1.17 per week increase before any applicable discounts/exemptions. More information on discounts and exemptions can be found here - https://www.sheffield.gov.uk/council-tax

45. The Council recognises that any increase in Council Tax can impact on vulnerable people and families. To mitigate the increase in Council Tax, we will increase the Council Tax Hardship Fund by £200k in 2024/25. The Hardship Fund will total £2.4m and is reviewed on an annual basis.

46. A summary of the Council Tax levels by band can be found in Table 5 in the 'Financing the 2024/25 Budget Requirement' section of this report. Further details can also be found in **Appendix 6.**

Council Tax referenda

47. The Localism Act 2011 introduced the requirement for a local authority to determine whether its Council Tax for a financial year is excessive. If the Council Tax were to be considered excessive per the Act, a referendum is required in respect of that amount.

48. The final Local Government Finance Settlement[2] confirms that an authority's relative basic amount of Council Tax for 2024/25 is excessive if the authority's relevant basic amount of Council Tax for 2024/25 is 3% more than its relevant basic amount of Council Tax for 2023/24 or its Adult Social Care precept increase for 2024/25 is greater than 2% of the relevant basic amount of Council Tax for 2023/24. This Budget report does not include increases that would be considered 'excessive' by this definition, thus no referendum is required.

Premium Council Tax Charges

49. As a billing authority, the Levelling Up and Regeneration Act 2023 allows the Council to charge premium Council Tax charges in the following situations:

- A 100% premium charge where a property has been unoccupied and substantially unfurnished (or 'long term empty premium') for longer than 12 months, and:
- A 100% premium charge where a property is substantially furnished and occupied periodically (or 'second home premium').

50. The Council is asked, in the recommendations to this Report, to note the decision of the Finance Committee on Monday 19th February to implement the changes to the long term empty premium with effect from 1st April 2024, and the second home premium with effect from 1st April 2025.

---

[2] Referendums Relating to Council Tax Increases (Principles) (England), 2024 to 2025.

51. The Council previously operated a long term empty premium charge. The table below outlines the changes to the overall regime following the decision taken on 19th February (change indicated by italics):

%age premium charge for Empty Properties	up to 31/3/24	from 1/4/24
0 to 1 year	0%	0%
1 to 2 years	*0%*	*100%*
2 to 5 years	100%	100%
5 years to 10 years	200%	200%
10 years plus	300%	300%

52. As above, the Council Tax base for the 2024/25 Budget was determined on 13th January 2024, and cannot be subsequently changed. Because of the timing of the Finance Committee decision, the additional tax base created by premium charges to long term empty properties is not included within the 2024/25 taxbase decision. Therefore, this decision creates no additional income for the 2024/25 Budget. Any income recognised because of the premium charge will therefore be recognised in the 2025/26 Budget as part of either a collection fund surplus or deficit (dependant on the overall performance of the collection fund in 2024/25.)

53. The 2023 Act provides that the Council can only introduce the second home premium where the determination has been made at least 1 year prior to its introduction. Hence, the second home premium will have effect from 1st April 2025.

54. Both types of premium charge – long term empty and second home – will be factored within the tax base determination for the 2025/26 Budget.

Collection Fund Deficit / Surplus

Key messages

For 2024/25, the Revenue Budget includes an overall Collection Fund surplus allocation of £12.5m. This is an improvement of £8.2m when compared to last year’s figure.

This surplus will be transferred in full to the Budget Contingency Reserve, to protect the Council’s general revenue position.

55. The below table shows the detail behind the overall £12.5m surplus allocation.

Table 2

All figures £m	Council Tax	NNDR	Total
Reconciliation of prior year (surplus)/deficit	(2.1)	(4.8)	(6.9)
Estimate of 23/24 (surplus)/deficit	(2.6)	(3.0)	(5.6)
Total Collection Fund (Surplus)/Deficit Payments in 24/25	**(4.7)**	**(7.8)**	**(12.5)**
Surplus funding applied to Budget Risk Reserve	4.7	7.8	12.5
Remaining (surplus)/deficit payments in 24/25	**0.0**	**0.0**	**0.0**

56. The Council Tax side of the Fund is in a healthy position – a £2.1m reconciling surplus from 22/23 outturn, and an estimated £2.6m surplus at outturn 23/24. In both years, this relates to a better than expected performance of the payments rates of Council Tax, requiring less to be set aside to protect against the risk of default.

57. The NNDR position is similarly healthy, though for different reasons.

- The £4.8m reconciliation relating to 22/23 is due to the end of the period where ratepayers can appeal their liability relating to the 2017 Rating List (a new List began from 1/4/23). The £4.8m surplus relates mainly to the unwinding of the appeals provision, given that appeals were now time-barred.
- The £3.0m surplus relating to 23/24 reflects a number of factors that mean there is more rating income receivable – this includes lower reliefs claimed, improved cash collection rates and lower loss on appeal compared to the budget estimates in year.

58. The Council Tax and NNDR outturn positions for 2023/24 must be reconciled within the 2024/25 Revenue Budget, and it is prudent to examine the surrounding economic context. It is uncertain how inflationary pressures will impact upon liability to local taxation, and how the local economy (in particular, house building and business growth) will react to decisions taken at a national level. The Collection Fund surplus will be transferred to reserves to protect the Council's general revenue position.

Balances and Reserves

Key messages

2024/25 sees a £17.6m reduction in the use of / increased contributions to reserves when compared to 2023/24. This is mainly the result of a £9.3m reduction in reserves required to service the Major Sporting Facilities (MSF) external debt and an increased contribution of £8.2m to reserves resulting from the 2023/24 collection fund surplus.

Attached to this report as **Appendix 5** is the Council's Reserves Strategy showing details of the reserves held and planned uses.

59. 2024/25 sees a £17.6m reduction in the use / increase in contributions to reserves when compared to 2023/24. This is mainly due to:

- £9.3m reduction in use of reserves required to service the Major Sporting Facilities external debt. The final payment for this debt was made during 2023/24 and therefore no further draws from reserves are required.
- As detailed in the Collection Fund section, the net surplus/deficit is usually carried to/funded by reserves in order to protect the revenue budget from fluctuations in local taxation. The overall surplus of £12.5m (£8.2m increased contribution for 2024/25) will, however, be added to the Budget Contingency Reserve to replenish recent draws on these reserves and support longer term sustainability. It is the view of the Director of Finance and Commercial Services, that sufficient funds remain within the Collection Fund Reserve to protect the Council from any short-term fluctuations in the fund.

60. The Director of Finance and Commercial Services has reviewed the position relating to Reserves and has produced a Reserves Strategy which is attached at **Appendix 5**. This sets out the estimated requirement for Reserves to meet expenditure in 2024/25, and/or smooth costs in future years, for various purposes and explains the purpose of each earmarked reserve. This report also includes the statutory statement (section above) from the Director of Finance and Commercial Services on the sustainability of reserves and the budget.

Corporate Contingencies & Expenditure / Savings

Key messages

The Corporate budgets support Council wide spending and investments. These include items such as the Capital Financing budget, redundancy provision, business change budget and contingencies to support Committee spend / saving delivery. These budgets are set to increase by £18.1m for 2024/25.

Corporate savings agreed totalling £9.9m partly offset this but creates an overall pressure for the corporate budgets of £8.2m for 2024/25.

61. There are a number of proposed additions to the budget for 2024/25, which are to be held corporately. The most significant additions are as follows:

- Housing Benefit - £7.9m has been set aside to cover the significant increase in Housing Benefit subsidy losses for Exempt Properties and contributions to support the large increase in Homelessness accommodation costs around housing benefits support. This budget is intended as a contingency to be used to support in-year overspends, whilst the service develops plans to reduced costs, and the Council makes representations to the Department for Work and Pensions for increases to their contributions, to better reflect the real costs.
- Heart of the City 2 - £8.5m: additional funds are required to support the Heart of the City 2 project capital financing costs. This increase is partly offset by an additional £2.1m of rental income and £1.4m growth in forecast business rates income. A net increase in costs of £5m for 2024/25. It is worth noting these capital financing charges are expected to be reduced and/or mitigated in the medium term as properties are either disposed of or tenanted.
- Council Tax Hardship - £0.2m: these funds have been set aside to increase the amount of support provided to those least able to cope with the cost of Council Tax. The Council's Hardship fund will be a total of £2.4m for 2024/25.
- As mentioned in the LGFS section of the report, a Written Statement was announced by Government on the 24th January increased the Council's allocation of Social Care Support Grant funding by a further £5.6m. This funding is to be directed toward Childrens Social Care issues. By the 24th January, the Education, Childrens and Families Committee had agreed a balanced budget. This funding will therefore be

held corporately until agreement on its use is reached during 2024/25. This has a nil effect on the corporate budgets.

62. There is also a proposed corporate reduction in spending totalling £9.9m to party offset the pressure detailed above. The details are as follows:

- Capital Financing - £9.9m: the Council currently holds high cash balances and therefore is not anticipating the need to borrow funds for capital works in the near future. Improved interest rates forecast result in the Council is getting greater than expected returns on its investments. In addition to these improvements, the Council continues to settle old debt. The combination of these factors means that in the short term, the capital financing budget can be reduced to support the wider Council. It should be noted, this is not a permanent position and as cash balances inevitably fall, the Council will need to borrow. Interest rates are also forecast to reduce during 2024 and therefore this budget will have to be kept under review to ensure sufficient funds are available to support the borrowing requirements over the medium term.

Development of Committee Budgets

Key messages

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

In contrast to 2023/24, all Committees will receive additional core funding to support service delivery during 2024/25.

63. The following table (table 3) shows how the Committee budgets (excluding Corporate items) are proposed to change from 2023/24 to 2024/25. The four main reasons for changes to Committee budgets are:

- Pressures £64.4m – further details can be found in both **Appendix 1** as well as the budget implementation plans at the following link: https://www.sheffield.gov.uk/your-city-council/budget-spending
- Savings £7.5m – further details can be found in the Savings Summary in **Appendix 2** of this report and /or the budget implementation plans at the following link: https://www.sheffield.gov.uk/your-city-council/budget-spending;
- External Income £35.3m – this is external income from Sales, Fees and Charges but also increases to service specific grants. further details can

be found in the External Income Summary in **Appendix 3** of this report and /or the budget implementation plans at the following link: https://www.sheffield.gov.uk/your-city-council/budget-spending

- Other movements / Investments (£10.6m net reduction) –The £10.6m includes virements to/from corporate items to Committee budgets and are detailed below table 3.

Table 3

	Restated Budget 2023/24	Pressures '2024/25	Savings '2024/25	Income '2024/25	Investments / Other Movements '2024/25	Budget '2024/25
	£000	£000	£000	£000	£000	£000
Committee budgets:						
Adult Health & Social Care	142,387	37,420	(4,101)	(25,803)	0	149,903
Communities, Parks & Leisure	35,617	2,601	(812)	(444)	(10,100)	26,862
Economic Development & Skills	8,161	771	(100)	0	0	8,833
Education, Children & Families	115,342	12,004	(1,455)	(8,004)	500	118,387
Housing	5,484	1,247	(285)	(304)	0	6,142
Strategy & Resources (Excluding Corporate)	65,021	4,448	(437)	(96)	(1,020)	67,917
Transport, Regen & Climate	25,120	850	0	(300)	0	25,670
Waste & Street Scene	65,706	5,047	(300)	(310)	0	70,143
	462,839	**64,388**	**(7,490)**	**(35,261)**	**(10,620)**	**473,857**

Note **Appendix 4** will reconcile between the figure above, and the Net Budget requirement of £543.8m shown in paragraph 76.

Investment and Other Movements

64. These adjustments are corporate transfers of funding for pre-agreed programmes to cover programme expenditure. Details of the most significant transfers are as follows:

- Communities Parks and Leisure Committee – The £10.1m budget reduction reflects the repayment profile of the Major Sporting Facilities external debt. The final payment for this debt was made during 2023/24 and therefore no further budget support is required.

- Education, Children & Families Committee – Mainly Dedicated Schools Grant (DSG) £0.5m; to support services historically funded by DSG where the grant is no longer available, but the service continues to be vital to the city's young people.

- Strategy and Resources Committee – The £1.0m budget reduction mainly reflects the additional income target of £2.1m for service in relation to the Heart of the City 2 Development. This budget reduction / increase income target is used to partly offset the additional capital financing requirements of the scheme. The HotC2 corporate movement is partly offset by a £0.8m transfer to Local Area Committees (LAC's) to support local decision making and delivery of priorities for local communities.

Changes to overall Core Funding to Committees

65. As can be seen from table 3, if the technical adjustments are ignored, all Committee's budgets are increased for 2024/25. The total budget uplift excluding corporate budgets is £21.6m.

66. The following section sets out the details of some of the major movements within the Committees. The details are as follows:

- Adults Health and Social Care Committee will see an increase of £7.5m or 6% of Net Revenue Budget (NRB) in core funding for 2024/25. This excludes the 18% of NRB or £25.8m of additional external income provided through the Social Care Grants (£16.9m), additional income from Partners of (£1.5m) and Sales Fees and Charges (£7.4m). Despite this increase in core funding and external income, the Committee still needs to deliver £4.1m of savings to offset more than £37m worth of pressures. These pressures are predominantly arising from annual inflation uplifts on care fees and pay, in addition to increasing demand for services, particularly for people with learning disabilities. Additional staffing in response to higher demand and improvement to services has further increased cost pressures into 2024/25. The main focus of the savings identified for this Committee are centred around promoting independence for clients and improved commissioning of services.
- Waste & Street Scene Committee core funded budget will increase by £4.4m or 7% NRB for 2024/25. This increase is mainly the result of the planned Council investment in the Streets Ahead programme and Waste contract costing £2.1m and £1.6m respectively. These increases are based on a forecast January RPIX rate of 4%. With very few services falling within this Committees remit having the ability or capacity to delivery significant savings, it was always likely additional core funding would be needed. This is not to say there will not be challenges faced in the delivery of the £0.3m of savings identified for delivery during 2024/25.
- The Education, Children & Families Committee will see an increase in core funding of nearly £3.1m or 3% NRB. This excludes the 7% of NRB or £8.0m additional external income provided mainly through the Social Care Grant (£5.8m). There has been a nationally acknowledged upward pressure on children's services in recent years. This is no different in Sheffield, with significant pressures of over £12.0m materialising across the service. These pressures are mainly within placement budgets,

SEND Transport and staffing costs required to support the city's young people. The Committee has however, set out a savings package of nearly £1.5m, the majority of which follows a budget re-baselining exercise in Fieldwork Services.

- Strategy and Resources Committees (excluding Corporate) in table 3 is showing a core funding increase of £2.9m or 4% of NRB. However, if the technical adjustment in relation to Heart of the City 2 rent increases and LAC funding are ignored, the core funding increase is £3.9m. £2.7m of the £4.4m total pressures relate to forecast pay awards, with the rest being smaller costs pressures across the committee, on items such as council wide ICT charges. A few small savings totalling £0.4m have been identified and agreed by Committee to help the Council deliver a balanced budget.
- The Transport, Regeneration and Climate Committee budget will increase by £0.6m or 2% of NRB for 2024/25. The main reason for this increase is the funded pay award of £0.4m.
- Communities Parks and Leisure show a reduction in core funding of £8.7m. However, if the technical adjustment in relation to the servicing of MSF debt is ignored, the core funding increase is £1.3m or 4% of NRB. The main reason for this increase is the funded pay award. The Committee has been required to raise additional income of £0.4m and find savings of £0.8m to offset other pressures such as Ash Die Back costs. The majority of the savings for this Committee are in relation to reducing subsidies to leisure providers during 2024/25, as the new leisure strategy is implemented.
- The Economic Development & Skills Committees core funding shows an increase of £0.7m or 9% of NRB. Only £0.2m of this funding is for pay awards with the rest being a pressure in relation to the Sheffield Museums. The Committee was unable to put forward sufficient acceptable savings to meet this pressure. Corporate funding was needed to support these costs and hence the additional core funding outside of the pay award.

67. **Appendix 4a** sets out summaries of total gross and net (core funding) expenditure by Committee. This appendix also includes a breakdown of services within these Committees to identify where the Council's money is spent.

Savings Proposals for 2024/25

Key messages

The total level of savings proposed by the Committees for 2024/25 is £7.5m and covers categories such as services effectiveness, cost reduction and staff savings.

The 2024/25 saving target is relatively modest in comparison with previous years but is still likely to be very difficult to deliver due to the cumulative impact of continuous savings delivery since 2010.

68. Discussions with Members have taken place since the consideration of the MTFA, to produce a set of proposals for savings to be delivered during 2024/25. The proposals set out in this report form the basis of a balanced budget and a recommendation to Council on 6th March 2024. The total amount of savings are £7.5m. If any of these proposals were not to be approved by Council, then alternative compensating savings would need to be identified and recommended to Council.

69. The graphs below display the level of savings as a percentage of the Committee's net expenditure but also by category.

Figure.3

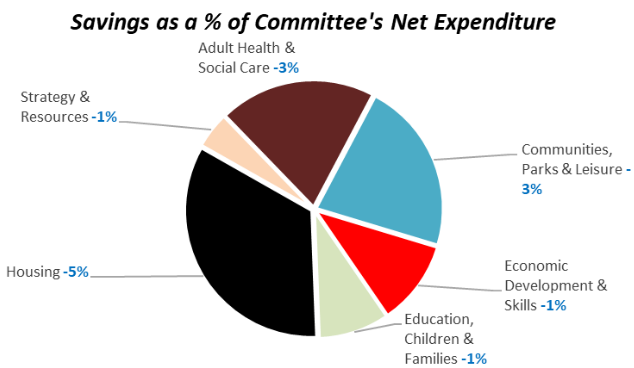
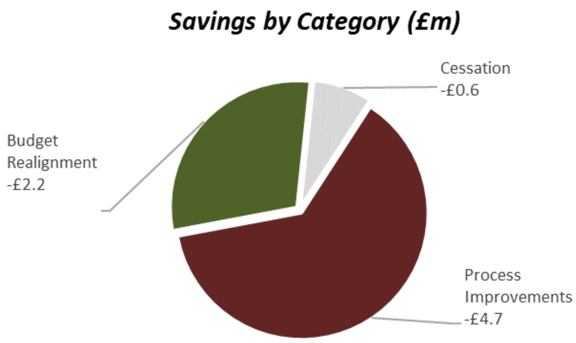


Figure. 4



External Income for 2024/25

Key messages

The total level additional external income for Committees excluding Corporate for 2024/25 is £35.3m and covers additional service grants, increase contributions from partners and sales fees and charges.

Over 64% or £22.8m of the increase in income will come is from addition Social Care grant funding. Inflationary uplifts to sales, fees and charges will account £8.2m or 23%, with the vast majority (£6.1m) of this coming from inflation increases to individual's contributions to care.

70. The external income included in this budget falls into 3 categories as follows:

- Services grants £24.1m – these are ringfenced grants receive by services for a set purpose. The increase in these grants received by the services for 2024/25 is £23.8m, with £22.8m being an uplift in Social Care Grant funding.
- Sales fees and charges £8.2m – This income mainly the result of increased charges for social care client contributions totalling £6m. The remaining increase to SFC are spread across most Committees and reflect the need to increase charges, where suitable, to reflect the inflationary costs of delivering those services and supporting activity. More details can be found in **Appendix 3** of this report.
- Income from partners £2.9m – both childrens and adults social care services are anticipating additional funding from their strategic partners in order to support services delivery and increasing costs.

Financing the 2024/25 Budget Requirement

Key messages

In accordance with sections 31A and 31B of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) the Council is required to make a number of determinations. These are set out in **Appendix 6** and include:

- a Budget Requirement (a "section 32 calculation") = £543.8m
- a Council Tax Requirement (a section 31A(4) calculation) = £284.0m
- a basic amount of tax (Band D equivalent) = £1,932.56

71. The earlier part of this report is concerned with the formulation of the revenue budget and the issues which need to be considered in arriving at a total budget for 2024/25. This section of the report sets out the overall summary position and the statutory determinations relating to total net expenditure and its financing.

Council Tax

72. After taking account of the Revenue Support Grant and Business Rate income (including related grants) for 2024/25, the total amount to be raised from Council Tax amounts to £284.0m: this is the Council's Council Tax Requirement.

Collection Fund

73. The City Council is required to estimate, for Council Tax setting purposes, the projected year-end balance on the Collection Fund. This estimate must take account of payments received to date, the likely level of arrears and provision for bad debts, based on information available by 15th January. Taking these factors into account, the projection on 15th January was that the Collection Fund is in a surplus position of £12.5m.

Council Tax Base

74. On 12 January, the Director of Finance and Commercial Services, under delegated authority, approved the calculation of the Council Tax Base for the 2024/25 financial year. The amount of the Tax Base is 146,974.6320 Band D equivalent properties.

Budget Requirement for 2024/25

75. If the Council votes in favour of increasing the Council Tax by 4.99% the Budget Requirement for 2024/25 will be £543.8m, as shown in the table below.

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

Table 4

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Service Expenditure	443,823	500,762	543,815
Total Expenditure	443,823	500,762	543,815
Financed by:			
Revenue Support Grant	-38,865	-43,611	-46,500
Business Rates (including Grants)	-167,584	-185,047	-200,767
Council Tax	-251,257	-267,801	-284,037
Collection Fund Surplus	13,883	-4,303	-12,511
Budget Requirement	-443,823	-500,762	-543,815
Band D Council Tax (City Council)	£1,753.21	£1,840.69	£1,932.56

Council Tax Levels

77. Details of the indicative level of Council Tax for Bands A to H are set out below with further details in **Appendix 6**.

Table 5

Band	Multiplier	1991 Value Band	Dwellings as % of total	Tax Charge (£)*
A	6/9	Up to £40k	58.3%	1,288.37
B	7/9	£40k to £52k	16.0%	1,503.10
C	8/9	£52k to £68k	12.6%	1,717.83
D	9/9	£68k to £88k	6.5%	1,932.56
E	11/9	£88k to £120k	3.7%	2,362.01
F	13/9	£120k to £160k	1.7%	2,791.47
G	15/9	£160k to £320k	1.1%	3,220.92
H	18/9	Over £320k	0.1%	3,865.11

* - before any discounts/exemptions apply

Precepts

Major preceptors

78. The budget proposals for the South Yorkshire Police and Crime Commissioner were approved by the South Yorkshire Police and Crime Panel on Monday 5th February. The budget proposals for the Fire and Rescue Authority were approved by the South Yorkshire Fire and Rescue Authority on Monday 19th February. The currently confirmed precept levels are given below:

	2023/24		2024/25			
Major Preceptors	Precept £	Band D £	Precept £	Band D £	Band D Increase %	Band D Increase £
South Yorkshire Fire & Rescue Authority	12,014,528	82.58	12,500,066	85.05	2.99%	2.47
South Yorkshire Police and Crime Commissioner	34,632,335	238.04	36,896,512	251.04	5.46%	13.00

Parishes & Town Councils

79. The overall level of Council Tax needs to include the precepts of Parish and Town Councils that lie within the City’s boundaries. The levels of precepts for Parish Councils is set out in the table below:

Table 6

	2023/24		2024/25			
Parish Council	**Precepts (£)**	**Council Tax Band D (£)**	**Precepts (£)**	**Council Tax Band D (£)**	**Band D Increase £**	**Band D Increase %**
Bradfield	255,277	42.7378	258,162	42.7378	0.00	0.00%
Ecclesfield	274,756	29.3954	287,111	30.5712	1.18	4.00%
Stocksbridge	130,921	33.8443	131,494	33.8443	0.00	0.00%
Total	660,954	105.9775	676,767	107.1533		

Legal Advice

Key messages

The Chief Finance Officer has a number of responsibilities for which the authority should have regard. These include:-

- Reporting on the robustness of estimates in determining the budget requirement and the adequacy of reserves.
- Producing a balanced Revenue Budget and setting the Council Tax in line with the budget requirement.
- Having due regard towards the interest of Council Tax payers, eliminating discrimination and advance equality of opportunity to all.
- Being satisfied that the Council can continue to meet its statutory duties.

Responsibility of the Chief Financial Officer

80. 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.

81. There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves. Details of Reserves are set out in **Appendix 5**. The view of the Interim Director of Finance and Commercial Services is that Reserves are adequate to cover the medium-term financial risk.

82. In addition, under the Prudential Code framework the Chief Finance Officer of an authority is required to prepare and report upon a series of Prudential and Affordability indicators. These are set out in **Appendix 7**.

83. The Local Government Finance Act 1992 specifies that the City Council determines its Revenue Budget before 11 March each year. The City Council

is also required by section 30 of the Local Government Finance Act 1992 to set its Council Tax after determining its Revenue Budget requirement in accordance with the provisions of sections 31A, 31B and 34 to 36 of the same Act. Details of how the Council Tax has been calculated are included as part of the Council Tax resolution in this report at **Appendix 5**, which is set out as required by legislation.

84. By the law the Council must set a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

85. Each billing authority and precepting authority must determine whether its relevant basic amount of council tax (in essence, the average band D council tax, excluding local precepts) for a financial year is excessive. If it is excessive a referendum must be held in relation to that amount. The question must be decided in accordance with a set of principles determined by the Secretary of State for Levelling Up, Housing and Communities. The Secretary of State has proposed that for a local authority such as Sheffield City Council the relevant basic amount of council tax for 2024/25 is excessive if it is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2023/24.

86. In determining its budget as in all other matters, an authority should have due regard towards the interest of Council Tax payers and Members must, in arriving at a balanced decision based on the evidence, take into account all relevant information placed before them and ignore irrelevant matters.

87. The proposed budget has been prepared in the context of the requirement for the Council to make significant savings in its overall expenditure. The implementation of some of the proposals in the budget will require further decisions made in accordance with the Council's Constitution and any further delegations (e.g. from a Policy Committee to an officer made in accordance with the Constitution). It is important to note that in making these decisions, there will have to be full consideration of all the relevant issues such as the Council's legal duties and contractual obligations.

88. In setting the budget the Council has a duty to have regard to the need to eliminate discrimination and advance equality of opportunity between all,

irrespective of whether they fall into a protected category such as race, gender, religion etc. Further detail on this is in the Equalities Impact section and the Equality Impact Assets in **Appendix 9.**

89. The Council needs to be satisfied that it can continue to meet its statutory duties and meet the needs of vulnerable young people and adults. Proposals have been drawn up on the basis that Directors are satisfied that this will enable them to continue to meet their statutory duties and the needs of the most vulnerable. In some cases further consultation may be required.

90. If the outcome of such further considerations were to present difficulties in adhering to the agreed Council budget, officers would bring further proposals to members as appropriate.

91. In accordance with the Localism Act 2011 the Council must also approve a Pay Policy Statement (as prescribed by the Act) each year before the end of 31st March. While not part of the budget setting process, the timescale means that approval may be given at the same time as budget decisions are made. The Pay Policy Statement for 2024/25 is set out in **Appendix 8**.

Levies

92. The Council currently has approximately £24.0m in its revenue budget for levies. This includes the following:

- South Yorkshire Mayoral Combined Authority (SYMCA) transport levy; the SYMCA Board approved the transport levy for 2024/25 on 9th January 2024. The transport levy payable is increased by 2% for 2024/25 to £23.6m.
- Payments to the South Yorkshire Pensions Authority and to the Environment Agency are forecast to be £140k and £245k respectively.

Housing Revenue Account (HRA) Budget

93. This Report concerns the position of the Revenue Account of the Council, i.e. the income and expenditure for the majority of Council services, other than those that are accounted for separately as part of the Housing Revenue Account. A separate report on the HRA budget was considered at Full Council on the 7th February 2024.

Treasury Management Strategy

Key messages

As part of its budget decision, the Council is required to approve a Treasury Management Strategy for 2024/25. Treasury Management relates to the management of the Council's investments, borrowings and banking operations. This is set out in detail in **Appendix 7.**

94. The Council's Treasury Management activities must comply with the CIPFA Code of Practice on Treasury Management which sets out the controls over the risks associated with those activities and looks to achieve optimum performance consistent with those risks.

95. A separate CIPFA code, the Prudential Code for Capital Finance, requires the Council to set a range of Prudential Indicators as part of the budget process to ensure that capital spending plans are affordable, prudent and sustainable. The Local Government Act 2003 requires the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three financial years.

96. The Sheffield City Council Treasury Management Strategy for 2024/25, including the proposed Annual Investment Strategy, Prudential Indicators and the Minimum Revenue Provision Policy, is set out in **Appendix 7**. The responsibility for day-to-day management of the Council's treasury management activities rests with the Head of Accounting, and it is recommended that authority for undertaking treasury management activity and relevant reporting continue to be delegated to the Head of Accounting.

97. The Administration has requested the inclusion of provisions in the Annual Investment Strategy to make clear the Administration's desire not to hold any direct investments in fossil fuels or companies involved in tax evasion or grave misconduct.

Tax Strategy

Key messages

- In line with the Council's governance framework and consistent with its wider values, the Council is committed to being fully compliant with all tax laws, rules and regulations.
- It will conduct its tax affairs in an open, honest and timely fashion.
- The Council has a low-risk attitude to tax planning and risk

98. The Tax Strategy of Sheffield City Council sets out the overall framework for the Council's management of its tax affairs, including compliance, policies and procedures, tax risk, tax planning and relationship with the tax authorities.

99. The Council is a Local Government body. It is exempt from Corporation Tax and is a Section 33 Body under the VAT Act 1994, which entitles it to recover VAT attributable to non-business activities and to exempt business activities, providing this is an insignificant proportion of the total tax incurred.

100. Whilst not required to publish its Tax Strategy, the Council chooses to do so, as it wishes to demonstrate transparency in its commitment to managing its tax affairs, taking into consideration its public purpose and balancing the interests of its stakeholders. Full details of the Council's Tax Strategy are attached to this report as **Appendix 10**.

Financial Implications

101. The financial implications of the recommendations in this report (below) are set out in the preceding sections of the report.

Workforce Impact

Key messages

The potential workforce impact arising from the budget pressure and recommended savings proposals to set the 2024/25 budget, equates to an increase of approximately 77 full time equivalent (FTE) posts. This Council has approximately 5700 FTE's supported by General Fund and therefore this equates to approximately 1.4% of the current workforce

102. The 2024/25 budget includes staff savings which will result in approximately 8 FTE's leaving the Council. These are anticipated to be on a voluntary basis

through voluntary early retirements (VER) and voluntary severances (VS) Schemes.

103. The Budget Implementation Plans (BIPs), found at the following link https://www.sheffield.gov.uk/your-city-council/budget-spending , contain details of these reductions. Any further staffing budget reductions will be managed through deleting vacant posts and freezing existing vacancies.

104. Planned MER processes have been the subject of Equality Impact Assessments (EIAs), as described in the Equality Impact section of this report, and they will continue to be monitored on an ongoing basis to ensure there is no disproportionate impact on any group within the workforce.

105. Offsetting these reductions in staffing, are pressures within Adults Social Care, where it is planned that approximate 85 new posts will be created and recruited for 2024/25. This recruitment is being made in order to directly deliver new and recovery savings of a higher value (invest to save) which will make Adult Care and Wellbeing more financially sustainable in the short and medium term. The recruitment is also to ensure full compliance in the delivery of our statutory duties in anticipation of CQC regulation, deliver better outcomes to people and make Adult Care and Wellbeing more financially sustainable over the longer term.

Pay Policy

106. In accordance with the Localism Act the Council is required to publish a Pay Policy for 2024/25. Details of this can be found in **Appendix 8**.

107. When producing the Pay Policy Statement, the Council had regard to the relevant Government guidance, including the Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act (issued February 2012) and the Supplementary Guidance (issued February 2013).

Members' Allowances

Key messages

Each year the Council has to agree a Members' Allowances Scheme. This will be reviewed again in May 2024.

108. Each year the Council has to agree a Members' Allowances Scheme. This will be reviewed again in May 2024.

109. Prior to 1st April each year, the Council has to agree a Members' Allowances Scheme for the forthcoming financial year. At least every four years, or whenever the Council wishes to amend its Scheme, its Independent Remuneration Panel has to consider the Scheme (and any changes being proposed by the Council) and make recommendations to the Council.

110. The Members' Allowances Scheme was thoroughly reviewed in 2022 and changes were made to make sure that it was fit for purpose when the Council moved from a Leader and Cabinet Model to a Committee system in May 2022.

111. The Scheme contains provision for the allowances to be adjusted on an annual basis in line with an agreed index, which is linked to the annual pay award for local government employees. The Council has agreed to implement the annual increase in each year from 2017/18 having previously agreed not to apply the annual increase each year from 2010/11, including in four years when Council employees received a pay rise.

112. The Independent Remuneration Panel has also reviewed the Scheme since the introduction of the Committee system, with the most recent review having taken place in February 2023 concerning the Chairs of Sub-Committees.

113. The Panel will review the Scheme following the completion of work by the Governance Committee on Member role profiles, to make sure the scheme supports the new governance structure and the roles and responsibilities of elected members. The impact on the Members' Allowances budget arising from any further changes to the Council's governance arrangements will be assessed as part of any further recommendations to Full Council.

The Climate Challenge

114. The climate emergency is one of the biggest challenges we will face as a city, region, country and global community. We are seeing continuing increases in the frequency of climate related disasters around the world, including flooding, wildfires, drought and extreme heat. While progress is being made, the goal of limiting global warming to 1.5°C is hanging by a thread, and the need to take action remains urgent. Sheffield is facings its own extreme weather events, such as flooding, storms and record temperatures.

115. In response, Sheffield City Council declared a climate emergency in 2019 and the following year, set an ambitious target to be a net zero city by 2030. It is acknowledged that achieving net zero by 2030 is going to be extremely challenging but publication of the Annual Climate Progress Report (approved by Transport, Regeneration and Climate Policy Committee 11th December 2023) has highlighted the scale of the challenge in the public domain.

116. The report showed that while action is being taken and progress is being made in some areas or work, we have not reduced emissions at the pace and scale required to meet our 2030 target. It is clear that to achieve our ambition to be a net zero city by 2030, urgent action is needed at a scale not seen before, and maintaining an ambitious target is important in funding discussions and to enable robust policy frameworks to be developed.

117. Sheffield is not unusual amongst local authorities in the position in which we find ourselves. The 'Committee on Climate Change' reported in summer 2023 that the lack of investment and consistent policy supporting the UK's legally binding target of achieving net zero by 2050 means that UK is at risk of missing its 2050 target, and the announcement from Government in September 2023 to delay key climate change related legislation exacerbates this. We face a period of uncertainty around the policy levers that will be available in the coming years to support us to deliver our climate action at pace and at scale.

118. Further to this, significant additional resources from central government will be required to help us to meet our ambitions and realise the opportunities that climate action brings. We will continue to work with government and the Mayoral Combined Authority to influence this.

119. Sheffield City Council has faced the challenges of a shift to a Committee system for decision making, and an extremely difficult budget situation, however we remain committed to tackling challenges that can be addressed by this council, using the opportunities and levers that are available to us. By working together with Sheffield's communities, businesses, institutions, and partner organisations to reduce our carbon emissions and adapt to our changing climate, we can minimise the impact of change, realise the widespread benefits of investing in homes and new technologies, and address issues around social justice.

120. In 2020 the council commissioned ARUP and Ricardo to develop a set of reports (sometimes referred to as the 'Pathways' or 'ARUP' reports), which outlines the city and councils carbon baselines, and the nature and scale of activity required to decarbonise the city and local authority. The cost of decarbonising will run in to the billions, and is anticipated to be split between the both the public and private sector. The balance will vary depending on the sector but the costs that are expected to be borne by the Council is expected to be a relatively small proportion of the total.

121. The 10 Point Plan for Climate Action, agreed by the Cooperative Executive in March 2022, further committed the Council to developing 'routemaps' to decarbonisation across seven areas (Our Council, The Way We Travel; Our

Homes; Energy generation and storage; Our Land; Our Business and Economy and What We Buy, Eat and Throw Away).

122. In June 2022, we introduced Climate Impact Assessments (CIA) into the Committee Decision process. All Committee Decision's must now consider relevant climate impacts. CIA's cover:

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

123. This year's budget process has included a high-level Climate Impact Assessment of the budget proposals, undertaken as a proportional sample review by the sustainability and Climate Change team (100% of proposals assessed by officers as either a positive or negative climate impact, 10% initially assessed as neutral). The team agreed with the assessments made by officers across all the reviewed samples.

124. In July 2023, the council published its first decarbonisation routemaps, the way we travel and Our Council, to:

- Align strategy and policy.
- Define vision and objectives.
- bring together the actions and activities to be carried out by the Council 2023-25).
- introduced actions that key partners wish to commit to part of their contribution to our transition to a net zero city.

125. As part of the Our Council Decarbonisation routemap, we are reviewing and improving internal governance processes for our climate related work; looking at how we can better integrate climate issues into budget setting, service planning, and performance monitoring; embed sustainability into our procurement processes; and incorporate climate mitigation and adaptation into every stage of project delivery, from design to completion.

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

127. Decarbonisation to avoid and/or reduce of greenhouse gas emissions into the atmosphere, helps to prevent further global temperature increases and so reduce the severity and risk of future climate change. However, such mitigation takes decades to affect rising temperatures, so we must adapt now to the change that is already upon us and is predicted to increase the short and medium term.

128. Council services need to consider adaptation actions to mitigate risks. This is especially the case as these risks are likely to lead to significant impact on the demands of some services, as well as increased costs of delivering such services and further adaptation measures needed into the future. Increases in extreme weather events are already having a significant impact on budgets for some services.

129. In December 2023, we committed to develop service climate adaptation plans across the council. These aim to identify the incremental and/or transformative response to the risks of a changing climate by altering and building resilience and flexibility into our decisions, activities, and ways of thinking to protect our people, infrastructure, economies and environment.

Budget Conversation 2024/25

People responding to the consultation

130. The consultation took place between 21 December 2023 and 26 January 2024 and covered next year's Budget alongside the Council Plan (2024-28). It centred around an online survey, introduced by a video from the Council leader, Cllr Tom Hunt.

131. Figures showed that:

- 2,000 people were aware of the survey (made at least one single visit to the site),
- 802 people became informed about the survey (e.g. viewed the video and/or clicked on the survey), and
- 269 engaged in the survey (responded to the questions).

132. An equality profile of respondents is shown in the appendix. This shows that the consultation was particularly successful at reaching older age groups, (over a third of respondents were aged 65 to 74) but less so for younger age groups.

133. People responded in different capacities – for example, as residents of Sheffield, through working or studying in the city, as individuals and on behalf of organisations. In addition, specific organisational submissions were received and on-line engagement sessions arranged with organisations from the voluntary, community and faith sector and members of Sheffield Chamber of Commerce.

134. The questions covered:

- policy committee spending priorities,
- proposals to increase Council Tax to reduce the need for further budget reductions and to protect adult social care services, and
- the Council's approach to fees and charges.

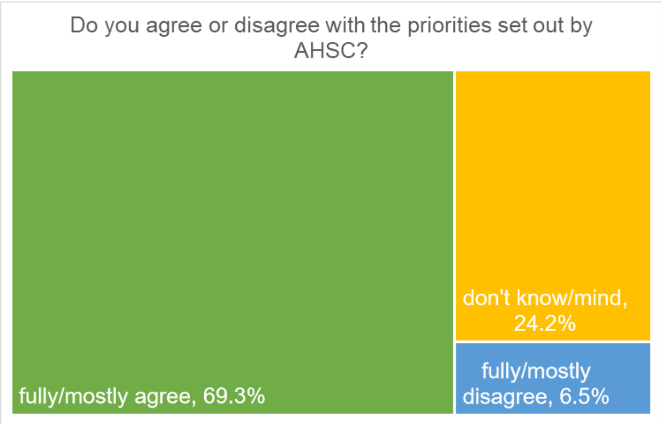
Policy Committee spending priorities

135. A clear majority of respondents either fully agreed or mostly agreed with each policy committee's spending priorities – agreement varied from between just under 62% for Economic Development and Skills, and Waste and Street Scene, and over 71% for Communities, Parks and Leisure, and Economic Development and Skills. The percentage of respondents who either fully disagreed or mostly disagreed varied from around 14% (for Transport, Regeneration and Climate) to 4% (for Communities, Parks and Leisure).

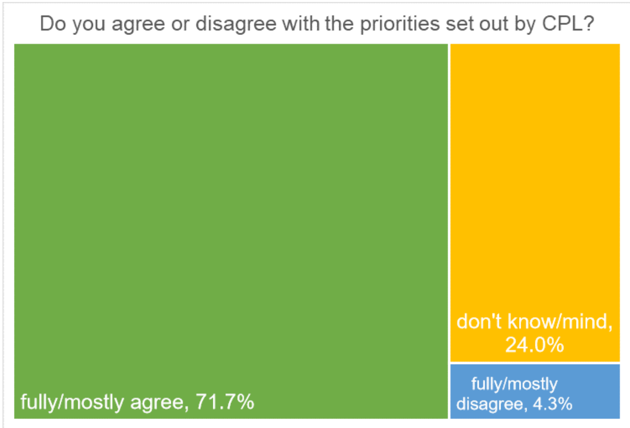
136. For all policy committees, a relatively high minority of respondents said they either didn't know if they agreed with the spending priorities or neither agreed nor disagreed. Feedback comments suggested this was partly due to some respondents seeking more detail, while others felt there was too much information to read. The format of the survey meant that the Budget was considered after questions about the next four years of the Council Plan, which influenced the responses. Comments also showed general uncertainty and concerns about economic and funding issues.

137. This is an overview of feedback for each policy committee's spending priorities:

Adult Health and Social Care (AHSC)



Communities, Parks and Leisure (CPL)



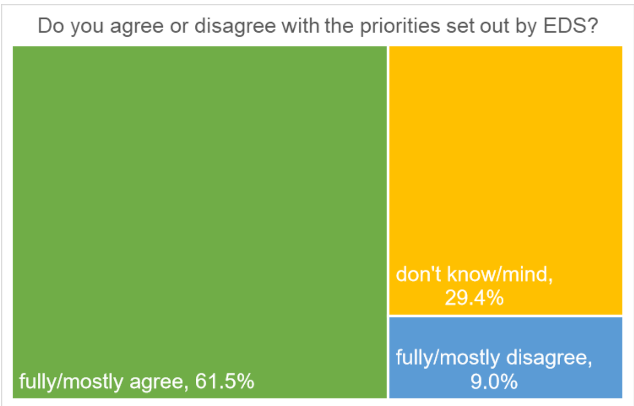
138. Adult Health and Social Care

- In general, respondents supported measures that enabled people to live at home, recognising different priorities for people of all ages, mental health, dementia and health inequality. There were a lot of comments about the importance of social care throughout the consultation.

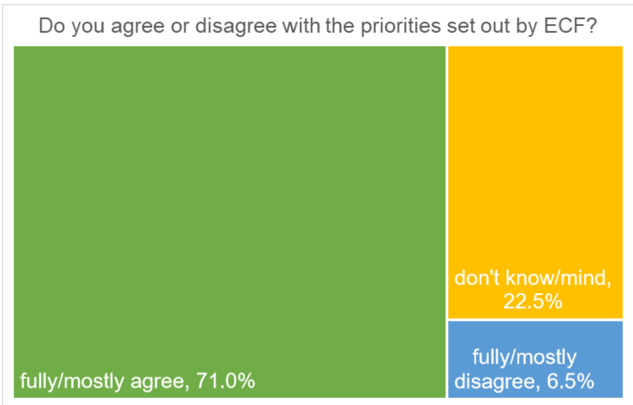
139. Communities, Parks and Leisure

- In general, there was high support for the diverse benefits of parks and green spaces and for the role of libraries. Respondents recognised the value of the contribution of communities and voluntary groups to neighbourhoods, arts and heritage. Physical accessibility was a theme but there were concerns about cost increases.

Economic Development and Skills (EDS)



Education, Children and Families (ECF)



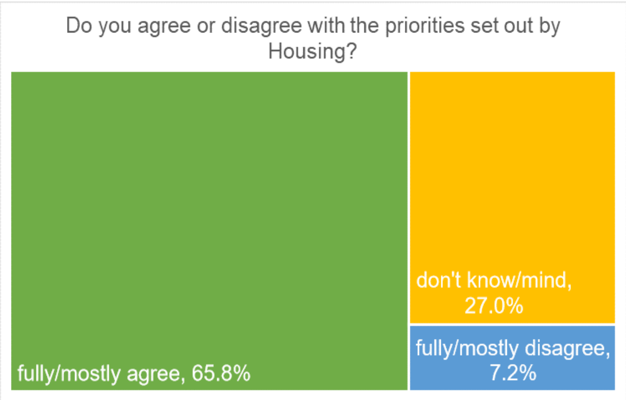
140. Economic Development and Skills

- In general, respondents highlighted the importance of supporting skills and education. There was recognition of the city developments taking place in the landscape and environment. The feedback highlighted the importance of attracting more inward investment.

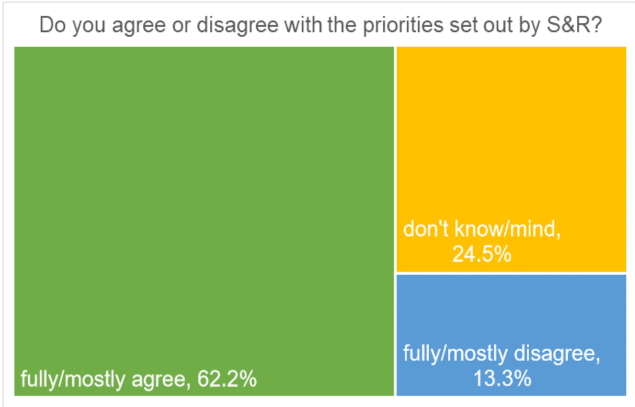
141. Education, Children and Families

- In general, education and learning for children and young people were obvious priorities, from early years through to post-education opportunities. There were concerns about inequalities, most noticeably in relation to special educational needs and disabilities and school placements, and between communities.

Housing



Strategy and Resources (S&R)



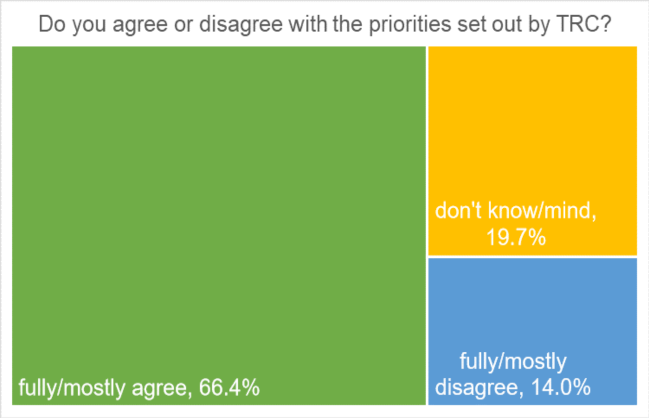
142. Housing

- In general, most repeated feedback was for more affordable housing. Social housing availability and prioritisation, housing conditions and environmental standards were also highlighted. There was interest in housing developments that made good use of land and space, and were sympathetic to the city, but concerns over inadequate infrastructure.

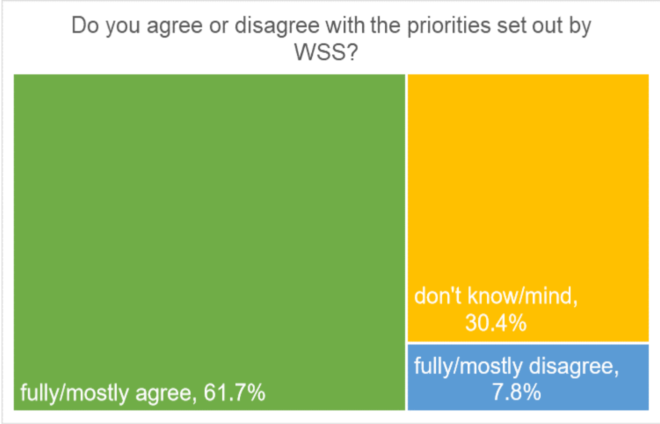
143. Strategy and Resources

- In general, there were a lot of comments about addressing homelessness, while other respondents highlighted financial impacts on working households of Council Tax and other costs. Respondents were interested in maximising the effectiveness of Local Area Committees, and in the role of the Strategy and Resources policy committee itself.

Transport, Regeneration and Climate (TRC)



Waste and Street Scene (WSS)



144. Transport, Regeneration and Climate

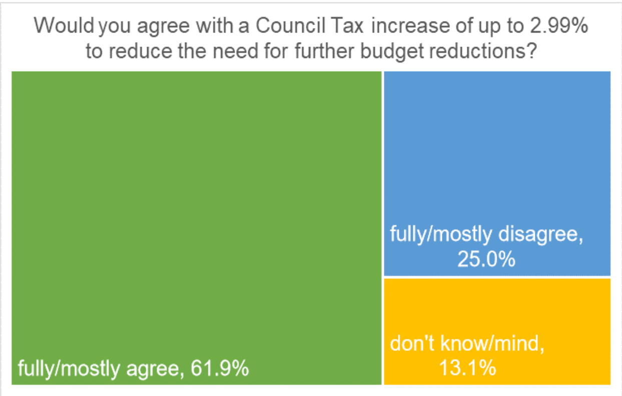
- In general, there were many calls to improve the public transport network and accountability, and, alongside measures to improve cycling and active travel routes, to reduce car use and specifically to support the city centre. Amidst calls for more emphasis on climate ambitions, there was recognition of the barriers and costs to people in switching transport modes.

145. Waste and Street Scene

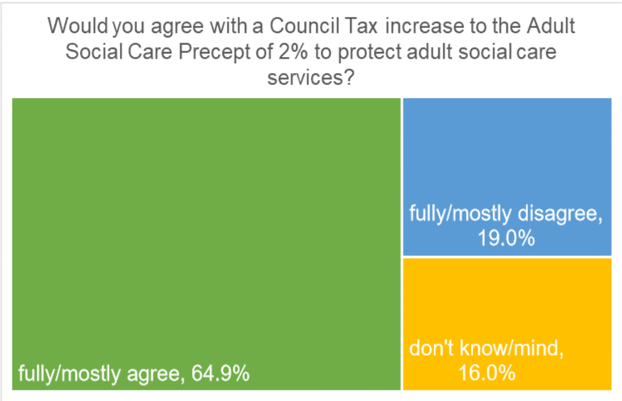
- In general, respondents were very supportive of more steps to improve local environments by tackling litter, rubbish and graffiti, A number of requests were made to make to make it easier to recycle, and to improve street cleaning, maintenance and access. There were also suggestions for more joint work between residents, the Council and other organisations.

Council Tax and Adult Social Care Precept

Increasing Council Tax



Increasing the Adult Social Care Precept



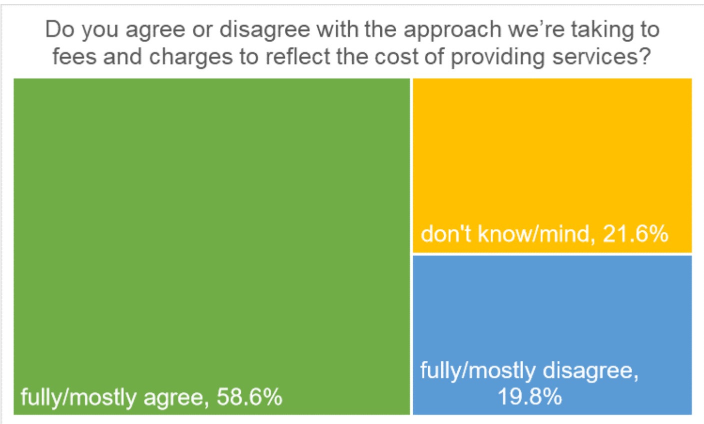
146. Council Tax increase to reduce the need for further budget reductions.

- Most respondents agreed with an increase, although there was disagreement and a lot of feedback about the impact of additional costs on household bills and budgets. There were calls for a more progressive and redistributive Council Tax.
- Many respondents were content to pay the increase and agreed with the principle of needing to pay for services to improve (but not to stand still). There was strong recognition of the link between reducing central government funding and Council Tax rises. Respondents challenged the Council to continue to look for alternative ways to save money.

147. Council Tax increase to the Adult Social Care Precept to protect adult social care services

- The majority of respondents agreed with an increase, and very similar points were made to the other Council Tax question. It would have a detrimental financial impact on some households, and, conversely, some households could afford to pay more.
- Respondents identified strongly with the importance of social care and felt government should be funding it more. The increase should lead to improvements in support and care, and other funding, resources and efficiencies should be looked for.

Fees and charges

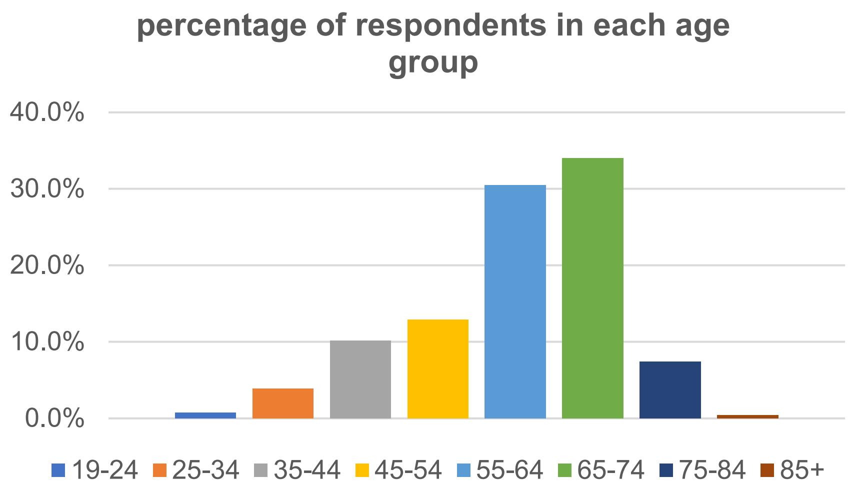


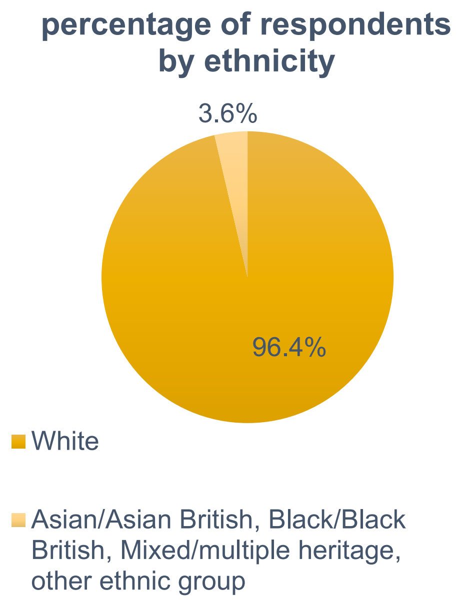
148. Proposed charges to fees and charges increases.

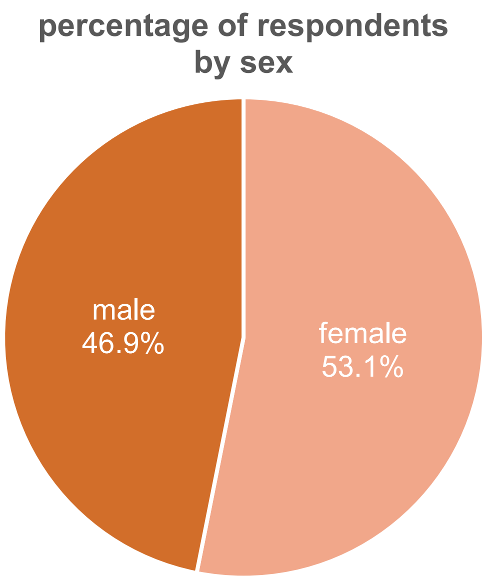
- A smaller proportion of respondents agreed with increases. A lot of respondents recognised a necessity of prices going up in line with inflation but there were calls for stronger links with service type, quality, accessibility and value for money. Increases could exacerbate the impact of other costs on residents and small businesses and could have a counter-productive impact. The Council should apply concessions and non-universal increases.

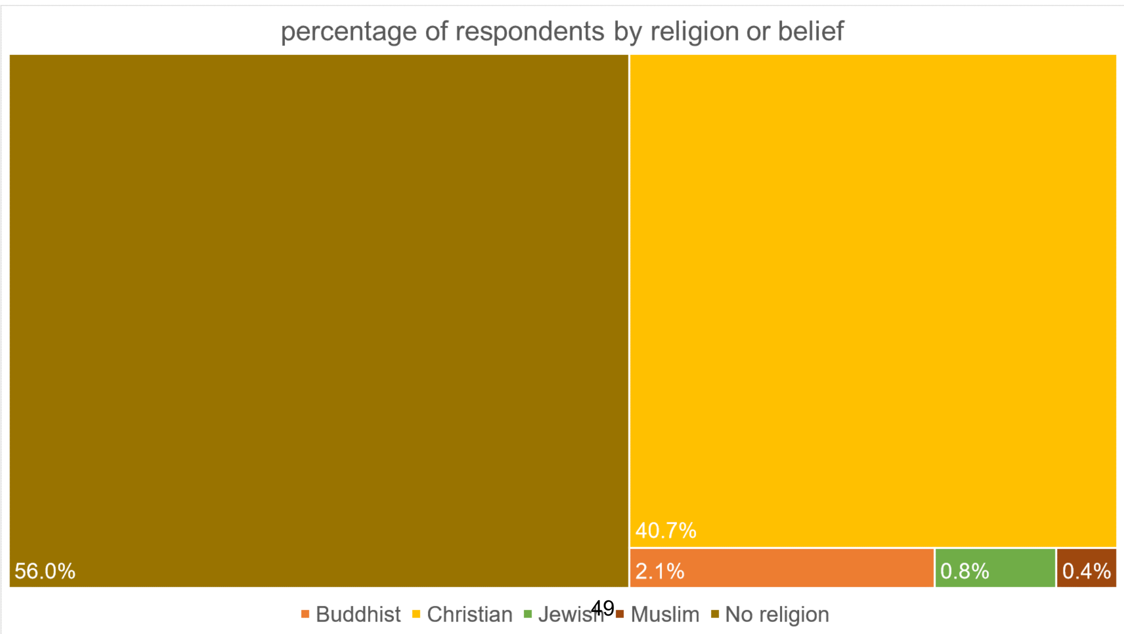
Equality information

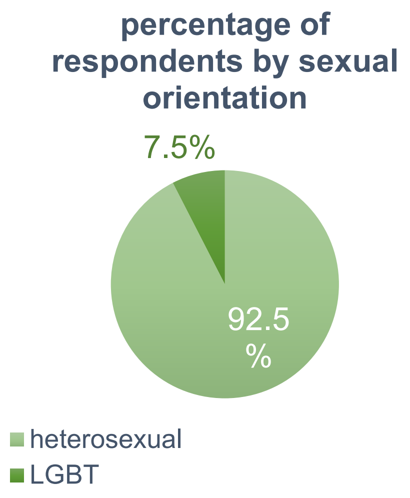
149. The profile of people who responded to the consultation.

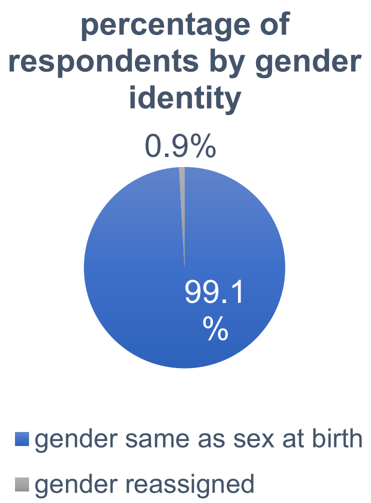


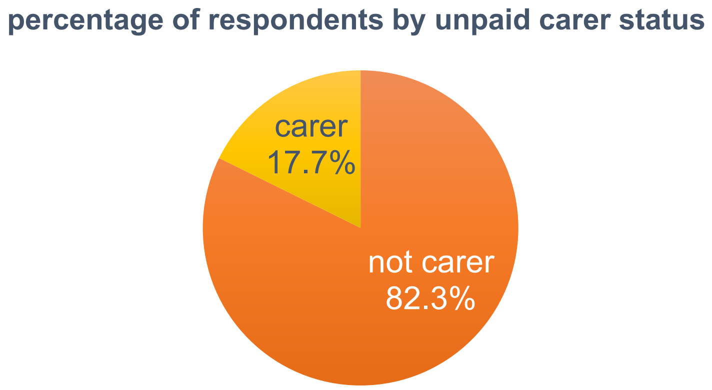


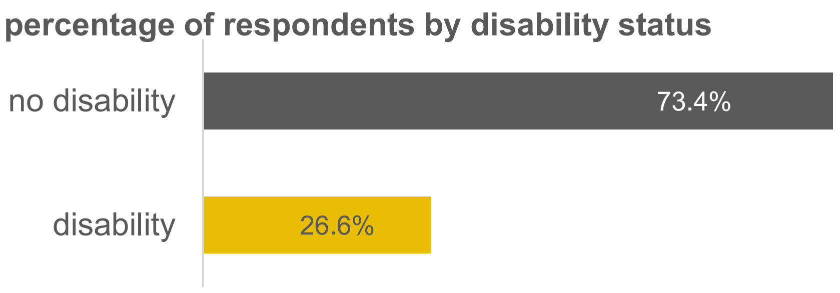


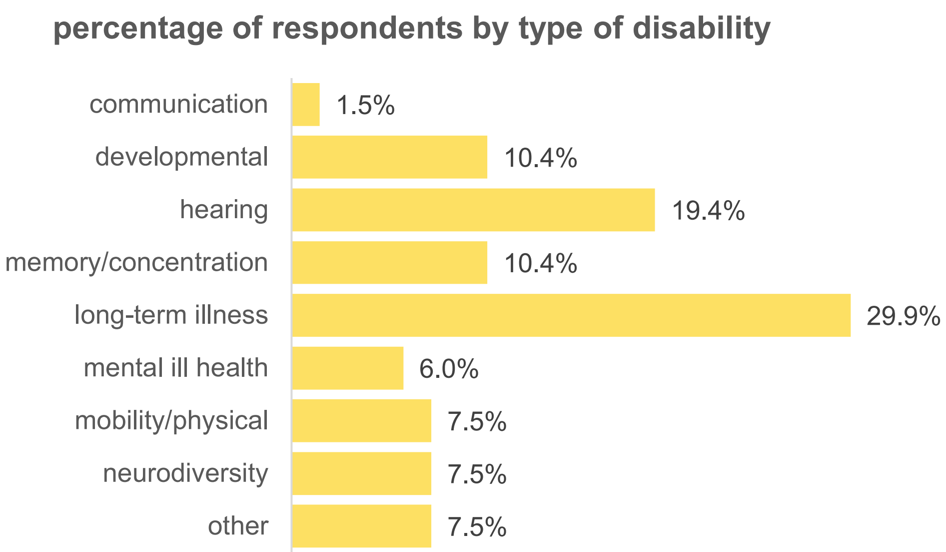



percentage of respondents by sexual orientation
7.5%
92.5 %
heterosexual
LGBT


percentage of respondents by gender identity
0.9%
99.1 %
gender same as sex at birth
gender reassigned


percentage of respondents by unpaid carer status
carer 17.7%
not carer 82.3%


percentage of respondents by disability status
no disability
73.4%
disability
26.6%


percentage of respondents by type of disability
communication
1.5%
developmental
10.4%
hearing
19.4%
memory/concentration
10.4%
long-term illness
29.9%
mental ill health
6.0%
mobility/physical
7.5%
neurodiversity
7.5%
other
7.5%

Equality Impact Assessment Summary

Our commitment to equality

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

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

151. Having due regard to these involves:

- Removing or minimising disadvantage suffered by people,
- Taking steps to meet the needs of people with different characteristics,
- Encouraging people to participate in public life,
- Tackling prejudice and promote understanding,
- Taking steps to take account of a person's disabilities.

152. This year, following consultation, we will introduce two key policies to strengthen our commitment to tackling inequality and promoting fairness and opportunity, over and above our legal duties under the Equality Act – the Council Plan (2024-28) and our new Equality Objectives (2024-28). We will also continue to be committed leaders and partners in the Race Equality Partnership, Disability Confident scheme, White Ribbon campaign and other initiatives.

153. We seek to understand the impacts of our policies and practices on different groups of people. To do this, we consider the protected characteristics that people share and which the Act defines as: age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race (including colour, nationality, ethnic or national origin), religion and belief, sex and sexual orientation.

154. We also assess any effects on unpaid carers, health & wellbeing, poverty & financial exclusion, the Voluntary, Community & Faith Sector (VCFS), cohesion and armed forces. In late 2023, the Council agreed to start considering a further category of 'care experience', in recognition of people currently, or previously, in children's care services.

155. We examine available evidence and work with our employees, residents and people who use services, and with equality partner organisations. We also carry out Equality Impact Assessments (EIAs), which, although not a legal

requirement, enables a rigorous equality analysis of decision-making and identifies any negative and positive impact on people.

Our equality assessment of the budget

156. Throughout the years of austerity, we have sought to protect services for those in greatest need, develop preventive solutions for the longer term. We have aimed to make savings by changing how we manage and deliver services, and using investment and funding opportunities. We are seeking to continue to do this but, inevitably, further funding reductions on top of those seen for more than a decade, during a cost-of-living crisis and while impacts from the pandemic are still felt, will have implications for people and for services.

157. As far as possible, we will seek to minimise the impact on the most vulnerable, people in greatest financial hardship and communities experiencing deprivation. However, people most likely to need support are likely to be affected by the savings proposals. This includes those on low income, who are also more likely to be disabled people, older and young people, women, unpaid carers, lone parents and some people from Black, Asian and Minoritized Ethnic communities.

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

159. We will work with our partner organisations to seek fair treatment for individuals and groups, taking account of disadvantages and barriers that people face. We use various evidence sources and data, including demographic analysis from the Census, the Joint Strategic Needs Assessment, Open Data, Community Knowledge Profiles, welfare and poverty data and health impact analysis.

160. We also consider the outcomes of current and previous consultations or engagement activity to inform the proposals. The Council's principal source of online engagement is Have Your Say Sheffield, although different methods are used across the organisation, including face-to-face engagement.

161. When the Council needs to reduce staffing levels and costs, we will try to do this where there is likely to be less impact on customers, although there may be service chances and disruption. We also seek to achieve this through the deletion of vacant posts and voluntary employee schemes, although this does have an impact and pressure on staff who remain.

162. We have undertaken an initial EIA on every savings proposal for the budget but only a full one when it is indicated that the proposal will have a significant

impact (more than minor). The EIA process has helped to shape proposals both which were in the end not accepted and not included in the budget and those that were.

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

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

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

166. It is possible that some decisions will have a disproportionate impact on some groups of people in comparison to others. EIAs help us to identify, avoid or mitigate any negative impacts and promote positive ones where possible.

167. It is also important that we consider the cumulative effect of our proposals – i.e. whether there are year-on-year impacts from a single proposal or impacts from more than one source. It can be difficult to quantify the cumulative impact because mitigations have been highlighted in individual EIAs and external factors, beyond the Council’s control, may also affect some of the same groups of people.

168. The following section briefly considers savings proposals under each theme and policy committee:

Income generation

169. Raising income by increasing fees and charges enables the Council to offset inflationary costs, and is a method being proposed across policy committees in 2024-25. However, asking people to pay more for services during a cost-of-living crisis will inevitably have an impact.

170. Many fees and charges have not been raised for some time, which has helped to limit household financial burdens to some extent. However, this means that the effect of increases in 2024-25 may be felt all the more, including for

people least able to afford to pay more. Wherever possible, compensatory schemes and other concessions are in place to mitigate impacts for people.

171. We are proposing to increase Council Tax, including the adult social care precept, to reduce the need for further budget reductions and to protect adult social care services. This would have a financial impact on people. The council tax reduction scheme provides some mitigation, particularly for pension-age households. The hardship scheme provides additional financial support for working-age households on lower incomes.

172. Some proposals would have a direct/specific impact for certain groups of people – for example, a planned increase to Gypsy and Traveller sites pitch fees (Housing) and to the cost of providing deputyships (Adult Health & Social Care). Other plans would have a more general impact – including cost increases in library services and parks (Communities, Parks & Leisure), register office fees (Strategy & Resources) and environmental regulation (Waste & Street Scene).

173. Waste & Street Scene is also proposing to increase certain fees and charges to retailers and landlords. The impact of these increases will need monitoring, in particular the effect of cost increases on market traders and, therefore potentially, on customers who may see higher prices.

174. There is the potential for fee and charge increases to have a cumulative impact, meaning that people in certain circumstances may be affected by more than one increase. For example, there are proposals for higher fees for both bereavement and coroner services (Communities, Parks & Leisure), and for the cost of administering estates (Adult Health & Social Care).

175. Adult Health & Social Care's plans to generate income through people's contributions to the cost of their care should be placed in context. Annual benefit uplifts, income-maximization measures and signposting to debt/financial support provide some mitigation. The forecast higher contribution income generated is in part because of the intention that more people are able to be at home rather than in care or hospital settings. Contributions also help to meet the cost of the National Living Wage for social care staff. However, the effects of the increase will inevitably be felt by older people and disabled people accessing care and support, unpaid carers and others.

176. Some income generated from other sources is less likely to have an impact on people. This includes proposals put forward by Housing; Education, Children & Families (income from the Police and, together with Adult Health & Social Care, from NHS partners); Strategy & Resources (income for schools

building-based support and asset disposal); use of surplus Transport, Regeneration & Climate revenue.

Cost and contract price reduction

177. Policy committees are looking for reductions in costs and contract payments where possible and reasonable to do so. For example, Adult Health & Social Care investment in timely occupational therapy, community support and other roles aims to speed-up hospital discharges and to promote people's independence at home, with any savings achieved where reablement costs are not needed.

178. For people with mental health support needs, Adult Health & Social Care seeks to promote independence through regular reviews, and to continue to enable those in residential care to maintain community inclusion, while reducing costs in both areas. This is expected to result in overall savings, however it would depend on individual circumstances. Greater consistency and fairness in fee payments in the care home sector is also an aim.

179. Communities, Parks & Leisure is leading a programme of work to re-procure sport and leisure activities. This has included a wider leisure budget review, incorporating the identified savings. The aim is that available provision will be maintained this year, although there may be an increase in some participation fees, which could affect different groups of people.

180. Savings associated with buildings are proposed by Economic, Development & Skills (Economic, Development & Skills) through business rate reductions and by Education, Children & Families through decreased managements costs. Other savings with no impacts relate to reductions in borrowing costs (Strategy & Resources) and budgets (Waste & Street Scene).

Reducing or stopping services

181. Proposals to end or to change services have implications for people and would all need monitoring very closely.

182. Education, Children & Families is proposing to reintegrate social work fieldwork funding and casework management into core services, and to make further savings through budget management.

Staff cost reductions

183. Some proposals focus on reducing staff costs, with the aim of minimising disruption to services and on staff themselves. The impact of such proposals needs closely monitoring.

184. Communities, Parks & Leisure proposes to source and utilise different funding streams for community-based work with young people, with implications if the

funding is not confirmed. There is also a plan to reduce a vacant business support post. Housing is also proposing not to recruit to vacant posts, although monitoring and mitigations may be needed to limit impacts on service delivery and a longer-term restructure. This could otherwise have a widespread impact.

185. Strategy & Resources is planning to reduce posts as a result of technological changes, with minimal impact on staff and benefits to customers expected to develop over time. Adult Health & Social Care is removing a temporary budget, used to fund agency staff, with a view to longer-term investment in a team of Council employees to support the reablement of young adults.

Service effectiveness

186. Policy committees are looking to make changes that have limited or no impact on customers, residents and staff. Education, Children & Families plans to maximize opportunities for grant funding. It also proposes to hold back on recruitment and to reorganise its use of business support. Adult Health & Social Care budget adjustments are designed to reflect the contribution of health partner organisations to joint programme work.

187. Waste & Street Scene is removing unused and unneeded budgets. Strategy & Resources has identified an opportunity for some ICT applications to be funded through grant and other external funding.

Additional grant income

188. Both Adult Health & Social Care and Education, Children & Families are maximizing opportunities for funding from external grants and other sources. For Adult Health & Social Care this includes significant funding for learning disability support, and further specific grants for mental health and physical disability, and to enable greater fairness in the cost of care for people receiving care, providers and staff.

189. For Education, Children & Families, there are several grants covering staffing costs and pay, including apprentices. The Council is contributing to the costs of transport for children with Special Educational Needs & Disabilities (SEND), funding shortfalls from schools and, with Public Health, pay awards.

190. Ap**pendix 9** shows the Council’s overall 2024-25 Revenue Budget EIA.

Recommendations

191. Council is recommended:

a) To approve a net Revenue Budget for 2024/25 amounting to £543.815m;

b) To approve a Band D equivalent Council Tax of £1,932.56 for City Council services, i.e. an increase of 4.99% (2.99% City Council increase and 2% national arrangement for the social care precept);

c) To note that the Section 151 Officer has reviewed the robustness of the estimates and the adequacy of the proposed financial reserves, in accordance with Section 25 of the Local Government Act 2003. Further details can be found in **Appendix 5** and within the Section 25 Statutory Statement on Sustainability of Budget and Level of Reserves from paragraph 2;

d) To note that, if overspends against the agreed budgets emerge, then Executive Directors and Directors will be required to develop and implement plans to mitigate fully any overspend, within 2024/25, in consultation with elected Members;

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

f) To approve the revenue budget allocations for each of the services, as set out in **Appendix 4a**

g) To note that, based on the estimated expenditure level set out in **Appendix 4** to this report, the amounts shown in part B of **Appendix 6** would be calculated by the City Council for the year 2024/25, in accordance with sections 30 to 36 of the Local Government Finance Act 1992;

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

i) notes the precepts issued by local parish councils which add £676,767 to the calculation of the budget requirement in accordance with Sections 31 to 36 of the Local Government Finance Act 1992;

j) To approve the Treasury Management and Annual Investment Strategies set out in **Appendix 7** and the recommendations contained therein;

k) To approve the Minimum Revenue Provision (MRP) Policy set out in **Appendix 7**; which takes into account the revisions proposed for 2024/25 onwards;

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

m) To approve a Pay Policy for 2024/25 as set out in **Appendix 8**;

n) To agree that (a) the Members allowances scheme introduced in 2022/23 be implemented for 2024/25 and (b) to note that the Independent Remuneration Panel will review the Scheme each year, to make sure the scheme supports the governance structure and the roles and responsibilities of elected members;

o) To note the determination of the Finance Committee on Monday 19th February 2024 to implement a second homes premium (as defined in the report to that Committee) from 1st April 2025;

p) To note the determination of the Finance Committee on Monday 19th February 2024 to bring forward the chargeable period of the Long Term Empty premium from 2 years of unoccupation to 1 year of unoccupation with effect from 1st April 2024; and

q) Except where the decision is to be taken by the Council as a Charity Trustee, delegates authority to the relevant Director to increase fees and charges where they have been considered by a Policy Committee as part of the budget process and are included in Appendix 3 - Committee External Income of the Sheffield City Council Revenue Budget 2024/25.

Kate Josephs CB	Philip Gregory
Chief Executive	**Director of Finance & Commercial Services**

Appendix 1

Committee Pressures

	BIP Reference*	Loss of Funding/ Income £'000	Increasing Demand on Services £'000	Pay & Price Inflation £'000	Contract Inflation £'000	Legislation Changes £'000	Other £'000	Total £'000
Adult Health & Social Care								
Pay Infation	1.E2 / 2.E9 / 3.E1 / 4.E1 / 5.E9 / 6.E8 / 7.E1 / 9.E1			2,197				2,197
Price Inflation	1.E1 / 2.E1 / 2.E2 / 6.E1			20,862				20,862
Contract Inflation	4. E2 / 6.E3 / 7.E2				1,690			1,690
Client Growth	1.E7 / 2.E3 / 2.E4 / 6.E2		7,097					7,097
Undelivered BIPs	5.E3						408	408
Staffing Costs	1.E4 / 1.E5 / 1.E6 / 1.E9 / 2.E6 / 2.E7 / 2.E8 / 3.E2 / 3.E3 / 3.E4 / 5.E1 / 5.E2 / 5.E4 / 5.E6 / 5.E7 / 5.E8 / 5.E10 / 5.E11 / 6.E4 / 6.E5 / 7.E4		4,087					4,087
IT Software Costs	5.E5						12	12
Loss of Grant Funding & Sundry Income (Additional Debt Recovery)	1.E3 / 1.E8 / 2.E5 / 6.E6 / 6.E7 / 7.E3	1,067						1,067
		1,067	11,184	23,059	1,690	0	420	37,420
Communities, Parks & Leisure								
Pay Infation	10.E1 / 11.E1/ 12.E1 / 13.E1 / 13.E2 / 14.E1 / 15.E1 / 16.E1 / 17.E3 / 18.E2 / 19.E1 / 22.E1			1,172				1,172
Increase in Demand for Libraries	17.E2		125					125
Business Rate Increases	17.E4						150	150
Staffing Costs	14.E4		92					92
Contract Inflation	15.E2				232			232
Ash Die Back - Countryside & Environment	18.E1		500					500
Loss of Grant Funding	14.E3	330						330
		330	717	1,172	232	0	150	2,601
Economic Development & Skills								
Pay Infation	24.E1 / 25.E1 / 26.E1 / 27.E1 / 28.E1 / 29.E1			176				176
Sheffield Museum Trust Price Inflation	24.E2			595				595
		0	0	771	0	0	0	771
Education, Children & Families								
Pay Infation	30.E1 / 31.E1 / 32.E1 / 33.E1 / 34.E1 / E35.E1 / 37.E1 / 38.E1 / 39.E1 / 40.E1 / 41.E1 / 42.E1 / 44.E1 / 46.E2 / 47.E1 / 48.E1 / 50.E1 / 51.E1			2,630				2,630
Insurance & Price Inflation	34.E2 / 45.E1 / 35.E2			7,357				7,357
Kinship Carer Allowance Uplift	45.E5					400		400
Increase in Demand for Home to School Transport	46.E1		956					956
Increase in Demand for Children's Services	35.E3		250					250
Regulating Semi-Independent 16+ Accommodation	45.E3					411		411
		0	1,206	9,987	0	811	0	12,004
Housing								
Pay Infation	53.E2 / 54.E2 / 56.E2			277				277
Undelivered BIPs	53.E3						150	150
Increase in Demand for Homelessness	53.3.E4		150					150
Reduction in CIF Funding	54.E1	670						670
		670	150	277	0	0	150	1,247
Strategy & Resources								
Pay Infation	59.E1 / 60.E1 / 61.E3 / 62.E1 / 63.E1 / 65.E2 / 65.E3 / 66.E1 / 67.E1 / 68.E1 / 68.E3 / 69.E1 / 71.E1			3,041				3,041
Indexation of 3rd Party Contracts	60.E2				180			180
Undelivered BIPs	59.E2					100		100
Cyber Prevention	60.E3		100					100
Blue Badge Demand	59.E3		47					47
Property Insurance - Facilities Management Demand	61.E4		100					100
TUPE Transfer Costs	61.E1					100		100
Loss of Sundry Income	63.E2 / 67.E2 / 68.E2 / 69.E2	780						780
		780	247	3,041	180	200	0	4,448
Transport, Regen & Climate								
Pay Infation	74.E1 / 75.E1 / 76.E1 / 78.E1 / 79.E1			350				350
Increased SYMCA Transport Levy	77.E1		500					500
		0	500	350	0	0	0	850
Waste & Street Scene								
Pay Infation	80.E1 / 81.E1 / 83.E1 / 84.E1 / 87.E1 / 88.E1 / 89.E1 / 90.E1			550				550
Undelivered BIPs	80.E6 / 83.E5						108	108
Contract Inflation	85.E1 / 90.E2				3,728			3,728
Increase in Demand for Regulatory Services	83.E2 /83.E3 / 83.E4		262					262
CCTV - Public Realm Increase	80.E5		259					259
Markets	89.E2	140						140
		140	521	550	3,728	0	108	5,047
Total Savings		2,987	14,525	39,207	5,830	1,011	828	64,388

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

Appendix 2

Committee Savings

	BIP Reference*	Process Improvements £'000	Budget Realignment £'000	Cessation £'000	Total £'000
Adult Health & Social Care					
Adult Future Options	2.B2		(416)		(416)
Debt Management	6.B6 / 6.B7 / 7.B2	(655)			(655)
Making the best use of commissioned services	6.B4 / 6.B5		(419)		(419)
Mental Health - Promoting Independence	1.B1 / 1.B2 / 1.B3	(500)	(543)		(1,043)
Post Discharge Reviews	6.B2	(1,568)			(1,568)
		(2,723)	(1,378)	0	(4,101)
Communities, Parks & Leisure					
Communities Staffing	14.B1		(24)		(24)
Subsidy grant to SCT					0
Leisure Review	19.B1 / 19.B2		(292)	(496)	(788)
		0	(316)	(496)	(812)
Economic Development & Skills					
Business Rates Review - Museums	24.B1	(100)			(100)
		(100)	0	0	(100)
Education, Children & Families					
Management of Sheaf Red Tape premises	32.B2	(50)			(50)
Maximise use of internal legal staff	44.B2	(100)			(100)
Review of staffing structures	30.B1 / 33.B1 / 44.B1	(1,240)			(1,240)
Stradbroke Childrens Home	37.B1			(65)	(65)
		(1,390)	0	(65)	(1,455)
Housing					
Citywide Housing service restructure	53.B1	(285)			(285)
		(285)	0	0	(285)
Strategy & Resources					
Registry Office move to online payments	59.B1	(30)			(30)
Contact Centre call volume reduction	59.B3	(182)			(182)
ICT application budget	60.B2		(177)		(177)
Reprofiling of Prudential Borrowing	60.B1		(48)		(48)
		(212)	(225)	0	(437)
Waste & Street Scene					
Unused training budget	81.B1		(99)		(99)
Bus Lane budget	87.B1		(51)		(51)
Highways & Maintenance budget	84.B1		(150)		(150)
		0	(300)	0	(300)
Total Savings		(4,710)	(2,219)	(561)	(7,490)

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

Committee External Income

	BIP Reference*	Services, Fees & Charges £'000	Partners £'000	Grant £'000	Total £'000
Adult Health & Social Care					
Social Care Grant	1.C1 / 2.C2 / 2.C3 / 4.C1			(12,879)	(12,879)
External Funding - Other	2.C4 / 6.C2 / 6.C3		(1,500)	(4,030)	(5,530)
Operational Efficiencies	2.C1 / 5.C1 / 6.C4 / 6.C5	(1,344)			(1,344)
Charging Review	6.C1	(6,050)			(6,050)
		(7,394)	(1,500)	(16,909)	(25,803)
Communities, Parks & Leisure					
External Funding	14.C1			(330)	(330)
Charging Review	10.C1 / 15.C1 / 17.C1 / 18.C1	(114)			(114)
		(114)	0	(330)	(444)
Education, Children & Families					
Social Care Grant	45.C1			(5,848)	(5,848)
External Funding - Other	32.C1 / 38.C1 / 32.C2 / 32.C3 / 38.C2		(1,096)	(1,060)	(2,156)
		0	(1,096)	(6,908)	(8,004)
Housing					
External Funding	54.C1 / 54.C2		(291)		(291)
Charging Review	53.C1	(13)			(13)
		(13)	(291)	0	(304)
Strategy & Resources					
Charging Review	59.C1 / 59.C2 / 61.C1	(96)			(96)
		(96)	0	0	(96)
Transport, Regen & Climate					
Charging Review	77.C1	(300)			(300)
		(300)	0	0	(300)
Waste & Street Scene					
Charging Review	80.C1 / 81.C1 / 83.C1 / 89.C1	(310)			(310)
		(310)	0	0	(310)
Total Savings		(8,227)	(2,887)	(24,147)	(35,261)

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

Appendix 4

Restated 2023/24	Summary Revenue Budget	2024/25
£000		**£000**
	Committee Budgets:	
142,387	Adult Health & Social Care	149,903
35,617	Communities, Parks & Leisure	26,862
8,161	Economic Development & Skills	8,833
115,342	Education, Children & Families	118,387
5,484	Housing	6,142
65,021	Strategy & Resources (Excluding Corporate)	67,917
25,120	Transport, Regen & Climate	25,670
65,706	Waste & Street Scene	70,143
462,839		**473,857**
	Corporate Budgets:	
	Specific Grants	
-2,692	New Homes Bonus (CIF)	-1,097
-5,624	22/23 Services Grant	-1,011
-9,858	Social Care Grant held Centrally	-5,636
	Corporate Items	
5,500	Redundancy Provision	5,500
4,300	Change Budget	4,300
703	Budget Inflation Contingency	703
9,858	Social Care Contingency	5,636
0	Housing Benefits Subsidy Loss	7,900
-307	Other	622
	Capital Financing Costs	
38,757	Capital Financing Costs	38,116
	Reserves Movements	
-2,714	Contribution to / (from) Reserves	14,925
500,762	**Total Expenditure**	**543,815**
	Financing of Net Expenditure	
-43,611	Revenue Support Grant	-46,500
-185,047	Business Rates Income (Including Grants)	-200,767
-232,631	Council Tax income	-243,096
-4,303	Collection Fund (Surplus)/Deficit	-12,511
-35,170	Social Care Precept	-40,941
-500,762	**Total Financing**	**-543,815**

Appendix 4a

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Adult Health & Social Care Policy Committee			
Adult Health & Social Care	328,513	(185,834)	142,678
Integrated Commissioning	17,660	(10,435)	7,225
	346,173	**(196,270)**	**149,903**
Communities, Parks & Leisure Policy Committee			
Business Improvement	1,824	(670)	1,155
Community Services	13,634	(3,682)	9,952
Integrated Commissioning	1,852	(1,014)	839
Parks, Leisure & Libraries	28,762	(13,845)	14,917
Public Health	2,929	(2,929)	-
	49,002	**(22,140)**	**26,862**
Economic Development & Skills Policy Committee			
Economy, Culture & Skills	11,063	(3,499)	7,564
Education & Skills	8,174	(7,291)	883
Parks, Leisure & Libraries	886	(500)	386
	20,123	**(11,290)**	**8,833**
Education, Children & Families Policy Committee			
Children & Families	131,020	(26,424)	104,597
Education & Skills	290,729	(277,537)	13,192
Integrated Commissioning	25,677	(25,079)	598
	447,426	**(329,041)**	**118,387**
Housing Policy Committee			
Housing General Fund	16,539	(10,882)	5,657
Operational Services	50,903	(50,903)	-
Regeneration & Development	915	(430)	485
	68,358	**(62,215)**	**6,142**
Strategy & Resources Policy Committee (Excluding Corporate)			
Central Costs	13,023	(18,119)	(5,095)
Community Services	2,337	-	2,337
Contract Rebates & Discounts		(723)	(723)
Digital Innovation & ICT	17,563	(1,825)	15,738
Finance & Commercial Services	68,664	(48,444)	20,221
General Counsel	6,072	(3,141)	2,931
Housing Benefit	125,465	(125,309)	156
Operational Services	48,318	(28,034)	20,285
Organisational Strategy P & D	5,900	(881)	5,018
People & Culture	7,895	(1,601)	6,294
Policy & Democratic Engagement	9,808	(2,610)	7,198
Public Health	2,613	(2,613)	-
Regeneration & Development	4,606	(11,049)	(6,442)
	312,265	**(244,349)**	**67,917**
Transport, Regen & Climate Policy Committee			
Planning, Investment & Sustain	33,634	(8,409)	25,225
Regeneration & Development	6,818	(6,373)	445
Street Scene & Regulation	6,390	(6,390)	-
	46,842	**(21,172)**	**25,670**
Waste & Street Scene Policy Committee			
Street Scene & Regulation	**140,419**	**(70,276)**	**70,143**
	1,430,608	**(956,752)**	**473,857**

Appendix 5

Reserves Strategy

Introduction

1. This report analyses the latest position in relation to the level of the Council's reserves. Section 25 of the Local Government Act 2003 requires the statutory Chief Finance Officer (the Director of Finance and Commercial Services) to present to the authority a report assessing the adequacy of unallocated reserves in the context of corporate and financial risks facing the Council.

2. The Council needs to balance the necessity for reserves against the immediate impact on council taxpayers and arrive at a level it considers adequate and prudent, but not excessive.

3. Reserves can be used temporarily to fund services, and this approach is reviewed as part of the budget strategy. However, they are:

    - one off funds and using them in the budget will only delay the need to make savings. Once used, they are not available to support future years.
    - most suited to covering one off, unexpected costs and emergencies or costs that are likely to be incurred in the future, but the timing is uncertain.

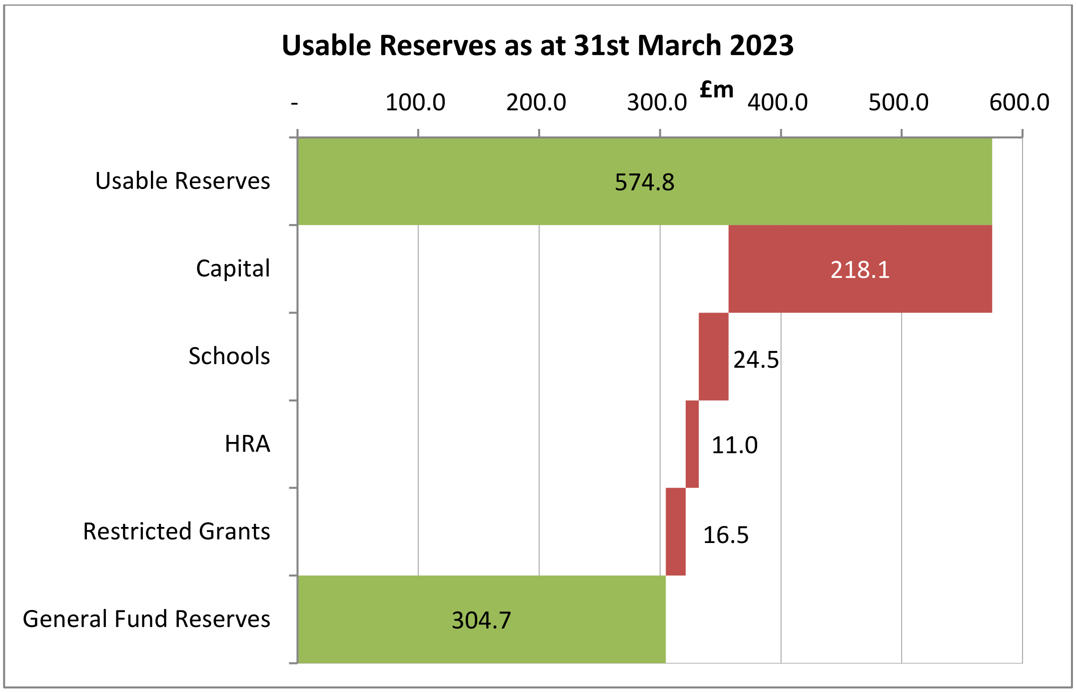
Total Reserves at 31st March 2023

4. The Council's Un-Audited Statement of Accounts for 2022-23 shows a figure for "usable" reserves in the balance sheet on page 31 of £574.8m as at 31st March 2023. However, this figure is a technical accounting one and is not relevant for the purposes of setting the General Fund revenue budget.

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

    - Capital - Sums set aside to provide funding for the capital programme or to manage the impact of new capital schemes.
    - Schools - funds that have been allocated to, and held in trust for, schools, and which remains unspent at the year end. This reserve is only available to support schools expenditure.
    - Housing Revenue Account (HRA) - amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA;
    - Restricted Grants – funding received for specific projects;
    - General Fund - spend on all other services not in the above four categories, funded from government grants, the local share of business rates and council tax.

6. For the purposes of setting the budget and this reserves strategy, £270.1m of the "usable reserves" are irrelevant as below:



7. This leaves around £304.7m of General Fund reserves as at 31st March 2023. However, £289.6m of this is "earmarked" i.e. committed to cover liabilities for expenditure which is already committed but not yet paid for.

8. Just £15.1m is un-earmarked reserves. If this reserve is used, it will be replenished to the stated minimum level as soon as practically possible.

Estimate of reserves at 31 March 2024 & 31 March 2025

9. Table 1 below shows the movement since March 2023 and the forecast reserves forecasts for 31st March 2024 and 31st March 2025. The forecast for 31st March 2024 shows a decline in reserves of £20.0m. This equates to 7% of all General Fund reserves.

10. £17.4m of the drawdown comes from the Budget Contingency reserve to cover the forecast 2023/24 overspend (as at Month 6). There are further large drops in relation to the Major Sports Facilities (MSF) £8.4m and Private Finance Initiatives (PFI) £6.2m. However, £10.7m has been added to the Capital Charges reserve. More details on these movements can be found below.

11. The forecast for 2024/25 currently shows an increase in reserves of £14.9m, this is primarily due to the use of the estimated £12.5m one-off Collection Fund Surplus for 2024/25 to bolster the Budget Contingency reserve and the £7.8m increase in the Major Sporting Facilities reserve.

12. No allowance is made for further overspends in the 2024/25 forecast however recent history shows us that achieving a balanced position without resort to drawdowns from reserves might be challenging.

Table 1

Description	Balance at 31/03/23 £000	*Forecast Movement in 2023/24 £000*	Balance at 31/03/24 £000	*Forecast Movement in 2024/25 £000*	Balance at 31/03/25 £000
Non-earmarked Reserves					
General Fund Reserve	15,051	0	15,051	0	15,051
	15,051	**0**	**15,051**	**0**	**15,051**
Earmarked Reserves					
Major Sporting Facilities	45,510	(8,372)	37,138	7,848	44,986
Collection Fund	33,426	1,105	34,531	(47)	34,484
Capital Charges	20,285	10,700	30,985	0	30,985
Service Area Reserves	24,140	3,342	27,482	0	27,482
PFI Reserve	25,700	(6,185)	19,515	(5,654)	13,861
New Homes Bonus	19,779	(2,142)	17,637	0	17,637
Budget Contingency	30,718	(17,400)	13,318	12,513	25,831
Insurance Fund	10,721	0	10,721	0	10,721
Heart of the City II	5,980	(950)	5,030	0	5,030
Children's and Adults Social Care	3,043	271	3,314	0	3,314
Invest to Save	2,291	681	2,972	265	3,237
Public Health	6,846	(4,671)	2,175	0	2,175
Other earmarked	61,212	3,574	64,786	0	64,786
Total Earmarked Reserves	**289,651**	**(20,047)**	**269,604**	**14,925**	**284,529**
Total Revenue Reserves	**304,702**	**(20,047)**	**284,655**	**14,925**	**299,580**

Earmarked Reserves

13. Earmarked reserves are set aside to meet known or predicted liabilities, but ones that are not certain enough to create an exact provision in the accounts. The liabilities are, however, likely enough to say that the earmarked reserves are not normally available to fund the budget or other measures.

14. A list of earmarked reserves, their purpose and proposed use are set out below. Figures in brackets represent their forecast balance at 31/3/2024.

Major Sporting Facilities (MSF) (£37.1m)

15. The remaining funds are required for the future costs of running the Major Sporting Facilities (Ponds Forge, Hillsborough Leisure Centre, etc.) and for investment in the new Leisure Strategy. This reserve is forecast to reduce by £8.4m in 2023/24 due to the repayment profile of the MSF external debt and support to current leisure providers. The final payment for this debt was made during 2023/24, so the

allocated budget is now transferred back to reserves to support the Leisure Strategy, and hence the main reason for the £7.8m increase in 2024/25.

Collection Fund (£34.5m)

16. This reserve is required to cover potential reductions in Business Rates and Council Tax income, ensuring any short-term fluctuations in collection rates don't have a direct impact on budget setting and/or cause additional financial pressures across portfolios.

Capital Financing Charges (£31.0m)

17. As highlighted within the 2024/25 Budget Report, the Capital Financing Budget is operating at an artificially low base. This is due to the council holding high cash balances, removing the need to borrow external funds but also generating high returns on the investment of these balances, due to current interest rates. As cash balances and interest rates begin to fall, the council will need to borrow funds and service the debt. This reserve is set aside to smooth the transition back to a sustainable budget with minimal impact on budget planning in the medium term. The £10.7m added to this reserve during 2023/24 reflects the reduced borrowing and high interest returns as set out above.

Service Area Reserves (£27.5m)

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

Private Finance Initiative (PFI) Reserve (£19.5m)

19. This PFI grant is received from Government in advance to pay future liabilities, so these sums are set aside in a reserve to cover the cost of contracts in future years. The PFI reserve is expected to reduce by £6.2m in 2023/24 and £5.7m in 2024/25 in line with the established PFI spend profile.

New Homes Bonus / Corporate Investment Fund (£17.6m)

20. The Government pays all Councils the New Homes Bonus to incentivise them to bring empty properties back into use or encourage new housing to be built. The Council intends to use the payments to promote housing development and to fund economic growth projects. This reserve sets aside the payments until required for agreed projects, which now form part of the wider Corporate Investment Fund.

Budget Contingency (£13.3m)

21. The original £70.0m budget contingency had been reduced to £30.7m by March 2023 as below. A further £17.4m is forecast to be needed to cover the 2023/24 deficit, leaving just £13.3m in reserve. It is proposed to use the £12.5m forecast Collection Fund surplus for 2024/25 to bolster this reserve back up to £25.8m.

-	£m
Balance at March 2021	**70.0**
21/22 Overspend	-19.8
Balance at March 2022	**50.2**
22/23 Budget Gap	-14.5
22/23 Overspend	-5.0
Balance at March 2023	**30.7**
23/24 Overspend	-17.4
Balance at March 2024	**13.3**
Collection Fund Surplus	12.5
Balance at March 2025	**25.8**

Insurance Fund (£10.7m)

22. This reserve was created in 2013/14 following the audit of the 2012/13 accounts. The External Auditor recommended that the difference between the Council's best estimate of actual losses and the maximum potential liability should be classified as an earmarked reserve.

Heart of the City II (£5.0m)

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

Childrens and Adults Social Care (£3.3m)

24. Social Care reserves are held to deal with transforming Social Care in Sheffield to better meet the much-publicised challenges facing the sector and to deal with unforeseen costs.

Invest to Save Projects (£3.0m)

25. The Council has delivered a number of business transformation projects that are essential to the future success of the Council's operations, and which have been used to help offset budget pressures over the last few years. This will continue with support to deliver future savings identified, including a number of strategic reviews.

Public Health (£2.2m)

26. Public Health grant funding is given to the Council on a yearly basis and is restricted to spending on public health functions. The conditions of the grant specify that any surpluses must be carried to a reserve for use in future years. The balance on this reserve therefore represents underspends in prior years. This reserve is forecast to reduce by £4.7m in 2023/24 as projects that were stalled by the Covid pandemic are re-prioritised.

Other Earmarked Reserves (£64.8m)

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

- redundancies
- pension deficit payments
- corporate energy reserve
- highways PFI inflation and contingency
- climate investments

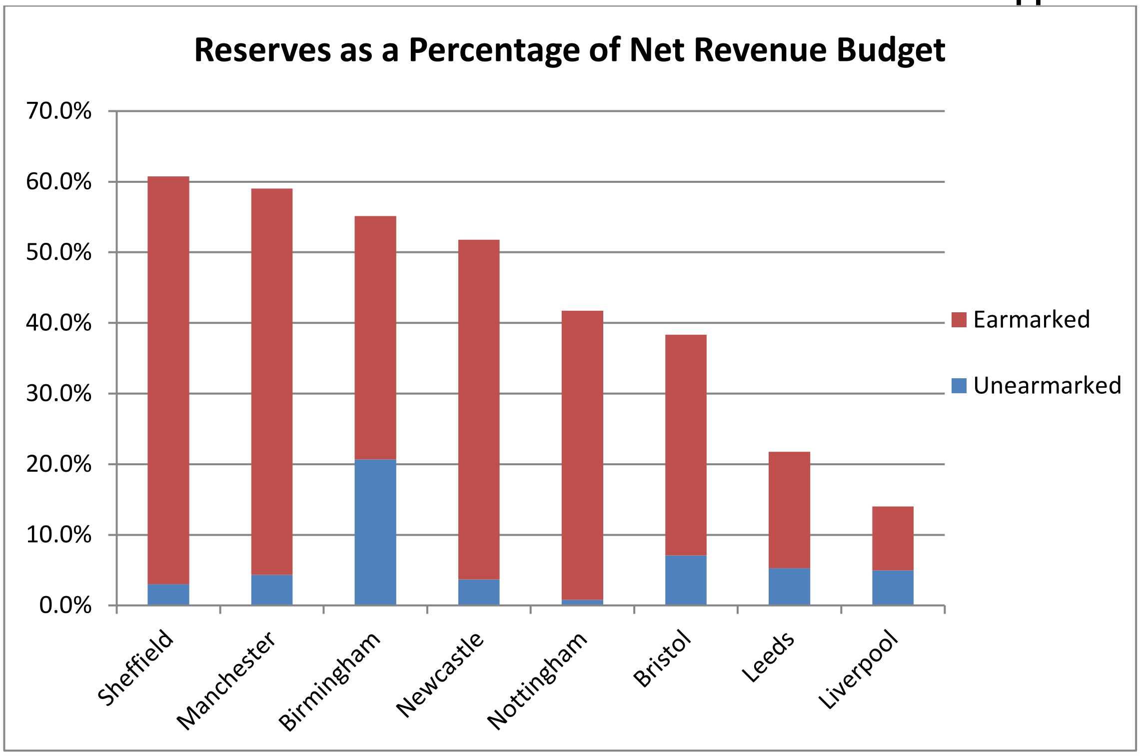
Assessment of levels of reserves

28. The purpose of general revenue reserves is to provide funding for any unforeseen risks and expenditure which may arise during the year. The Council will always need a minimum level of emergency reserves.

29. The Section 151 officer has carried out an assessment of the adequacy of the level of reserves held by the Council in light of the principal risks it faces. There is no overall formula that can calculate what the level of reserves should be; it is a matter of judgement based on the known risks, budgetary pressures and local factors.

30. While the maximum total financial impact of these risks far exceeds the reserve held, the overall likelihood of all these risks being incurred in any one year is low and therefore, it is not deemed prudent, nor offers best value to hold sufficient reserves to cover all eventualities.

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



N.B Reserve levels based on the latest published Statement of Accounts - Nottingham (2020/21), Birmingham (2021/22) and everyone else (2022/23). NRB data based on 2023-24 RA data.

32. Based on the latest data available SCC has the second lowest un-earmarked reserves of all core cities at 3.0% of Net Revenue Budget (NRB). However, once Earmarked Reserves are added on SCC has the highest level of the 8 core cities with 60.8% of NRB.

33. Sheffield's reserves fell by £16.4m last year (2022/23) and the Net Revenue Budget continues to rise year on year, driven by inflation and other cost pressures. SCC had reserves totalling 72.2% of NRB at this stage last year so this is an 11.4% reduction.

34. The same trend can be seen across almost all Local Authorities. The evidence shows that whilst Sheffield's 'reserves to NRB' ratio is falling, it is not falling as fast as other Core Cities in similar situations. This is due to the prudent financial management of reserves over the past few years and a commitment to minimising the use of reserves to fund day to day activity.

35. This does not mean that Sheffield is doing better than everywhere though. There are now clear divides in authority types when it comes to reserves levels. On average Shire Districts (who have suffered far fewer cuts than Metropolitan Districts over the last 15 years) still hold reserves at 115% of their NRB.

36. Overspends and budget gaps have seen the Council use £56.7m of reserves over the last 3 years. Future over spends or budget gaps would require further use of earmarked reserves, leaving the Council exposed to greater risk.

37. Several Local Authorities have recently declared a Section 114 notice (declaring themselves unable to fund the required expenditure) and according to the Local Government Association “almost one in five council leaders and chief executives in England think it is very or fairly likely that they will need to issue a Section 114 notice this year or next due to a lack of funding to keep key services running”.

38. Sheffield City Council is not at imminent risk of a section 114 notice, but the Council will need to continually assesses its reserves position, balancing the need to retain sufficient reserves to meet future risks, with a plan to utilise any reserves that are not needed.

Recommendations

39. The Director of Finance & Commercial Services recommended during the 2024/25 budget process that:

    - The General Fund Balance be maintained at around £15.1m, and broadly in line with the recommended minimum level of 3% of the Council’s net spending, regarded by most Chief Finance Officers in the Audit Commission’s research as a prudent level for General Fund reserves. This will be reviewed in 2024/25 as the Councils Net Revenue Budget increases.
    - Notice must be given to the significant external risks to Local Authorities budgets for example, the cost pressures in social care, insufficient subsidy to cover Housing Benefit payments and the continuing impact of high inflation on council wide expenditure.
    - The position is not yet critical, but stringent monitoring will be essential to ensure that reserve levels are adequate to cover future expected pressures in the medium term.

CITY OF SHEFFIELD
CALCULATION OF RECOMMENDED COUNCIL TAX FOR 2024/25 REVENUE BUDGET

The Council is recommended to resolve as follows:

1. It be noted that on 13th January 2024, the Council calculated the Council Tax Base 2024/25

(a) for the whole council area as:
146,974.6320 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")); and

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

2. Calculate that the Council Tax requirement for the Council's own purposes for 2024/25 (excluding Parish precepts) is:

£ 284,036,674

3. That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act:

(a) **£ 1,697,056,646** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) **£ 1,412,343,205** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) **£ 284,713,441** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31B of the Act).

(d) **£ 1,937.1604** being the amount at 3(c) above (Item R), all divided by item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).

(e) **£ 676,767** being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix 5b).

(f) **£ 1,932.5558** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

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

5. **£ 40,940,889** The amount set by the authority at 2 above, under section 30 of the Act, includes an amount attributable to the adult social care precept.

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings.

Sheffield City Council (non-parish areas)

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,288.37	1,503.10	1,717.83	1,932.56	2,362.01	2,791.47	3,220.92	3,865.11
South Yorkshire Fire & Rescue Authority	56.70	66.15	75.60	85.05	103.95	122.85	141.75	170.10
South Yorkshire Police and Crime Commissioner	167.36	195.25	223.15	251.04	306.83	362.61	418.40	502.08
Aggregate of Council tax requirements	1,512.43	1,764.50	2,016.58	2,268.65	2,772.79	3,276.93	3,781.07	4,537.29

Bradfield Parish Council

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,288.37	1,503.10	1,717.83	1,932.56	2,362.01	2,791.47	3,220.92	3,865.11
Bradfield Parish Council	28.49	33.24	37.99	42.74	52.24	61.73	71.23	85.48
South Yorkshire Fire & Rescue Authority	56.70	66.15	75.60	85.05	103.95	122.85	141.75	170.10
South Yorkshire Police and Crime Commissioner	167.36	195.25	223.15	251.04	306.83	362.61	418.40	502.08
Aggregate of Council tax requirements	1,540.92	1,797.74	2,054.57	2,311.39	2,825.03	3,338.66	3,852.30	4,622.77

Ecclesfield Parish Council

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,288.37	1,503.10	1,717.83	1,932.56	2,362.01	2,791.47	3,220.92	3,865.11
Ecclesfield Parish Council	20.38	23.78	27.17	30.57	37.36	44.16	50.95	61.14
South Yorkshire Fire & Rescue Authority	56.70	66.15	75.60	85.05	103.95	122.85	141.75	170.10
South Yorkshire Police and Crime Commissioner	167.36	195.25	223.15	251.04	306.83	362.61	418.40	502.08
Aggregate of Council tax requirements	1,532.81	1,788.28	2,043.75	2,299.22	2,810.15	3,321.09	3,832.02	4,598.43

Stocksbridge Town Council

	Valuation Band							
	A	B	C	D	E	F	G	H
Sheffield City Council	1,288.37	1,503.10	1,717.83	1,932.56	2,362.01	2,791.47	3,220.92	3,865.11
Stocksbridge Town Council	22.56	26.32	30.08	33.84	41.37	48.89	56.41	67.69
South Yorkshire Fire & Rescue Authority	56.70	66.15	75.60	85.05	103.95	122.85	141.75	170.10
South Yorkshire Police and Crime Commissioner	167.36	195.25	223.15	251.04	306.83	362.61	418.40	502.08
Aggregate of Council tax requirements	1,534.99	1,790.82	2,046.66	2,302.49	2,814.16	3,325.82	3,837.48	4,604.98

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

Appendix 6b

Council Tax Schedule 2024/25	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Sheffield City Council	1,288.37	1,503.10	1,717.83	1,932.56	2,362.01	2,791.47	3,220.92	3,865.11
South Yorkshire Fire & Rescue Authority	56.70	66.15	75.60	85.05	103.95	122.85	141.75	170.10
South Yorkshire Police and Crime Commissioner	167.36	195.25	223.15	251.04	306.83	362.61	418.40	502.08
Total charge for non-parish areas of Sheffield	1,512.43	1,764.50	2,016.58	2,268.65	2,772.79	3,276.93	3,781.07	4,537.29
Bradfield Parish Council	1,540.92	1,797.74	2,054.57	2,311.39	2,825.03	3,338.66	3,852.30	4,622.77
Ecclesfield Parish Council	1,532.81	1,788.28	2,043.75	2,299.22	2,810.15	3,321.09	3,832.02	4,598.43
Stocksbridge Town Council	1,534.99	1,790.82	2,046.66	2,302.49	2,814.16	3,325.82	3,837.48	4,604.98

Appendix 6c

Parish Council Precepts

	2023/24			2024/25			
Parish Council	Tax Base	Council Tax Income (£)	Council Tax Band D (£)	Tax Base	Council Tax Income (£)	Council Tax Band D (£)	Council Tax Band D Increase as %age
Bradfield	5,973.09	255,277	42.7378	6,040.61	258,162	42.7378	0.00%
Ecclesfield	9,346.90	274,756	29.3954	9,391.56	287,111	30.5712	4.00%
Stocksbridge	3,868.34	130,921	33.8443	3,885.25	131,494	33.8443	0.00%
Total	19,188.34	660,954	105.98	19,317.42	676,767	107.15	

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and The Annual Ethical Investment Strategy For 2024/25

Executive Summary

Introduction

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

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

The 2024/25 Treasury Management Strategy Statement (TMSS)

Section 2, highlights that the TMSS covers both capital issues and treasury management issues as required by the Local Government Act 2003, the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code, Department for Levelling Up, Housing and Communities (DLUHC) Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

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

Capital Prudential Indicators

Section 3, shows how the Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the *Capital Prudential Indicators*, which are designed to assist members' overview and confirm capital expenditure plans.

The Council's Borrowing Need (Capital Financing Requirement)

Section 4, explains the Council's Capital Financing Requirement (CFR), the second Prudential Indicator, being the total historic capital expenditure that has not yet been paid for; either from revenue or capital resources and is a measure of the Council's underlying need for borrowing.

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

The Council's CFR is expected to remain fairly stable over the next few years based on the Council's approved capital investment plans; moving from £1.59bn in 2022/23 to £1.57bn in 2027/28. The narrative behind this is that General fund CFR reduces and the HRA CFR increases reflecting the forecasts for future capital expenditure. See section 4.1.

Minimum Revenue Provision (MRP)

Section 5 sets out the MRP policy for the 2024/25 financial year, which outlines how the Council will set aside some of its revenue resources as a provision for reducing the underlying need to borrow (as identified by the CFR). The core requirement is that:

- The Council has an approved policy for calculating MRP (this policy)
- The Council sets aside an amount which is deems to be prudent, having regard to DLUHC's statutory guidance.

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

Application of Resources

Section 6 outlines how the Council uses resources other than borrowing temporarily to finance capital expenditure. This allows the Council to remain "under borrowed" - meaning that we have not yet fully externally borrowed sufficiently to fund the CFR.

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

Current Debt Portfolio

Section 7, explains that the new forecast for borrowing to be taken is based on funding expenditure in the Capital Programme, whilst broadly maintaining a sustainable under-borrowed position.

In addition to external borrowing, PFI Liabilities are forecast to fall over the forecast period as payments are made.

Treasury Indicators

Section 8 sets out the Treasury Indicators that assess the affordability of planned capital expenditure and its effect on the Council's overall finances.

This main body of the report details the indicators for:

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

Full Council are asked to approve the Treasury indicators within this section.

Borrowing Strategy

Section 9 covers increased borrowing rates and the Council's relatively strong cash balances support continuing the Council's under-borrowed position in anticipation of lower rates in future.

Treasury Limits on Activity

Section 10 highlights the boundaries and limits imposed in relation to variable rate exposure and maturity profiles.

Debt Rescheduling

Section 11 notes that during 2023/24 one of the Council's LOBO loans was repaid, no other rescheduling of the Council's debt was undertaken, though the risk of further calls on LOBOs is being considered.

Annual Ethical Investment Strategy

Section 12, covers Council's Annual Ethical Investment Strategy that aims to ensure investment decisions comply with its investment priorities (Security, Liquidity and Yield), and do not contradict the Council's ethical values.

Investment Strategy

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

Section 1 – Introduction

Key Messages

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

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

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

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

   CIPFA defines treasury management as:

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

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

   Borrowing

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

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

Investments

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

Effective Balance Sheet Management

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

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

   These reports include:

   - Prudential and Treasury Indicators and Treasury Strategy (this report) which covers Capital and Treasury Management issues (see section 8).
   - A mid-year Treasury Management report –to update Members with the progress, amending prudential indicators as necessary, and advise whether any policies require revision.
   - Annual Treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

5. The above reports are required to be adequately scrutinised before being recommended to Full Council. This role is undertaken by the Strategy & Resources Policy Committee and the Finance Committee

Section 2 - The 2024/25 Treasury Management Strategy Statement (TMSS)

Key Messages

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

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

6. The TMSS covers capital issues:
   - The capital plans and the Prudential Indicators.
   - The Minimum Revenue Provision (MRP) policy.
7. The TMSS covers treasury management issues:
   - The current treasury position.
   - Treasury Indicators which limit the treasury risk and activities of the Council.
   - Prospects for interest rates.
   - The borrowing strategy.
   - The investment strategy.
   - Policy on borrowing in advance of need.
   - Debt rescheduling.
   - Creditworthiness policy; and
   - The Council's policy on use of external service providers.
8. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training. This especially applies to members responsible for scrutiny.
9. The Finance Committee and Chairs / Spokespeople for all other Committees will be offered treasury management training. This may be delivered by officers or the Council's treasury advisors, Link, during the year. Further internal and external training will be considered as necessary.
10. The training needs of treasury management officers are also periodically reviewed. During the year officers attended workshops, seminars and conferences provided by CIPFA, the Council's treasury management consultants and other relevant organisations.
11. The Council uses Link Asset Services as its external treasury management advisors.

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

Section 3 – Capital Prudential Indicators

Key Messages

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

15. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of the budget cycle. The table below shows total capital expenditure. The comparison to last year's TMS figures show material slippage in the 2022/23 programme, with higher expenditure in future years due to higher Housing expenditure.

16. The figures below are for approved capital schemes only and as such represent the minimum expected expenditure.

Capital Expenditure	2022.23 Actual £'m	2023.24 Forecast £'m	2024.25 Budget £'m	2025.26 Estimate £'m	2026.27 Estimate £'m	2027.28 Estimate £'m
ADULT HEALTH & SOCIAL CARE	8.1	6.2	0.0	0.0	0.0	0.0
COMMUNITIES, PARKS & LEISURE	21.4	25.9	2.5	0.0	0.0	0.0
ECONOMIC DEVELOPMENT & SKILLS	0.4	1.1	1.9	0.0	0.0	0.0
EDUCATION, CHILDREN & FAMILIES	13.6	22.5	4.5	0.0	0.0	0.0
HOUSING	57.5	73.4	104.8	147.4	159.0	129.2
STRATEGY & RESOURCES	5.0	5.9	0.1	0.0	0.0	0.0
TRANSPORT, REGEN & CLIMATE	95.6	88.4	68.2	3.3	0.0	0.0
WASTE & STREET SCENE	0.1	0.9	0.0	0.0	0.0	0.0
CORPORATE TRANSACTIONS	0.0	0.0	0.0	0.0	0.0	0.0
Total	**201.7**	**224.3**	**182.1**	**150.7**	**159.0**	**129.2**
Previous TMS (23/24)	234.0	214.1	126.9	135.0	121.7	
Change	-32.3	10.2	55.2	15.7	37.3	

17. The Council's Capital Strategy and Capital Programme provides more detail on the key investment priorities aligned to the Council's overall corporate objectives and are available from the Council's Website.

18. In addition to the table above, the Council may also invest up to a limit of £10m per year in loans to local enterprises, local charities, wholly owned companies, and joint ventures as part of a wider strategy for local economic growth.

19. The Council may also make commercial investments, and these will be reported via the Capital Strategy as they are non-treasury investments. There are currently no plans to make investment of this type, not least because following recent Central Government rule changes, making these investments potentially limits our ability to access PWLB borrowing.

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

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

Capital Expenditure:	2022.23 Actual £'m	2023.24 Forecast £'m	2024.25 Budget £'m	2025.26 Estimate £'m	2026.27 Estimate £'m	2027.28 Estimate £'m
Capital expenditure:						
Non-housing	£144.3	£151.0	£77.3	£3.3	£0.0	£0.0
Housing	£57.5	£73.4	£104.8	£147.4	£159.0	£129.2
Total	**£201.7**	**£224.3**	**£182.1**	**£150.7**	**£159.0**	**£129.2**
Financed by:						
Capital Receipts	£64.1	£16.5	£9.5	£9.6	£15.1	£1.5
Capital Grants & Contributions	£16.9	£93.5	£77.1	£14.3	£4.2	£4.1
Revenue Contributions	£61.7	£40.7	£55.5	£91.0	£97.7	£103.7
Net borrowing need for the year	**£59.0**	**£73.6**	**£40.0**	**£35.8**	**£42.0**	**£19.9**
Fund Split						
General Fund	£59.0	£57.5	£10.6	£0.4	£0.0	£0.0
HRA	£0.0	£16.1	£29.4	£35.4	£42.0	£19.9
Total	**£59.0**	**£73.6**	**£40.0**	**£35.8**	**£42.0**	**£19.9**
Previous TMS (23/24) General Fund	£78.0	£56.0	£0.0	£0.0	£0.0	N/A
Previous TMS (23/24) HRA	£19.0	£34.8	£65.8	£65.8	£0.0	N/A
Change General Fund	-£19.0	£1.5	£10.6	£0.4	£0.0	-
Change HRA	-£19.0	-£18.7	-£36.4	-£30.4	£42.0	-

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

23. Forecast borrowing is materially down on 23/24 forecasts, General Fund appears to slip to future years, but HRA is down in most years.

24. The significant use of revenue resources to fund capital expenditure primarily relates to the use of revenue reserves and rental income raised in the Housing Revenue Account (HRA) to fund capital works on the Council's housing stock and acquisitions to meet the Council's housing ambitions.

25. As in previous years, judicious use of borrowing to support capital investment remains a prudent financing option whilst borrowing costs remain very low (in historical terms).

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

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

Key Messages

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

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

The Council's overall CFR is expected to be stable over the next few years based on the Council's capital investment plans. However General Fund CFR is forecast to reduce from 26/27 due to lower levels of capital expenditure and receipts expected from Heart of the City Phase II.

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

Capital Financing Requirement	2022.23 Actual £'m	2023.24 Forecast £'m	2024.25 Budget £'m	2025.26 Estimate £'m	2026.27 Estimate £'m	2027.28 Estimate £'m
CFR non-housing	£1,246.06	£1,266.46	£1,229.10	£1,179.72	£1,131.75	£1,083.49
CFR housing	£345.81	£361.89	£391.25	£426.59	£468.56	£488.48
Total CFR - Year End	£1,591.87	£1,628.35	£1,620.36	£1,606.30	£1,600.31	£1,571.97
In Year Movement in CFR	**£20.58**	**£36.48**	**-£8.00**	**-£14.05**	**-£6.00**	**-£28.34**
Movement in CFR represented by:						
Expenditure not funded by grants, receipts, or contributions	£59.03	£73.59	£40.03	£35.78	£42.00	£19.94
- MRP/VMRP and other movements	-£38.45	-£37.11	-£48.03	-£49.84	-£48.00	-£48.28
In Year Movement in CFR	**£20.58**	**£36.48**	**-£8.00**	**-£14.05**	**-£6.00**	**-£28.34**

28. The CFR does not increase indefinitely. Statute requires the Council to charge an amount each year in its revenue budget known as the Minimum Revenue Provision (MRP). This charge mimics depreciation, reduces the CFR and ensures the Council has enough cash to repay its debts. This is why the non-housing figure above reduces (MRP is higher than new expenditure).

29. The CFR also includes other long-term liabilities such as PFI arrangements. Whilst these form part of the CFR, and therefore the Council's borrowing requirement, these types of arrangements include a borrowing facility which means the Council is not required to borrow separately for these schemes. At the end of 2024/25 the Council will have £281.9m (2023/24 £301.5m) of such arrangements within the CFR.

Section 5 - Minimum Revenue Provision

Key Messages

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

- The Council has an approved policy for calculating MRP (this policy)
- The Council sets aside an amount which is deems to be prudent, having regard to the DLUHC statutory guidance.

The MRP policy for 2024/25 is materially unchanged. Changes under Accounting Standard IFRS16 to show principal elements of leases as MRP are adopted for 2024/25, but the impact of this is presentational, having immaterial impact at a strategic planning level.

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

30. For capital expenditure incurred before 1st April 2008, or which in the future will be Supported Capital Expenditure (expenditure which receives income support from government), MRP is charged on a flat line basis over fifty years. This will ensure that all debt associated with Supported Capital Expenditure is fully provided for up to the Adjustment A level that is required by government within fifty years and better aligns the charges we make to the General Fund with the funding we receive from government.

31. Adjustment A is a device for achieving neutrality between the old and new MRP systems. This was an amount calculated at the start of the new system in 2004 and is not subsequently varied.

32. The above approach is a prudent way of ensuring the Council pays down debt in good time. If changes to the policy create over-provisions, the over-provision will be recovered over a prudent period; ensuring that at no point the resultant MRP charge is negative.

33. Going forward, changes to the guidance prevents over-provisions arising from the change in MRP policy from 2018/19 onwards.

34. The Council will apply Voluntary Revenue Provisions (VRP) to realign overall charges to the 'regulatory method' where it is considered prudent to do so.

35. From 1st April 2007, the MRP on all unsupported borrowing has been based on the 'asset life method'. This means that MRP is based on the estimated useful life of the assets created.

36. The Council may adopt an annuity profile for MRP charges where it is more reflective of how the acquired assets depreciate. This method still charges full MRP over the asset life, but cost will be weighted to later years.

37. Adoption of this approach will be considered on a scheme-by-scheme basis and will only be used where adoption will result in costs being better aligned to the benefit flows that will accrue from the investment.

38. There is no requirement for the HRA to make a minimum revenue provision, but there is a requirement for a depreciation charge to be made. The HRA may opt to make voluntary revenue provisions where it is prudent to do so.

39. Where appropriate, the Council will defer the MRP related to specific projects until the asset(s) for the project become(s) operational. This is known as an MRP holiday and will allow the Council to align borrowing repayments to the economic benefit generated from those assets.

40. The Council will also withhold MRP payments related to the acquisition of assets purchased under compulsory purchase orders (CPO) where there is a commitment to pass these assets and costs onto a development vehicle.

41. Where capital loans are provided by the Council under section 25 of the 'The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003', the Council will, where it is prudent to do so, align MRP profiles to loan repayments. This will ensure the Council does not unnecessarily charge amounts to its revenue budget.

42. The Council can at times receive capitalisation directives from the Secretary of State. Where this is the case, the Council's policy will be to provide for MRP as the capitalisation is defrayed, rather than on initial recognition. The 'asset life' approach will be taken to providing for MRP on capitalised spend, where there is no discernible asset life the Council will opt for a 20-year life.

43. In line with DLUHC guidance and to mitigate the impact of the move to IFRS on the Council's revenue account, it is the policy of the Council to make an annual MRP charge equal to the portion of the PFI unitary charge or lease payment taken to the Balance Sheet to reduce the liability.

44. During 2024/25, the Council will implement the new leasing accounting standard (IFRS16) resulting in more leased assets being recognised on the balance sheet which will impact on the Council's CFR. This will lead to, an increased MRP charge (replacing the revenue impact of the principal element of the lease payments, so the impact is only presentational) though the impact is expected to be minimal.

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

46. For these sums to be reclaimed for use in the budget, each year this policy must disclose the cumulative overpayment.

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

Section 6 - Application of Resources

Key Messages

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

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

48. The application of resources (capital receipts, grants, revenue reserves) to finance capital expenditure will have an associated impact on investment balances, unless resources are supplemented each year from new sources, such as asset sales or the receipt of other grants. This is simply because as receipts, reserves, and grants are spent, there is less cash available to place on deposit.

49. Detailed below are estimates of the year end balances for each resource and anticipated cash balances. This includes the new borrowing forecast in **Section 7.** New borrowing is required as reserves are forecast to reduce, and Capital expenditure is incurred.

Core Funds and Expected Investment Balances	2022.23 Actual £'000	2023.24 Forecast £'000	2024.25 Budget £'000	2025.26 Estimate £'000	2026.27 Estimate £'000	2027.28 Estimate £'000
Year End Resources:						
Cash backed reserves*	546.1	494.4	476.3	464.1	454.5	447.3
Capital Receipts	9.8	8.8	7.9	7.1	6.4	5.8
Provisions	21.8	21.8	21.8	21.8	21.8	21.8
Total Core Funds	**577.7**	**525.0**	**506.1**	**493.0**	**482.7**	**474.9**
Working Capital	162.5	125.0	112.5	101.3	91.1	34.6
(Under)/over Borrowing	-371.3	-464.4	-413.1	-377.2	-361.9	-324.0
Expected Investments	**368.8**	**185.5**	**205.5**	**217.1**	**211.9**	**185.5**

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

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

51. Instead, the Council has used its own cash balances that it does not need immediately. These balances include grants received in advance, reserves and provisions being held over for future spend, and capital receipts that have yet to be deployed.

52. Operating in this manner is a good fit for our wider operating environment, it is cheaper to use our own cash balances than use external loans at more expensive rates, this does not provide us with an incentive to hold cash on deposit.

53. This approach also minimises our counterparty risks, as it reduces the amount of cash we invest in counterparties (i.e., banks and pension funds). Following the financial crash in 2008, the Council remains cautious about where it invests.

54. Whilst an under-borrowed position has yielded significant savings over the past few years, it does expose the Council to a level of risk around interest rates changes.

55. Should interest rates increase markedly from the current levels, it could cost the Council more by not taking out fixed interest borrowing now. However, interest rates are forecast to fall slightly in coming years. As a counterincentive, increasing our borrowing before we would use the resulting cash, would incur significant interest costs. Ultimately this is a judgement call.

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

57. Treasury Officers will continue to monitor the financial markets to ensure our cash management plans are properly aligned to the Council's investment decisions and the ongoing risks in the wider economy.

Section 7 - Current Debt Portfolio

Key Messages

The new forecast of borrowing to be taken is based on funding expenditure in the Capital Programme whilst broadly maintaining a sustainable under-borrowed position. 2023/24 saw larger than average debt repayment due to the £18m Commerzbank LOBO being repaid.

From 2024/25 external debt is expected to increase by £173m (net). PFI Liabilities are expected to fall over the forecast period as payments are made.

58. The Council's debt portfolio position is outlined below. The table below shows forecast external debt against the CFR, which represents the Council's need to borrow for capital purposes.

59. Comparing actual debt to the CFR highlights any under or over borrowing.

Current Portfolio Position	2022.23 Actual £'m	2023.24 Forecast £'m	2024.25 Budget £'m	2025.26 Estimate £'m	2026.27 Estimate £'m	2027.28 Estimate £'m
External Debt						
Loans at 1st April	898.4	900.4	862.4	925.4	967.0	995.3
Loan Repayments	-8.0	-38.0	-12.0	-18.4	-11.7	0.0
New Loans Taken	10.0	0.0	75.0	60.0	40.0	40.0
PFI liabilities at 1st April	340.8	320.1	301.5	281.9	262.1	243.0
Expected change in PFI liabilities	-20.7	-18.6	-19.7	-19.8	-19.0	-19.8
Actual Gross Debt at 31st March	1220.5	1163.9	1207.3	1229.1	1238.4	1258.6
The Capital Financing Requirement	1591.9	1628.4	1620.4	1606.3	1600.3	1572.0
Authority Under/(Over) Borrowing	**371.3**	**464.4**	**413.1**	**377.2**	**361.9**	**313.4**
HRA under/ (over) borrowing	67.8	101.9	71.3	48.1	51.3	43.8
GF Under / (Over) Borrowing	303.5	362.5	341.8	329.1	310.6	280.2
	371.3	**464.4**	**413.1**	**377.2**	**361.9**	**324.0**

60. To reduce the risks associated with under borrowing, new external debt is expected to be needed over the forecast period. Interest rates expected to begin easing by mid-2024 therefore it remains prudent to delay borrowing where possible.

61. This analysis shows that the Council complies with the requirement to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year or the estimates of any additional CFR for 2023/24 and the following two financial years.

62. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

Section 8 - Treasury Indicators

Key Messages

The Treasury Indicators assess the affordability of planned capital expenditure and its effect on the Council's overall finances.

This section details the indicators for:

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

This report recommends the Council approves the Treasury indicators.

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

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

65. The General Fund Ratio forecasts to peak in 2024/25 then fall over the period as debt are repaid and net revenue increases (ignoring effect of inflation).

66. HRA cost also rises over the forecast period due to significant capital expenditure.

67. Including PFI:

Ratio of Financing Costs to Net Revenue Stream:	2022.23 Actual	2023.24 Forecast	2024.25 Budget	2025.26 Estimate	2026.27 Estimate	2027.28 Estimate
General Fund	16.8%	16.2%	17.2%	16.8%	15.7%	15.2%
HRA	7.9%	7.7%	8.7%	9.8%	10.5%	10.9%

68. Excluding PFI:

Ratio of Financing Costs to Net Revenue Stream:	2022.23 Actual	2023.24 Forecast	2024.25 Budget	2025.26 Estimate	2026.27 Estimate	2027.28 Estimate
General Fund	6.7%	6.5%	8.0%	8.2%	7.7%	7.5%
HRA	7.9%	7.7%	8.7%	9.8%	10.5%	10.9%

69. This reveals several issues:

- Fluctuations in income and costs arising from PFI arrangements make a significant difference to the above ratios.
- We anticipate incurring more borrowing costs (interest and MRP costs) in the future than we do now. But for General fund this is broadly in line with expected increases in revenue.
- The revenue income streams used for this calculation increase very modestly.

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

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

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

72. These investments will not only help to deliver a revived retail area, to enable the city centre to compete with out-of-town alternatives and regional competition but will also keep businesses in the city and attract new business rate payers.

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

Limits to Borrowing Activity

74. The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be higher or lower depending on the levels of actual debt and the ability to fund under borrowing by other cash resources.

75. The following table shows the Council's estimates for its operational boundary, which in future years builds in both planned (i.e., known schemes) and makes some allowance for future capital expenditure and an estimate of the likely impact arising from the change to lease accounting due to IFRS 16:

Operational Boundary	2022.23 Actual £'m	2023.24 Actual £'m	2024.25 Proposed £'m	2025.26 Proposed £'m	2026.27 Proposed £'m	2027.28 Proposed £'m
Loans	£1,240	£1,320	£1,400	£1,420	£1,450	£1,460
Other Long Term Liabilities	£400	£321	£302	£282	£262	£243
Lease Arrangements	£10	£10	£10	£10	£10	£10
Total	**£1,650**	**£1,651**	**£1,712**	**£1,712**	**£1,722**	**£1,713**

76. The authorised limit on external debt represents a control on the maximum amount of debt the Council can legally hold. Under Section 3 of the Local Government Act 2003 this limit is agreed by Full Council and cannot be revised without that body's agreement.

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

78. The CFR is deemed affordable as any increases to it come through the Capital Programme. Limits are set slightly above this to allow some contingency for new schemes or increases to costs for existing ones. It

remains unlikely that external loans would reach these limits as this would assume all capacity to borrow internally from reserves was gone.

79. The authorised limit reflects the level of external debt which is still affordable though not desirable due to the impact on revenue budgets. External debt will not rise above this limit without approval.

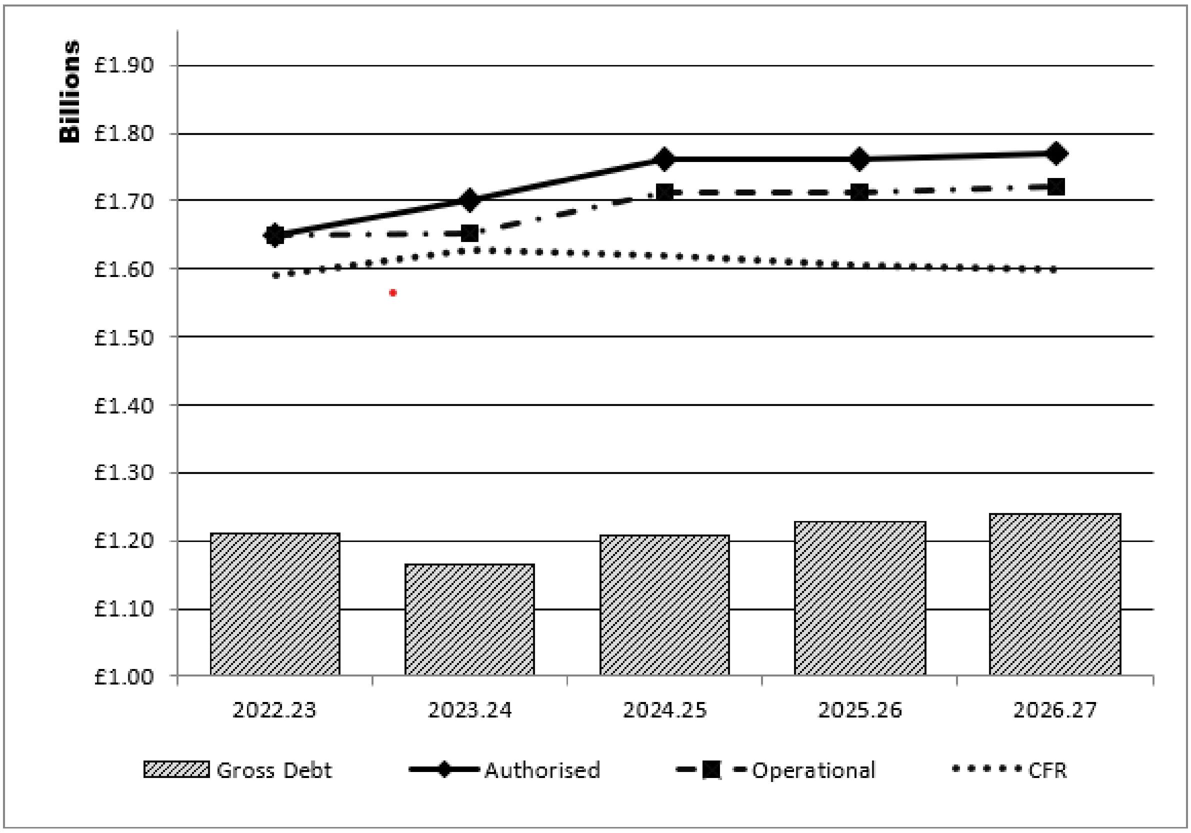
Authorised Limit	2022.23 Actual £'m	2023.24 Actual £'m	2024.25 Proposed £'m	2025.26 Proposed £'m	2026.27 Proposed £'m	2027.28 Proposed £'m
Loans	£1,240	£1,370	£1,450	£1,470	£1,500	£1,510
Other Long Term Liabilities	£440	£321	£301	£281	£261	£241
Lease Arrangements	£10	£10	£10	£10	£10	£10
Total	**£1,690**	**£1,701**	**£1,761**	**£1,761**	**£1,771**	**£1,761**

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

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

HRA Debt Limit	2022.23 Actual £'m	2023.24 Actual £'m	2024.25 Proposed £'m	2025.26 Proposed £'m	2026.27 Proposed £'m	2027.28 Proposed £'m
HRA Authorised Limit	£388.3	£425.0	£530.0	£550.0	£600.0	£630.0
HRA Operational Limit *	£388.3	£410.0	£515.0	£530.0	£580.0	£610.0
HRA CFR	£345.8	£364.8	£399.7	£440.1	£483.7	£522.8
HRA Headroom **	**£42.5**	**£60.2**	**£130.3**	**£109.9**	**£116.3**	**£107.2**

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



83. The authorised limit is higher than the gross debt to allow us to deal with planned capital expenditure, future capital expenditure over and above the current planned capital expenditure, and any opportunities that may arise in-year to restructure contracts.

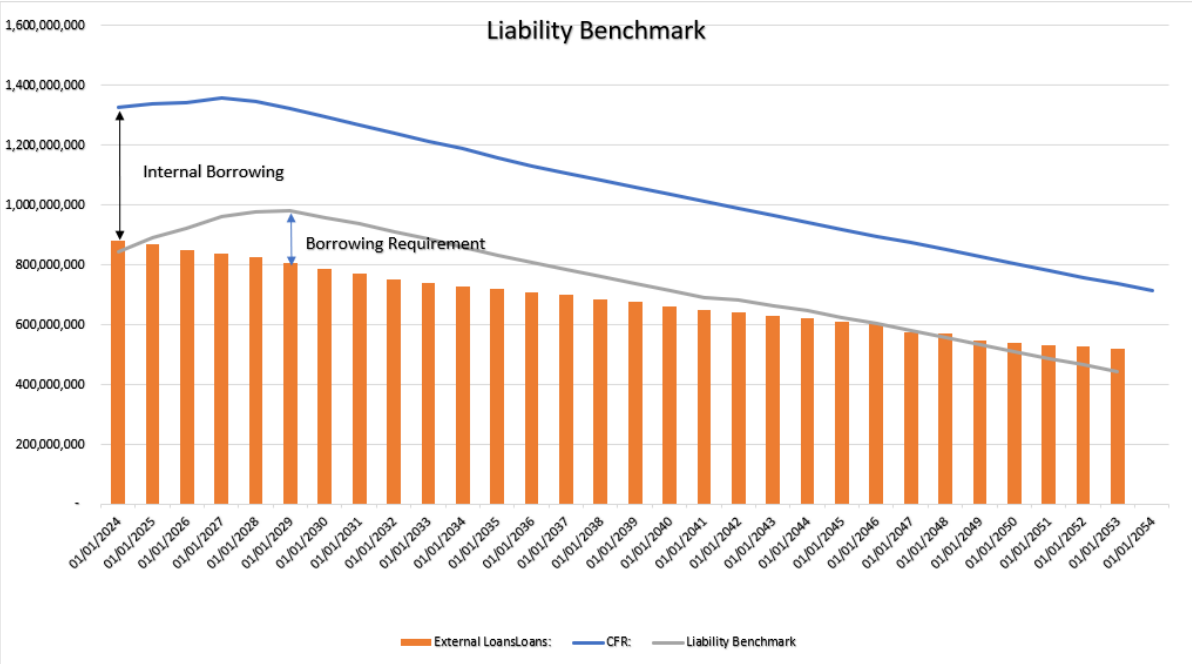
84. However, the projected CFR and gross debt figures represent current planned expenditure only and not potential pipeline projects that have yet to be approved.

Liability Benchmark

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

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

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



Section 9 - Borrowing Strategy

Key Messages

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

The HRA has an ambitious capital programme that will require borrowing for.

88. The Council is currently maintaining an under-borrowed position and plans to do so while this position remains prudent. This means that the capital borrowing need (CFR) has not been fully funded with loans and other credit arrangements, such as PFI arrangements.

89. Instead, cash supporting the Council's reserves, balances and working capital has been used as a temporary measure. However, these balances are expected to fall gradually, which in turn increases our exposure to interest rate risk.

90. In accordance with the view taken in previous years, the Council recognises the inherent risk in operating this strategy. Whilst the current low borrowing rate period continues, the Council intends to maintain the position at its current levels, or to modestly increase it.

91. Conversely, if there is a significant risk that the cost of borrowing is likely to increase beyond that currently, then the Director of Finance & Commercial Services will consider taking on more fixed-rate loans whilst interest rates are still lower than they would be in future years.

92. The Borrowing Strategy may be impacted by changes in the economic environment. For example, borrowing may be taken earlier if the chance of interest rates increasing rises. A detailed economic review can be seen at the end of this appendix in Note 1.

93. Additionally, the risks impacting on interest rates can be seen in Note 2 alongside the forward forecast for several relevant interest rates.

94. The Municipal Bond Agency lends to local authorities The Council may consider making use of this new source of borrowing, as and when appropriate.

Section 10 - Treasury Limits on Activity

Key Messages

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

95. There are three debt related treasury activity limits. The purpose of these limits is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance.

96. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure. This is like the previous indicator and covers a maximum limit on fixed interest rates.
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

97. The Council is asked to approve the following Treasury Indicators and limits:

Limits on interest rate exposure based on net debt	2023.24 Forecast	2024.25 Budget	2025.26 Estimate	2026.27 Estimate	2027.28 Estimate
	Upper	**Upper**	**Upper**	**Upper**	**Upper**
Fixed interest rates (%)	100%	100%	100%	100%	100%
Variable interest rates (£'m)	£160	£162	£162	£162	£162

98. The above table indicates our desire not to increase the number of variable rate loans we have beyond our current floating-rate lender option buyer option (LOBO) bank loans. The increases in variable rate limits above are exclusively from existing LOBO loans that are entering their call period.

Maturity structure of fixed interest rate borrowing:	2024.25 Lower	Upper
Under 12 months	1%	5%
12 months to 2 years	2%	5%
2 years to 5 years	4%	8%
5 years to 10 years	12%	20%
10 years to 20 years	16%	20%
20 years to 30 years	8%	20%
30 years to 40 years	26%	30%
40 years to 50 years	24%	25%
Over 50 years	7%	15%

99. The above table shows the Council’s desire to avoid having too many loans maturing in any one period; but retain flexibility over the term of any new borrowing to take advantage of the yield curve.

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

Maturity structure of variable interest rate	2024.25 Lower	Upper
Under 12 months*	0%	100%
12 months to 2 years	0%	0%
2 years to 5 years	0%	0%
5 years to 10 years	0%	0%
10 years +	0%	0%

101. The above table is reflective of our floating-rate LOBO bank loans. The bank has the option to re-set the interest rate on these loans, (typically every six months) at which point we have the option to repay early. One LOBO was repaid in 2023/24, each opportunity to repay comes with benefits and associated cash flow and borrowing implications.

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

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

104. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

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

Section 11 - Debt Rescheduling

Key Messages

No Loans have been rescheduled however, during 2023/24 one LOBO loan has been repaid early. The repayment was £18m and because the loan was ‘called’ by the lender, no premium was due on repayment. No Further rescheduling has taken place.

106. Rescheduling generally is the lengthening of terms on existing debt. This remains unlikely in the foreseeable future. However changes to the debt profile have taken place in 2023/24 with the repayment of the LOBO mentioned above. The lender offered rates with an increase of over 1% which enabled us to repay without penalty. PWLB rates were lower than the newly offered rate but due to high balances no new debt was taken.

107. Approval by the Head of Accounting would be sought prior to any rescheduling or repayments.

Section 12 - Annual Ethical Investment Strategy

Key Messages

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

108. The Council's investment policy has regard to Central Government's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code") and internal policies such as the Ethical Procurement policy.

109. The Council's investment priorities will be security first, portfolio liquidity second and then return (yield). This ensures we do not chase yield at the expense of the security of our investment.

110. The Council only invests in a limited number of financial institutions and does not hold equities (shares) or other forms of investments in listed companies.

111. Investment of the Council's pension contributions to the Local Government Pensions Scheme is carried out by South Yorkshire Pensions Authority in accordance with its own rules for investing, and the Council has no direct control over these decisions.

112. In any event the Council will not knowingly invest directly in businesses whose activities and practices are inconsistent with the Council's values. To that end, the Council commits not to hold any direct investments in fossil fuels, tobacco, arms companies or, to the best of our knowledge, companies involved in tax evasion or grave misconduct.

113. In accordance with the above guidance from Central Government and CIPFA, and to minimise the risk to investments, the Council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties for inclusion on the lending list.

114. The criteria applied can be seen in Note 4.

115. This approach also enables diversification of counterparties and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short-Term and Long-Term ratings.

116. Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate.

117. The assessment will also take account of information that reflects the opinion of the markets.

118. The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or Equivalent). These are included in Note 5 at the end of this appendix.

119. The creditworthiness methodology (see section 16 below) used to create the counterparty list fully accounts for the ratings, watches, and outlooks, published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency.

120. Using these ratings services, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically.

121. The intention of the strategy is to provide security of investment and minimisation of risk. The strategy also enables the Council to operate a diversified investment portfolio to avoid an over concentration of risk.

122. Investment instruments identified for use in the financial year are listed under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices.

123. Environmental, Social and Governance (ESG) measures on investments is considered but priority is still given to Security, Liquidity and Yield. Quantifying ESG is difficult as there are no industry standards to compare against or assess the impact.

124. During the 2023/24 financial year we made one ESG investment with Standard Chartered Sustainable deposit as well as lending to several other Local Authorities who will have significant social impacts.

Section 13 - Investment Strategy

Key Messages

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

125. DLUHC and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, as managed by the Treasury Management Team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

126. When considering its investments, the Council will consider:

- Its longer-term cash balances. This is cash available for use in the medium to long term, and comes from reserves, grants and receipts that are yet to be spent.
- Short term cash flow requirements that arise on a daily or weekly basis.
- Expectations on interest rates. Important when determining a required rate of return on the Council’s investments.

127. The Bank Rate is forecast to increase to fall from its current level of 5.25% during 2024/25. It is expected to fall back steadily as inflation reduces in the UK. Base rate forecasts can be seen below at Note 1.

128. The Council has defined the list of types of investment instruments that the Treasury Management Team are authorised to use. There are two lists in appendix Note 3 under the categories of ‘specified’ and ‘non-specified’ investments.

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

129. The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next few years are as follows:

Year	2023.24	2024.25	2025.26	2026.27	2027.28
Proposed Returns	5.00%	4.50%	3.20%	3.00%	3.00%

130. The Council does not typically place deposits with maturity dates in excess of 12 months, but should it do so the monetary value of those deposits will not exceed:

Sums invested greater than 365 days	2023.24 £'m	2024.25 £'m	2025.26 £'m	2026.27 £'m	2027.28 £'m
Maximum Amount	£60	£60	£60	£60	£60

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

132. We will use the 3-month SONIA (Sterling Overnight Index Average) rate as a benchmark for its investment returns.

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

Notes

Note 1 - Economic Backdrop (source: Link Asset Management Services)

The first half of 2023/24 saw:

- Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Gilt yields and therefore borrowing costs remained elevated as inflation continually surprised to the upside.
- CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).

The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.

The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England interest rates to have peaked at the current level of 5.25% and to begin falling during 2024/25. Mortgage rates are already falling in expectations of these cuts

Cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England’s closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.

CPI inflation declined to 3.9% in November, below expected levels of 4.3%

In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.

Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.

This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

PWLB RATES

The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.6% to 5.2%.

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

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

Interest Rate Forecasts

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

Link provided the following forecasts in November 2023. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Early 2023/24 saw increases to the interest rate environment to counter high inflation. This has been caused by runaway food and energy cost increases, war in Ukraine, supply chain problems from Brexit and covid. It is hoped that the end of 22/23 will see interest rates peak and gradually fall during the next few years as inflation returns to more usual levels.

Note 2 - The Balance of Risks to the UK Economy

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

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England acts too quickly, or too far**, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, Israil/ Palestine, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

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

Note 3 - Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Specified Investments

All such investments will be sterling denominated, with maturities up to a maximum of one year, meeting the minimum 'high' quality criteria where applicable.

The following specified investment instruments, along with their minimum credit rating, have been outlined below:

	* Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max Maturity Period
DMADF – UK Government	UK sovereign rating	100%	6 months
UK Government Gilt	UK sovereign rating	100%	12 months
UK Government Treasury Bills	UK sovereign rating		12 months
Bonds issued by multilateral development banks	AAA	100%	6 months
Money market funds CNAV	AAA	100%	Liquid
Money market funds LVNAV	AAA	100%	Liquid
Money market funds VNAV	AAA	£30m	Liquid
Ultra-Short Dated Bond funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond funds with a credit score of 1.5	AAA	100%	Liquid
Local authorities	N/A	100%	12 Months
Term deposits with banks and building societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use

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

Non-Specified Investments

These are any investments which do not meet the specified investment criteria. Non-specified investments are typically viewed as being riskier than specified investments.

A maximum of £60m will be held in aggregate in non-specified investments.

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

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

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

Accounting Treatment of Investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Note 4 - Creditworthiness Approach

The Council applies the creditworthiness service provided by Link Asset Services.

This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's.

The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies.
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads.

The product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

The Council will therefore use counterparties within the following durational bands:

Colour Band	**Duration**
Yellow	5 years *
Dark pink	5 years for Ultra-Short Dated Bond Funds, credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds , credit score of 1.5
Purple	2 years
Blue	1 year (applies to nationalised or semi-nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Whilst the above gives the council scope to invest for periods of more than 12 months, the Council does not expect to do so during 2023/24.

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

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

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

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

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

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

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

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

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

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

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

All credit ratings will be monitored weekly.

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

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

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

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

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

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

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

This is not an appropriate measure for Money Market Funds.

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

Note 5 - Approved Countries for Investments

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

Based on lowest available rating

AAA

Australia

Denmark

Germany

Netherlands

Norway

Singapore

Sweden

Switzerland

AA+

Canada

Finland

U.S.A.

AA

Abu Dhabi (UAE)

AA-

Belgium

U.K.

France

Pay Policy Statement

Background

1. Sheffield City Council is required under Sections 38 – 43 of the Localism Act 2011 to publish its pay policy; Sheffield City Council has routinely, on an annual basis, published data on all posts which have remuneration above £50,000.
2. The Council continues to monitor closely its senior management posts and keeps the structure under review to ensure it continues to be fit for purpose.
3. This policy statement does not cover or include staff employed by schools and is not required to do so.
4. This policy statement is required to be considered and approved by full Council at the Council meeting.

Definition of Chief Officers Covered by this Policy Statement

5. This policy statement covers the following posts, full details of these posts is attached at **Annex 1**.
   a) **Head of the Paid Service**, which in Sheffield City Council is the post of the Chief Executive
   b) **Monitoring Officer**, which in Sheffield City Council is the post of the General Counsel
   c) **Statutory Chief Officers**, which in Sheffield City Council are the posts of:
      i) Strategic Director of Adults Care and Wellbeing (Director of Adult Social Services under LASSA 1970)
      ii) Strategic Director of Children's Services (Director of Children's Services under Children Act 2004)
      iii) Director of Finance and Commercial Services (Chief Finance Officer under Sec 151 of LGA 1972)
      iv) Strategic Director of Public Health and Commissioning (Director of Public Health under National Health Service Act 2006)
   d) **Non-statutory Chief Officers** (those who report to the Head of Paid Service)
   e) **Deputy Chief Officers** (those who report to Statutory or Non-Statutory Chief Officers)

Pay Policy Statement

6. Sheffield City Council's aim on matters of remuneration is to have in place an approach that enables the authority to:

    - Recruit and retain people with the skills and expertise to deliver high quality services to the citizens of Sheffield City Council;
    - Manage employee remuneration in a manner that is fair, transparent and reasonable;
    - Take account of national and regional pay policy and market trends in the context of local government;
    - Have a framework for managing the range of pay across the Council's workforce, this is known as pay ratios;
    - Have simple uniform packages across all employment groups and to manage pay matters within national guidelines and agreements;
    - Protect and remunerate low paid employees at appropriate levels and this includes the Council's commitment to the Living Wage, and;
    - Protect jobs and services for as long as reasonably possible and this includes a prudent, affordable and fair approach to pay.

Policy on Remunerating Chief Officers

7. Sheffield City Council's policy is to pay Chief Officers' basic annual salary; Chief Officers' salaries do not attract enhancements or bonus of any kind. There are no additional enhancements to redundancy payments, pension contributions or pension payments outside of the Council's normal arrangements for all Sheffield City Council employees. Travel and other expenses are paid through the normal authority procedures.

8. It is the policy of this authority to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the authority's requirements of the post in question at the relevant time. Grading decisions are determined through a process of Job Evaluation which assesses the key factors of each role. The Chief Officer Grading Structure is attached as **Annex 2**.

9. Recruitment to a Chief Officer post is undertaken by the Senior Officer Employment Committee which is a committee of the Council; membership is agreed by Council on an annual basis. A recommendation for appointment to the post of Chief Executive must be approved by Full Council; all other appointments at this level are made by the Senior Officer Employment Committee and reported to Full Council.

10. All posts will be advertised and appointed to at the appropriate approved salary for the post in question, unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package may be appropriate under the authority's policy and any variation will be approved through the appropriate authority decision making process.
11. The authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The authority will also apply any pay increases that are because of authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.
12. The authority will not make additional payments beyond those specified in the contract of employment unless varied by the appropriate authority decision making process.
13. The Council sets and makes payment to the Returning Officer for the management and administration of local elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections (including Chief Officers) dependent on their role.
14. It should be noted that any fees payable for duties in connection with Parliamentary elections, election for Police and Crime Commissioners or referenda are recouped from Central Government subject to a prescribed aggregate maximum amount and are not funded by the Council.
15. The authority does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.
16. The authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Policy on Exit Costs – Voluntary Early Retirement / Voluntary Severance

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

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

18. Decisions on whether to approve VER/VS in individual cases are made by a Chief Officer Panel consisting of the Director of People and Culture in consultation with the Director of Finance and Commercial Services and General Counsel.

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

Policy on Remunerating the Lowest Paid in the Workforce

20. The authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or because of authority decisions, these are incorporated into contracts of employment. The lowest pay point in this authority is Grade 1, point 2; this relates to an annual salary of £22,366 and can be expressed as an hourly rate of pay of £11.59 (April 2023 to March 2024).

21. A decision was taken at Cabinet on 16 January 2013 to uplift the pay of employees earning less than the nationally recognised Living Wage and align this with the Living Wage Foundation rate.

22. From April 2024 this will increase to £12.00 per hour. The payment will be made as a supplement which will be reviewed on an annual basis.

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

Remuneration ratios

24. The requirement for the Policy also reflects the concerns over low pay highlighted in Will Hutton’s 2011 Review of Fair Pay in the Public Sector. This stated that the ratio between the highest paid salary and the median average, should provide a pay multiple of no more than 20:1. It is not a requirement to publish this ratio as part of the Council’s Pay Policy Statement, but is a requirement of the Local Government Transparency Code 2014. Currently in this authority the ratio between the highest salary (£213,454) and the average median salary (£31,364) is 6.8:1. This demonstrates the authority’s commitment to a fair approach to pay.

Approval of Salary Packages in Excess of £100k

25. The authority will ensure that, at the latest before an offer of appointment is made, any salary package for any post (not including schools) that is more than £100k will be considered by full Council. The salary package will be defined as base salary, any fees, routinely payable allowances, and benefits in kind that are due under the contract.

Flexibility to Address Recruitment Issues for Vacant Posts

26. In most circumstances, the provisions of this policy will enable the authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek full Council approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate authority decision making route.

Amendments to the Policy

27. As the policy covers the period April 2024 to the end of March 2025, amendments may need to be made to the policy throughout the relevant period. As the Localism Act 2011 requires that any amendments are approved by the Council by resolution, proposed amendments will be reported to the Strategy and Resources Policy Committee for recommendation to the Council.

Policy for Future Years

28. This policy statement will be reviewed each year and will be presented to full Council each year for consideration to ensure that a policy is in place for the authority prior to the start of each financial year.

Jane English
Director of People & Culture
January 2024

Annex 1 – Chief Officer Posts

None of the Post holders listed below receives an honorarium payment for increased duties and responsibilities. Nor do any receive a payment related to joint authority duties. The following table sets out pay as of 01/04/2024 using the Chief Officer pay scale as of 01/04/2024 together with any market supplements. Any pay award during 24/25 would be applied as agreed.

Status	Post	Base Salary (£)	Other Payments
Head of Paid Service	Chief Executive	213,454	The Returning Officer's fee is based upon that payable at a national election and is variable dependent upon the type of election taking place.
Monitoring Officer	General Counsel	97,396	Election duty fees are in accordance with normal authority procedures.
Statutory Chief Officers which in Sheffield City council are the posts of:	Strategic Director of Children's Services (Director of Children's Services under Children Act 2004)	162,027	
	Strategic Director of Adults Care and Wellbeing (Director of Adult Social Services under LASSA 1970)	125,690	
	Director of Finance and Commercial Services (Chief Finance Officer under Sec 151 of LGA1972)	128,617	
	Strategic Director of Public Health and Commissioning (Director of Public Health under NHS Act 2006)	130,461	

Non-Statutory Chief Officers (those who report to the Head of the Paid Service) which in Sheffield City Council are the posts of:	Executive Director Neighbourhood Services	164,111	
	Executive Director City Futures	164,111	
	Chief Operating Officer	143,566	
Deputy Chief Officers (those who report to Statutory or Non-Statutory Chief Officers) which in Sheffield City Council are the posts of:	**Reports of Strategic Director of Children's Services**		
	Director of Children and Families	117,855	
	Director of Education and Skills	111,960	
	Reports of Strategic Director of Adults Care and Wellbeing		
	Deputy Director of Adults Wellbeing and Care	89,731	
	Chief Social Worker Officer	76,570	
	Assistant Director Adult Future Options	76,570	
	Assistant Director Access, Mental Health and Wellbeing	82,017	
	Assistant Director Living and Ageing Well (North)	82,017	
	Assistant Director Living and Ageing Well (South)	82,017	
	Assistant Director Care Governance and Financial Inclusion	82,017	
	Assistant Director Commissioning and Partnerships	78,384	
	Reports of Director of Finance and Commercial Services		
	Head of Accounting	78,384	

	Head of Finance and Commercial Business Partnering	82,017	
	Head of Revenues and Benefits	70,030	
	Head of Procurement	65,385	
	Senior Finance Manager – Audit and Risk Management	59,825	
	Reports of Strategic Director of Public Health and Commissioning		
	Director of Integrated Commissioning	97,396	
	Assistant Director - Public Health	94,221	
	Public Health Principal	68,483	
	Consultant in Public Health, Health Protection	90,198	
	Assistant Director - Public Health	92,592	
	Reports of Executive Director Neighbourhood Services		
	Director of Parks Leisure and Libraries	97,396	
	Director of Street Scene and Regulation	97,396	
	Director of Housing	106,960	
	Director of Operational Services	97,396	
	Director of Communities	96,162	
	Reports of Executive Director City Futures		
	Director of Economy, Skills and Culture	97,396	
	Director of Investment, Climate Change and Planning	106,580	

	Director of Regeneration and Development	97,396	
	Reports of Chief Operating Officer		
	Director of People and Culture	130,000	
	Director of Policy and Democratic Engagement	97,396	Election duty fees are in accordance with normal authority procedures
	Director of ICT and Digital Innovation	96,162	
	Director of Organisational Strategy, Performance & Delivery	Vacant	

Annex 2 - Chief Officer Grading Structure

Grade Description	Spinal Point	Pay Award for 01/04/2024 not agreed yet
DG 7	1	65,385
	2	66,937
	3	68,483
	4	70,030
DG 6	1	76,570
	2	78,384
	3	80,198
	4	82,017
DG 5	1	87,585
	2	89,731
	3	91,879
DG4	1	94,022
	2	96,162
	3	97,396
DG3	1	99,784
	2	102,177
	3	104,568
	4	106,960
DG2	1	109,581
	2	112,271
	3	115,029
	4	117,855
DG 1	1	122,847
	2	125,690
	3	128,861
	4	131,910
	5	135,027
EXECUTIVE DIRECTOR	1	135,915
	2	142,977
	3	150,022
	4	157,070
	5	164,111

Chief Executive		213,454

Equality Impact Assessment Number 2594

Proposal name - Sheffield City Council 2024-25 Revenue Budget

Start date 18/01/2024

Part A - Initial Impact Assessment

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

- This Equality Impact Assessment (EIA) considers possible areas of impact of savings proposals that contribute towards the Council's 2024-25 Revenue Budget. These are impacts on people interacting with the Council directly or indirectly (referred to generically in current EIA terminology as 'customers') and people employed by and working for the Council (referred to as 'staff').
- This EIA provides a broad overview only, reflecting our initial understanding and assessment of impacts. These assessments may change as proposals develop further and services introduce budget saving implementation plans. Some proposals may be subject to the outcome of further consultation or the further analysis of other evidence.
- This EIA does not cover all proposals and all possible impacts but seeks to highlight some likely areas of impact. It does not include proposals where impacts are considered to be none or very limited at this stage. However, such proposals will also continue to be monitored.
- Individual EIAs are carried out for all savings proposals. These will include specific analysis and detail of proposals. They are iterative, meaning they are subject to development and review as more detail and information becomes known and proposals take shape.
- The purpose of individual EIAs is to assess how these proposals could affect people and communities and to identify any ways to reduce (mitigate) any negative impacts. Some mitigations may include:

For proposals to reduce posts and staffing costs:

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

For proposals to reduce or end service provision:

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

For proposals to reduce contract fees/prices:

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

For proposals to increase fees and charges:

- Applying concessions where possible and applicable.

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

Proposal type: Budget **Entered on Q Tier?** Yes

Year of proposal (s): 2024/25

Decision Type: Council

Lead Committee Member: Cllr Tom Hunt

Lead Director for Proposal: James Henderson

Equality Lead Officer: Adele Robinson

Officer filling in this EIA form: Ed Sexton

***Equality Objectives covered (all):**

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

*note that the Equality Objectives will be updated in 2024.

Portfolio, Service and Team

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

Is the EIA joint with another organisation (eg NHS)? ● No

Consultation

Is consultation required?

- Yes

Analysis of consultation

A consultation combining the Council Plan 2024-28 and Council Budget 2024-25 was run between 21 December 2023 and 26 January 2024. The aim was to consider the Budget within the context of the Council's longer-term strategy.

As in previous years, the consultation focused on an online survey, alongside consultation sessions held with organisations from the voluntary, community and faith sector and members of Sheffield Chamber of Commerce. Submissions were also received from individual organisations, including Disability Sheffield.

Response rate

The online survey had 269 responses. Just over 800 people clicked on the survey or other links/information and 2,000 people made at least one single visit to the site. The online survey was supported by a social media campaign and e-newsletter alerts to citizens that are registered to receive them. The response rate was up by almost 40% on the year before.

Profile of respondents

More detailed information is shown in Annex A. In summary, this shows:

- A high response rate from people in older age groups – 42% of all online respondents were aged 65 and over (compared to around 17% aged 65 and over living in Sheffield according to the 2021 Census)
- An above average response rate from unpaid carers – 18% of all online respondents were unpaid carers (compared to 10% in the 2021 Census)
- An above average response rate from disabled people – 27% of all online respondents had a disability (compared to 21%)

There is a correlation between each of the above, (i.e. statistically, more older people have a disability and/or caring responsibilities).

The figures also showed:

- A low percentage of people from Asian/Asian British, Black/Black British, Mixed/Multiple Heritage and other ethnic groups – less than 4% of online respondents (compared to 2021 Census population data of 21%).
- A slightly above average response rate for Lesbian, Gay and Bi (LGB) respondents of over 7% (compared to 4% in the 2021 Census).

All other response rates were broadly in line with Census population data.

Responses

Feedback on the proposals is summarised in more detail in the Budget Report. A clear majority of respondents either fully agreed or mostly agreed with each policy committee's spending priorities, proposals to raise Council Tax (including the Social Care Precept), and the approach to raise fees and charges. The percentage who agreed was higher in each case compared to last year. However, feedback included evidence of financial impacts, as well as other comments in support of or against the proposals.

In terms of equalities:

- There was very little differentiation in feedback across different protected characteristics and equality groups – however, some low percentage returns, in particular for under the Age category for younger people, and Race, makes some analysis limited.
- The notable protected characteristic where there was a clear difference was Disability, which a significant minority (27%) of respondents declared. When asked in the survey if they agreed or disagreed with policy committee, council tax or fees and charges proposals, in each case, respondents with a disability were less likely to agree.
- Further work is needed to understand possible reasons for this, and to ensure there is engagement, communication and monitoring.

Overall conclusions

Online engagement has limitations but it is an increasingly accessible method for many people – this is suggested in part by the large percentage of people in older age groups and people with disabilities who responded to this consultation. However, some population groups were not well-represented in profile of respondents – this is most evident amongst people from Black, Asian and Minoritised Ethnic communities and younger people.

The length of the survey, which started with questions about the Council Plan, may have influenced the final response rate. Many more people accessed the consultation webpage and opened the survey than submitted a completed response. There was, however, a 40% response increase compared to last year.

Response rate is also influenced by the subject matter of consultations and other engagement, and not only online access. This is shown in part by response rates to other recent online consultations.

However, the overall effectiveness of the consultation will be assessed. This will need to include options for ways to reach under-represented population groups. The full analysis of the consultation will help to inform decision-making. Some proposals will also be subject to their own individual consultations.

Are Staff who may be affected by these proposals aware of them? ● No

Are Customers who may be affected by these proposals aware of them? ● No

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

Notification of the 2024-25 Budget and individual savings proposals is subject to the timing and requirements of the Council's governance processes.

Initial Impact

Under the Public Sector Equality Duty we have to pay due regard to the need to:
• eliminate discrimination, harassment and victimisation
• advance equality of opportunity
• foster good relations

Identify Impacts

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

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

Does the proposal have a cumulative impact? ● Yes

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

If yes, details of impact:

The 2024-25 Revenue Budget is affected by numerous individual savings proposals, many of which have cumulative impacts:

Year-on-year:

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

Across a community of identity/interest:

- This includes proposals the effect of which are exacerbated by other factors affecting the same groups of people and communities.
- A very significant example is the cost-of-living crisis. Beyond its very widespread consequences, in equality terms there are significant impacts in particular in relation to poverty and financial inclusion, health and wellbeing, disability, age, race and sex.
- A large proportion of proposals for 2024-25 involve increasing fees and charges. As highlighted below, this will have a cumulative impact on people.

Does the proposal have a specific geographical impact across Sheffield?

● No

All areas of Sheffield are affected by the Revenue Budget. Indirectly, proposals with financial impacts will have a disproportionate impact on areas of higher deprivation. Individual proposals affecting certain local areas are considered in their own EIAs.

Local Area Committee Area(s) impacted

● All

Initial Impact Overview

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

Proposals in 2024-25 with limited expected impacts:

- A large number of savings proposals are based on maximising income from external grants and partner organisations. Other proposals are themed around increasing service effectiveness, and reducing non-staffing costs and unused budgets. Where reducing staff costs is the approach proposed, in all cases this is being pursued by measures that do not directly affect current staff (for example, not filling vacancies).
- Proposals involving all the above approaches are generally assessed as having no impact or limited impact on people in 2024-25. However, the development of individual EIAs, and monitoring of all proposals agreed during the year, would be required to provide continual assessment and response.

Proposals with some or high expected impacts:

- Other proposals are based around reducing costs and contract prices, and these are more likely to impact people – in different ways – as indicated below.
- The most significant area of impact is for proposals to increase fees and charges, which apply in different policy committees and for Council Tax. Increasing household costs during a cost-of-living crisis will have direct and indirect impacts.
- The full EIA that follows below considers different protected characteristics and equality groups/interests to assess where impacts may be most felt. There will be impacts for those in greatest need. The Council will need to work closely with organisations that provide expertise and representation of different interests – this includes poverty and financial inclusion, disability and race, as well as other protected characteristics quality areas.
- The development of proposals and individual EIAs need to identify ways to mitigate these impacts where possible – for example, concession schemes or supportive debt recovery measures. Monitoring of all proposals agreed during the year is also required to provide continual assessment and response.

Initial Impact Sign Off

Based on the information is a Full impact Assessment required? ● Yes
Has this been signed off by an Equality Lead Officer? ● Yes

Date agreed 13/02/2024 **Name of EIA lead officer** Adele Robinson

Part B - Full Impact Assessment

Poverty & Financial Inclusion

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified. It is initially expected that reductions in staffing levels can be achieved through delaying or reducing recruitment to vacant posts or voluntary employee schemes.

Several customer proposals are likely to have a direct or indirect financial impact, which are being explored further in individual EIAs. This mainly relates to increases in fees and charges.

Raising income by increasing fees and charges:

- This approach is being proposed across policy committees in 2024-25. It enables the Council to offset inflationary costs and to maintain and enhance services. However, asking people to pay more for services during a cost-of-living crisis will inevitably have an impact.
- Some population groups are more likely to be impacted by poverty, such as disabled people, unpaid carers, women and lone parents. Areas of higher deprivation are also more affected, and this disproportionately includes people from Black, Asian and Minoritised Ethnic communities.
- Many fees and charges have not been raised for some time, which has helped to limit household financial burdens to some extent. However, this means that the effect of increases in 2024-25 may be felt all the more, including for people least able to afford to pay more. Wherever possible, compensatory schemes and other concessions are in place to mitigate impacts for people.
- The proposed increase in Council Tax, including the adult social care precept, to reduce the need for further budget reductions and to protect adult social care services, will have a universal impact. The council tax reduction scheme provides some mitigation, particularly for pension-age households. The hardship scheme provides additional financial support for working-age households on lower incomes.
- Other proposals would also have a general effect across the population – for example, in Communities, Parks & Leisure. Some others have more specific impacts on different protected characteristics – for example, Adult Health & Wellbeing (age and disability) and Housing (race).
- Policy committee proposals likely to have a financial impact on people on some level include:

Adult Health & Wellbeing
- Annual Uplift to Contributions
- Citywide Care Alarms Debt Recovery

- Market Sustainability and Improvement Fund

Communities, Parks & Leisure

- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget
- Increase in Libraries, Archive & Information Services sales, fees and charges
- Increase in Bereavement Services Sales, Fees and Charges
- Increase in Medico Legal Services sales, fees and charges

Housing

- Gypsy and Traveller sites pitch fees

Strategy & Resources

- Customer Services – Register Office fee increase

Waste & Street Scene

- Markets 5.4% uplift in fees and charges
- Environmental Regulation – increase in charges
- Waste & Street Scene general fees increase

Some proposals may also have the effect of enhancing individual income. Plans to support more people to live at home with more independence following stays in hospital or other care settings could enable access to benefits and other income sources:

Adult Health & Wellbeing

- Promoting independence post discharge
- Mental Health – Promoting Independence
- Making best use of commissioned services (*somewhere else to assess*)

Age

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of their age – for example, changes to staff teams or working arrangements that affect younger workers or older workers in different ways. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

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

Adult Health & Social Care (older people)

- Annual Uplift to Contributions
- Promoting independence post discharge
- Market Sustainability and Improvement Fund
- Making best use of commissioned services (*somewhere else to assess)*

- Citywide Care Alarms Debt Recovery

Adult Health & Social Care (working-age people)
- Mental Health – Promoting Independence

Adult Health & Social Care (younger people)
- Adults Future Options – people with complex needs
- Adult Future Options – Continuing Healthcare funding

Communities, Parks & Leisure (affecting all ages – older people living on state pension, working-age people relying on benefits and young people with lower-than-average earnings could be particularly impact)
- Increase in Bereavement Services Sales, Fees and Charges (potential for a further disproportionate impact for older people)
- Increase in Medico Legal Services sales, fees and charges (potential for a further disproportionate impact for older people)
- Increase in Libraries, Archive & Information Services sales, fees and charges
- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget

Education, Children & Families
- Reduction in spend on Barristers and Independent Experts

Housing
- Gypsy and Travellers Pitch Fees (affecting all ages but with the potential for a disproportionate impact on younger people and older people)

Strategy & Resources
- Maintained and Academy Schools Servicing – fee increase (indirect impact on children and younger age people)
- Customer Services Contact Centre savings (affecting all ages but with the potential for a limited disproportionate initial impact on older people)

Council Tax (including the adult social care precept) increase.

Disability

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of a disability – for example, changes to staff teams or working arrangements that affect younger workers with different disabilities in different ways. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

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

Adult Health & Social Care (including older people who may also have a condition classified as a disability)

- Annual Uplift to Contributions
- Promoting independence post discharge
- Making best use of commissioned services (*somewhere else to assess*)
- Market Sustainability and Improvement Fund
- Citywide Care Alarms Debt Recovery
- Mental health – promoting independence
- Adults Future Options – people with complex needs

Communities, Parks & Leisure (increases in fees and charges could affect disabled people disproportionately because of lower-than-average earnings and increased costs/bills associated with disability, notwithstanding any concessions that may be available):

- Increase in Bereavement Services Sales, Fees and Charges
- Increase in Medico Legal Services sales, fees and charges
- Increase in Libraries, Archive & Information Services sales, fees and charges
- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget

Strategy & Resources

- Customer Services Contact Centre savings (with the potential for a limited disproportionate initial impact)

Council Tax (including the adult social care precept) increase.

Health

Does the Proposal have a significant impact on health and well-being? ● Yes

Staff ○ No
Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of their condition – for example, changes to staff teams or working arrangements that affect workers with different conditions in different ways. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

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

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

Adult Health & Social Care

- Annual Uplift to Contributions
- Promoting independence post discharge
- Making best use of commissioned services (*somewhere else to assess*)
- Market Sustainability and Improvement Fund
- Citywide Care Alarms Debt Recovery
- Mental health – promoting independence
- Adults Future Options – people with complex needs
- Adult Future Options – Continuing Healthcare funding

Communities Parks & Leisure

- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget

Housing

- Gypsy and Travellers Pitch Fees

Waste & Street Scene

- Markets 5.4% uplift in fees and charges
- Environmental Regulation – increase in charges

Council Tax (including the adult social care precept) increase.

Race

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of their race or ethnicity. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

Customer impacts are identified and explored in individual EIAs. Some proposals may have impacts relating to race, either directly or indirectly. This includes proposals to increase in fees and charges – people from Black, Asian and Minoritised Ethnic communities, in very general terms, disproportionately may have lower-than-average earnings and higher risk of not accessing some services:

Adult Health & Social Care

- Annual Uplift to Contributions
- Mental health – promoting independence
- Adults Future Options – people with complex needs

Communities, Parks & Leisure

- Increase in Bereavement Services Sales, Fees and Charges
- Increase in Medico Legal Services sales, fees and charges
- Increase in Libraries, Archive & Information Services sales, fees and charges
- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget

Housing

- Gypsy and Traveller sites pitch fees

Strategy & Resources

- Customer Services – Register Office fee increase
- Customer Services Contact Centre savings (with the potential for a disproportionate initial impact for people whose first language is not English)

Waste & Street Scene

- Markets 5.4% uplift in fees and charges
- Environmental Regulation – increase in charges
- Waste & Street Scene general fees increase

Council Tax (including the adult social care precept) increase.

Sex

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of their sex – for example, changes to staff teams or working arrangements that affect women differently to men. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

Customer impacts are identified and explored in individual EIAs. Many proposals may have impacts relating to sex, either directly or indirectly. This includes proposals that have an impact on income, household budget-management or caring responsibilities, which have a disproportionate impact on women:

Adult Health & Wellbeing

- Annual Uplift to Contributions
- Citywide Care Alarms Debt Recovery
- Market Sustainability and Improvement Fund

Communities, Parks & Leisure

- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget
- Increase in Libraries, Archive & Information Services sales, fees and charges
- Increase in Bereavement Services Sales, Fees and Charges
- Increase in Medico Legal Services sales, fees and charges

Housing

- Gypsy and Traveller sites pitch fees

Strategy & Resources

- Customer Services – Register Office fee increase

Waste & Street Scene

- Markets 5.4% uplift in fees and charges

- Environmental Regulation – increase in charges
- Waste & Street Scene general fees increase

Council Tax (including the adult social care precept) increase.

Carers

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of their caring responsibilities – for example, changes to staff teams or working arrangements. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

Customer impacts are identified and explored in individual EIAs. Some proposals are likely to affect unpaid carers, either directly or indirectly, including proposals that cover:

Adult Health & Social Care

- Annual Uplift to Contributions
- Promoting independence post discharge
- Making best use of commissioned services (*somewhere else to assess*)
- Mental health – promoting independence
- Adults Future Options – people with complex needs

Communities, Parks & Leisure

- Increase in Bereavement Services Sales, Fees and Charges
- Increase in Medico Legal Services sales, fees and charges
- Increase in Parks & Countryside Service sales, fees and charges

Waste & Street Scene

- Markets 5.4% uplift in fees and charges

Council Tax (including the adult social care precept) increase.

Sexual Orientation

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of their sexual orientation. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

Customer impacts are identified and explored in individual EIAs. Some proposals may affect people from the LGB community, either directly or indirectly, including:

Communities, Parks & Leisure

- Increase in Parks & Countryside Service sales, fees and charges

- Leisure Review Budget
- Increase in Libraries, Archive & Information Services sales, fees and charges

Strategy & Resources
- Customer Services – Register Office fee increase

Waste & Street Scene
- Markets 5.4% uplift in fees and charges

Council Tax (including the adult social care precept) increase.

Gender Reassignment

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of their gender identity. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

Customer impacts are identified and explored in individual EIAs. Some proposals may have impacts relating to gender identity, either directly or indirectly. This includes proposals to increase in fees and charges – transgender people disproportionately may have lower-than-average earnings and higher risk of not accessing some services:

Adult Health & Social Care
- Annual Uplift to Contributions

Communities, Parks & Leisure
- Increase in Bereavement Services Sales, Fees and Charges
- Increase in Medico Legal Services sales, fees and charges
- Increase in Libraries, Archive & Information Services sales, fees and charges
- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget

Strategy & Resources
- Customer Services – Register Office fee increase

Waste & Street Scene
- Markets 5.4% uplift in fees and charges

Council Tax (including the adult social care precept) increase.

Pregnancy/Maternity

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of pregnancy or maternity – for example, changes to staff teams or working arrangements. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

Customer impacts are identified and explored in individual EIAs. Some proposals may affect women who are pregnant or new mothers, either directly or indirectly. Factors including maternity costs, reduced earnings and/or single parenthood, could all have an exacerbating affect:

Communities, Parks & Leisure

- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget
- Increase in Libraries, Archive & Information Services sales, fees and charges

Strategy & Resources

- Customer Services – Register Office fee increase

Waste & Street Scene

- Markets 5.4% uplift in fees and charges

Council Tax (including the adult social care precept) increase.

Religion/Belief

Impact on Staff ○ No
Impact on Customers ● Yes

No specific impacts on Council staff are identified at this stage. However staff could experience additional impacts as a result of religion or belief (or none) – for example, changes to staff teams or working arrangements. Individual EIAs will need to assess this and identify mitigations. The Employee Equality Network also helps to provide staff with a voice and support.

Customer impacts are identified and explored in individual EIAs. Some proposals are likely to affect people on grounds of religion or belief, either directly or indirectly. These include proposals supporting community inclusion:

Adult Health & Social Care

- Promoting independence post discharge
- Making best use of commissioned services (*somewhere else to assess*)
- Mental health – promoting independence

Communities, Parks & Leisure

- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget
- Increase in Libraries, Archive & Information Services sales, fees and charges
- Increase in Bereavement Services Sales, Fees and Charges
- Increase in Medico Legal Services sales, fees and charges

Cohesion

Staff ○ No
Customers ● Yes

Customer impacts are identified and explored in individual EIAs. Some proposals may affect cohesion, either directly or indirectly, including:

Adult Health & Wellbeing (proposals that promote inclusion and community presence)
- Promoting independence post discharge
- Mental Health – Promoting Independence

Communities, Parks & Leisure
- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget

Housing
- Gypsy and Traveller sites pitch fees

Voluntary, Community & Faith sectors

Impact on Staff ○ No
Impact on Customers ● Yes

Customer impacts are identified and explored in individual EIAs. Some proposals are likely to affect the organisations in the VCF sector, either directly or indirectly, including some proposals that may have a financial impact on people or increased demand within the VCF sector, including:

Adult Health & Wellbeing
- Promoting independence post discharge
- Mental Health – Promoting Independence
- Annual Uplift to Contributions
- Citywide Care Alarms Debt Recovery

Communities, Parks & Leisure
- Increase in Parks & Countryside Service sales, fees and charges
- Leisure Review Budget
- Increase in Libraries, Archive & Information Services sales, fees and charges

Housing
- Gypsy and Traveller sites pitch fees

Waste & Street Scene
- Markets 5.4% uplift in fees and charges

Council Tax (including the adult social care precept) increase.

Armed Forces

Impact on Staff ○ No
Impact on Customers ● Yes

Customer impacts are identified and explored in individual EIAs. There may be indirect impacts on serving or ex members of the forces from some proposals in Adult Health & Social Care, and fees and charges proposals relating to Communities, Parks & Leisure, Waste & Street Scene and Council Tax. More work needs to be done across the Council to improve customer monitoring for this population group.

Care Experienced

Impact on Staff ○ No
Impact on Customers ● Yes

Customer impacts are identified and explored in individual EIAs. The category of care experienced was formally recognised by the Council in late 2023 and more work needs to be done across the organisation to improve awareness and customer monitoring for this population group. There may be indirect impacts from some proposals in Adult Health & Social Care, and fees and charges proposals relating to Communities, Parks & Leisure, Waste & Street Scene and Council Tax.

Partners

Potential effects of the proposals on partner organisations are identified in individual EIAs. These are likely to include:

- Providers of home care and nursing/residential care, and NHS organisations (Adult Health & Social Care)
- Independent traders and leisure providers (Communities Parks & Leisure)
- Organisations paying business rates (Economic Development & Skills)
- Legal firms (Education, Children & Families)
- Schools (Strategy & Resources)
- Organisations subject to fees (Waste & Street Scene)

Action Plan and Supporting Evidence

What actions do you need to take following this EIA?

Feedback from the consultation will be analysed and used to inform final decision-making in relation to the 2024-25 Revenue Budget.

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

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

- Ongoing analysis which is informing individual proposals
- Sheffield City Council workforce profile data

- External sources of data of Sheffield, including 2021 Census data

Detail any changes made as a result of the EIA

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

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

People living in poverty and financial hardship

Sign Off

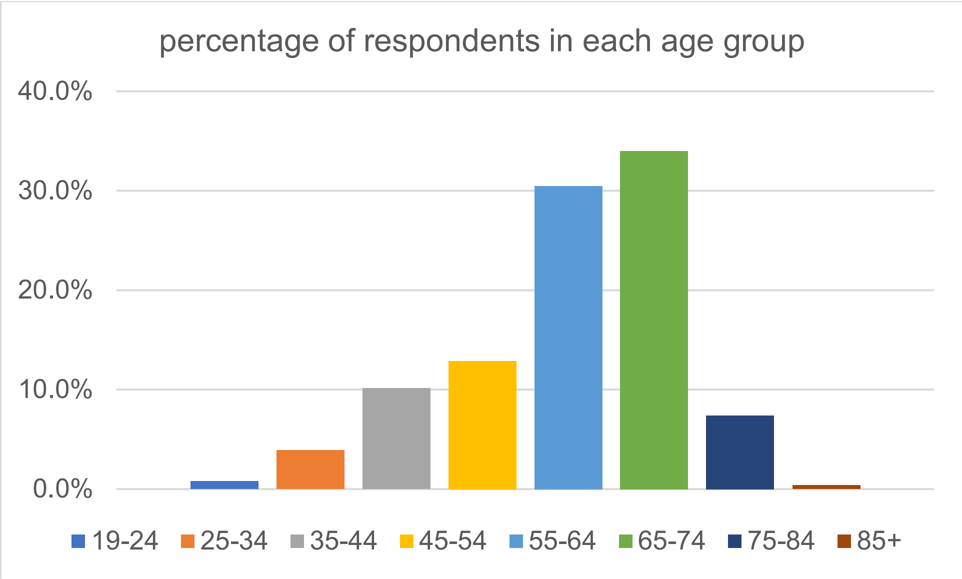
EIAs must be signed off by an Equality lead Officer. Has this been signed off?
● Yes ○ No

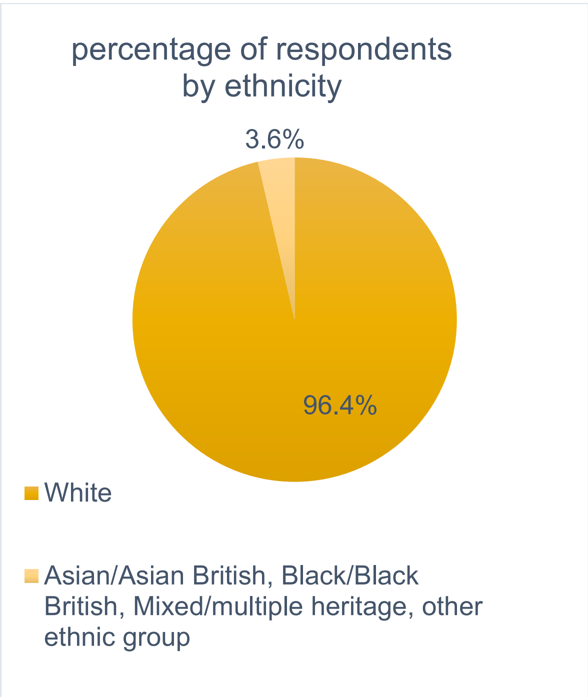
Date agreed 13/02/2024 **Name of EIA lead Officer** Adele Robinson

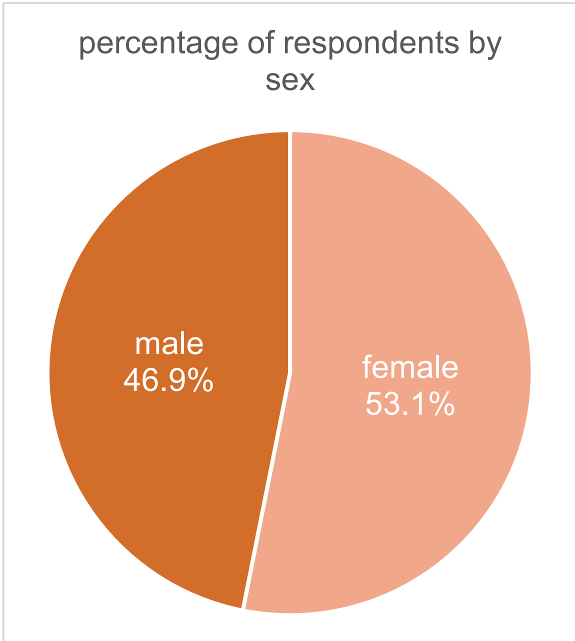
Review Date 18/07/2024

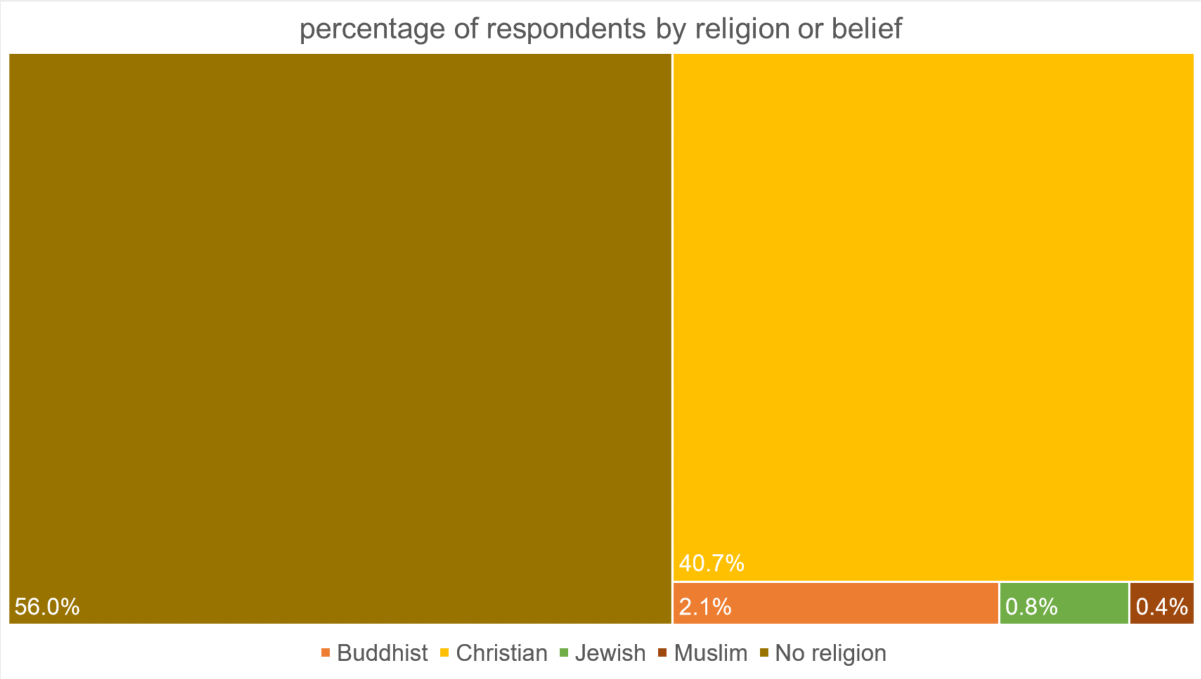
Annex A

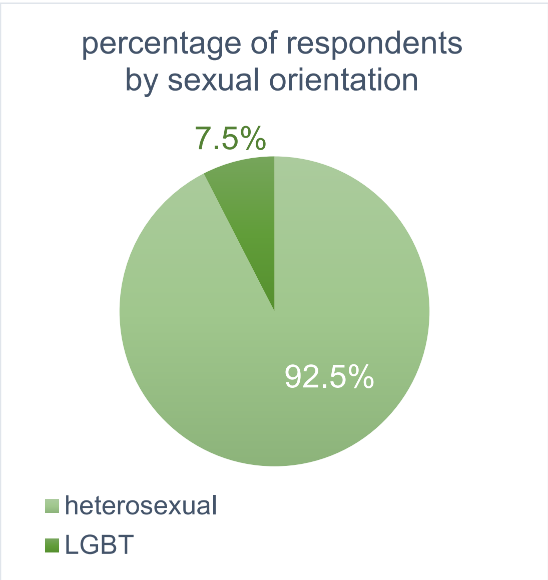
Equality profile of survey respondents

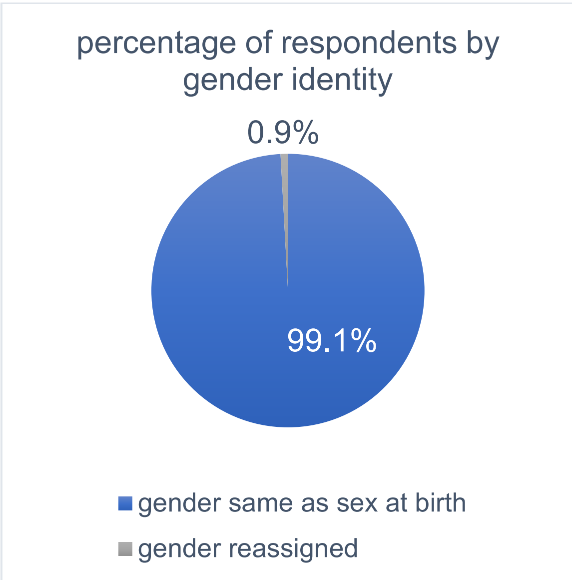


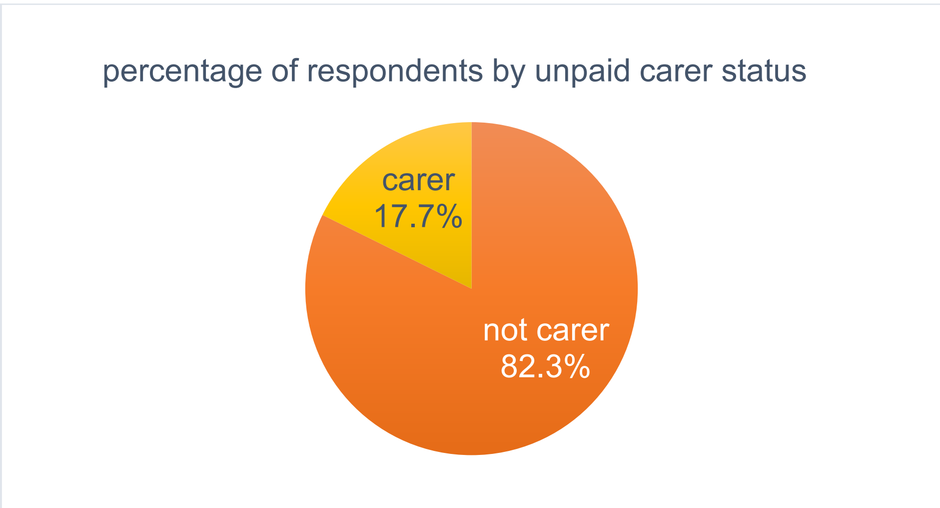


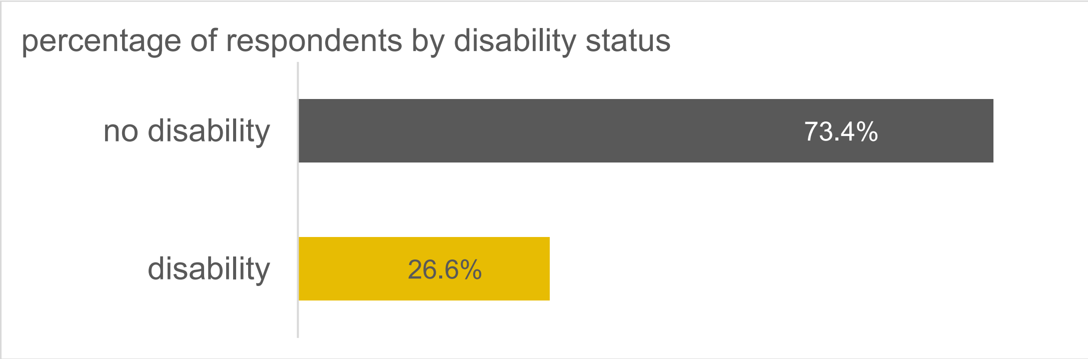


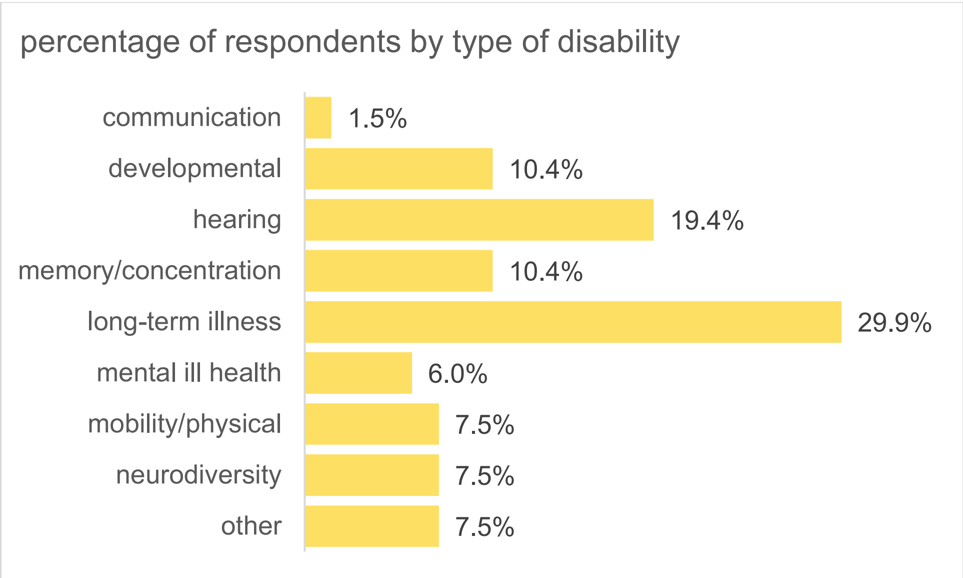

percentage of respondents by religion or belief
56.0%
40.7%
2.1%
0.8%
0.4%
Buddhist
Christian
Jewish
Muslim
No religion


percentage of respondents by sexual orientation
7.5%
92.5%
heterosexual
LGBT


percentage of respondents by gender identity
0.9%
99.1%
gender same as sex at birth
gender reassigned


percentage of respondents by unpaid carer status
carer
17.7%
not carer
82.3%


percentage of respondents by disability status
no disability
73.4%
disability
26.6%


percentage of respondents by type of disability
communication
1.5%
developmental
10.4%
hearing
19.4%
memory/concentration
10.4%
long-term illness
29.9%
mental ill health
6.0%
mobility/physical
7.5%
neurodiversity
7.5%
other
7.5%

Annex B

2024/25 Revenue Budget savings proposals and Equality Impact Assessment references

ID	Saving proposal	EIA
1	Living and Aging Well – Annual Uplift to Contributions	2378
2	Living and Aging Well – Promoting independence post discharge	2379
3	Living and Aging Well – Making best use of commissioned services	2381
5	Adult Future Options – Budget Adjustments	2382
6	Mental Health – Promoting Independence	2383
7	Care Governance – Additional income	2386
9	Living and Aging Well – Fair Cost of Care Grant	2536
10	Living and Aging Well – Market Sustainability and Improvement Fund	2536
11	Adult Future Options – Physical Disability ASC Grant	2536
12	Adult Future Options – Learning Disability Social Care Grant	2536
13	Mental Health – Social Care Grant	2536
14	Commissioning and Partnerships – Social Care Grant	2536
101	Adults Future Options – Complex Needs	2540
102	Living and Aging Well – Making best use of commissioned services (S2A)	2380
113	HRA contribution to Housing Growth delivery team	2579
117	Increase in profit share income from Sheffield Housing Company	2579
121	Savings in the Citywide Housing staffing budget	2404
125	New Income - Pro-rata allocation of Social Care Funding	2548
127	Additional Income from Partners	2549
128	External Funding Bids	2549
132	Grant maximisation – Cash replacement from Shared Prosperity project	2551
134	Reduction of contribution to Red Tape Sheaf	2575
135	Grant Maximisation Family & Community Staffing	2551
136	Grant maximisation – 100 Apprentices Project	2551
137	Recruitment – Lifelong Learning & Skills	2552
145	Gypsy and Travellers Pitch Fees	2411
151	Business Support – realignment of Budget	2550
152	Fieldwork Budget – realignment of Budget	2550
153	Reduction in spend on Barristers and Independent Experts	2553
154	Stradbroke non-staffing budgets	2550
160	Increase in Bereavement Services Sales, Fees and Charges	2512
161	Increase in Libraries, Archive & Information Services sales, fees and charges	2542
162	Increase in Medico Legal Services sales, fees and charges	2514
163	Increase in Parks & Countryside Service sales, fees and charges	2101
164	Reduction of subsidy grant to Sheffield City Trust (SCT)	2520
167	Reprofiling of Prudential Borrowing	2526
169	ICT Applications	2527
211	Business Rates	2407
215	Sustained improvement in Highways Maintenance	2522
216	Unused historic Director Training budget	2521
217	Unused historic Bus Lane budget	2521
218	Customer Services – Contact Centre savings	2509

ID	Saving proposal	EIA
227	Customer Services – Register Office savings (fee increase)	2572
229	Customer Services – Register Office savings (increase in income)	2572
230	Customer Services – Register Office savings (staff saving)	2572
233	Surplus revenue from road traffic schemes	2428
240	Communities Staffing Pressure Mitigation	2570
241	New grant funding for Communities	2571
243	Maintained and Academy Schools Servicing – fee increase	2578
252	City Centre Management 5.4% uplift in fees and charges	2568
253	Markets 5.4% uplift in fees and charges	2144
254	Environmental Regulation – increase in charges	2569
255	Adult Future Options – Continuing Healthcare funding	2535
257	Leisure Review Budget	2520
258	Waste & Street Scene general fees increase	2595
262	Living and Aging Well – Citywide Care Alarms Debt Recovery	2534

Tax Strategy

Introduction

Whilst not statutory, it is good practice for the Council to have a strategy for managing its tax affairs	The Tax Strategy of Sheffield City Council sets out the overall framework for the Council's management of its tax affairs, including compliance, policies and procedures, tax risk, tax planning and relationship with the tax authorities. The Council is a Local Government body. It is exempt from Corporation Tax and is a Section 33 Body under the VAT Act 1994, which entitles it to recover VAT attributable to non-business activities and to exempt business activities, providing this is an insignificant proportion of the total tax incurred. Whilst not required to publish its Tax Strategy, the Council chooses to do so, as it wishes to demonstrate transparency in its commitment to managing its tax affairs, taking into consideration its public purpose and balancing the interests of its stakeholders. This strategy will be reviewed on an annual basis and presented to the Director of Finance and Commercial Services for approval.

Governance

The Council has a governance framework which should minimise the tax risk.	The Council's governance framework and overall management of tax risk is the responsibility of the Director of Finance and Commercial Services. The Council's governance framework comprises the systems, processes and values by which the Council is directed. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. Specific controls and procedures are in place at an operational level, to ensure compliance with relevant tax legislation and to mitigate tax risk. Internal Audit provide an independent assurance that underpins good governance. Internal Audit are required to undertake an effective internal audit to evaluate the effectiveness of its risk management, internal control and corporate governance processes.

Overriding Principles

We will manage our tax affairs efficiently and will follow the letter and spirit of the law.	In line with the Council's governance framework and consistent with its wider values, the Council is committed to being fully compliant with all tax laws, rules and regulations. It will conduct its tax affairs in an open, honest and timely fashion. The Council will not seek to gain a tax advantage through tax avoidance but will seek to manage its tax affairs in an efficient manner, whilst following both the letter and the spirit of the law. In order to achieve this, the Council undertakes to: • Take all reasonable steps to ensure that it is fully compliant with tax legislation and pays the right amount of tax at the right time. • Lead by example and demonstrate good practice in our tax conduct across our activities. • Ensure that all tax returns to HMRC shall be completed accurately and in a timely manner within the defined timescales established by HMRC. • Maintain an open, honest, and collaborative relationship with HMRC. • Respond to all queries and enquiries in a timely fashion. • Where the correct tax treatment is ambiguous and where it is appropriate to do so, take the appropriate external advice and act in accordance with that advice, making disclosures to the tax authorities as appropriate. • In cases of dispute, act transparently and fairly, aiming to resolve the dispute in a manner that preserves good working relationships.

Management of Tax Risk

There are three broad categories of tax risk which are impossible to completely eliminate.	Tax risk falls into three broad categories: Compliance Risk • Procedures or processes are deficient in ensuring that the right amount of tax is paid at the right time. Transactional Risk • Transactions are entered into without fully considering and evaluating the immediate or wider tax implications. Reputational Risk • The wider damage that risks may have on the Council's relationship with its stakeholders, including the tax authorities, staff, and the general public. It is impossible to completely eliminate tax risk in an organisation of this size and complexity. With careful management, the incidence and impact of tax risks can be significantly reduced.

Policies and Procedures

The Council has established policies and procedures to ensure effective tax management.	The Council has a number of policies and procedures covering various aspects of its financial management. All such policies and procedures are formulated to ensure that the Council is fully compliant with its tax obligations. Such procedures are subject to regular review to ensure that they are, and remain, fit for purpose. These policies and procedures are detailed within the Financial Regulations (Link to be amended when Full Council agenda published) and are reviewed on an annual basis The Council has regular support from its external tax advisor PricewaterhouseCoopers, which includes access to a fast response helpline, as well as regular VAT and Employment Taxes Forums for Local Government. For large, complex or unusual transactions the Council will engage additional specialist legal and tax advice when required, to ensure that the tax implications are identified and fully considered before approval is given. Sheffield City Council has engaged the services of PricewaterhouseCoopers to assist in specialist advice. Sheffield City Council recognises fraud is extremely difficult to eliminate even in a low-risk environment. To tackle this, all middle managers and above are required to do mandatory Fraud prevention training which is reviewed on a regular basis to ensure that it is relevant, appropriate and comprehensive.

Attitude to Tax Planning and Tax Risk

The Council has a low-risk attitude to tax planning and risk	The Council will claim such reliefs and incentives as it is properly entitled to and will take reasonable steps to minimise its tax liabilities, where it is appropriate and responsible to do so. The Council has a low risk appetite in relation to tax matters and does not use artificial tax structures or undertake transactions whose sole purpose is to create an abusive tax result. When evaluating tax planning the Council's reputation and corporate and social responsibilities are always considered. As a Council we will not use offshore vehicles for the purchase of land and property to reduce stamp duty payments. We are committed to ethical procurement within Sheffield City Council and will use our spending power to drive ethical standards and social outcomes with our procurement.

Corporate Criminal Offence (CCO)

The CCO legislation is designed to prevent tax evasion	The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent facilitation of UK and foreign tax evasion. These new offences came into effect in on September 30, 2017. Sheffield City Council has numerous policies and processes in place to protect against CCO. There are procurement and purchasing policies such as the Financial Regulations and standing orders as well as other organisational policies such as the Officers Code of Conduct. Sheffield City Council and its appropriate officers will take all reasonable precautions to prevent the facilitation of UK and foreign tax evasion and will report where necessary to the appropriate authorities.

Relationship with Tax Authorities.

We will be open, honest and transparent in all dealings with HMRC	The Council is transparent about its approach to tax and where it is appropriate to do so will discuss the interpretation of tax legislation with HMRC, in real-time, particularly where the tax treatment is unclear. HMRC will be kept up to date regarding major changes or transactions within the business, so that any potential tax risks can be addressed at an early stage.

Monitoring and Review

The strategy will be reviewed on an annual basis.	The Tax Strategy is subject to annual review by Officers and submitted to the Director of Finance and Commercial Services when a significant change in policy is proposed. Regular Internal and External Audits of all systems and policies takes place. Improvements to policies and procedures are made where necessary. This document will be reviewed in line with the financial regulations and published as part of the annual budget process.

Glossary of Terms

Term	Definition
Abbreviations	The symbol ‘k’ following a figure represents £thousand. The symbol ‘m’ following a figure represents £million. The symbol ‘bn’ following a figure represents £billion.
Business Implementation Plans (BIPs)	These show what activities will be provided in 2023/24 for a specified cash limit budget. They also include details of the service pressures and savings to be delivered. Services and Portfolios are required to develop these as part of the Council’s Business Planning process.
Business Rates	Also referred to as National Non-Domestic Rates (NNDR) and are a levy on business properties based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines the national rate multiplier and the Valuation Office Agency determine the rateable value of each business property. Business Rates are collected by the Local Authority and paid into their collection fund, this amount is then distributed 49% to the Local Authorities general fund, 1% to the South Yorkshire Fire and Rescue Authority and 50% to Central Government. The Central Government share is then redistributed nationally, partly back to Local Authorities through Revenue Support Grant.
Capital Expenditure	Expenditure that is incurred to acquire, create or add value to a non-current asset.
Capital Financing Requirement (CFR)	It measures an authority’s underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend or over the longer term. Alternatively, it means capital expenditure incurred but not yet paid for.
Capital Receipts	The proceeds from the sale of capital assets which, subject to various limitations, e.g. Pooling Arrangements introduced in the Local Government Act 2003, can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.

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

Department for Levelling Up, Housing and Communities (DLUHC)	This is the new name for what was the Department for Communities and Local Government (DCLG), which became MHCLG post Jan 2018. DLUHC is the levelling up rebrand (September 2021).
Designated Areas	These are specific parts of the city referred to as the New Development Deal and Enterprise Zone. They are significant because any growth in business rates above the “baseline” established in 2013/14 can be retained in full locally, rather than half being repaid to Government.
Equality Impact Assessment (EIA)	A process designed to ensure that a policy, project or scheme does not discriminate against people who are categorised as being disadvantaged or vulnerable within society.
Full Time Equivalent (FTE)	FTE refers to a unit that measures the workload of an employee. 1.0 FTE is equivalent to a full-time employee.
General Fund	The total services of the Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Government grants and National non-domestic rates.
Hereditament	A non-domestic property occupied by a business that is liable for business rates.
HR1	Each local authority is required to submit an HR1 form to inform the Government of potential redundancies in the organisation. The Redundancy Payments Service then collects the information and distributes it to the appropriate government departments and agencies who offer job brokering services and/or training services. This happens so that the government can discharge its obligation to these employees.
Looked After Children (LAC)	Children in public care, who are placed with foster carers, in residential homes or with parents or other relatives.
Least risk basis calculation	The relevant discount rate used for valuing the present value of liabilities is consistent with that used under the most recent valuation but removing the allowance for asset out-performance. In addition, the basis contains a full allowance for the market implied rate of inflation.

Mazars	The Mazar's ruling otherwise known as "Staircase Tax", refers to the separating of hereditaments down to smaller hereditaments if they are connected by communal areas to move between floors or offices. The Mazar's ruling is currently under review by the Government.
Minimum Revenue Provision (MRP)	The minimum amount charged to an Authority's revenue account each year and set aside as provision for credit liabilities, required by the Local Government & Housing Act 1989.
Precepts	The amount levied by another body such as the South Yorkshire Police Authority that is collected by the Council on their behalf.
Private Finance Initiative (PFI)	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by the Council. The Council will pay for the provision of this service, which is linked to availability, performance and levels of usage.
Provisions	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
Public Works Loan Board (PWLB)	A government agency, which provides loans to authorities at favourable rates.
Remuneration	All sums paid to or receivable by an employee and sums due by way of expenses allowances, as far as those sums are chargeable to UK income tax, and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.
Reserves	Result from events that have allowed monies to be set aside from decisions causing anticipated expenditure to be postponed or cancelled, or by capital accounting arrangements.
Revenue Expenditure	Expenditure incurred on the day-to-day running of the Council, for example, staffing costs, supplies and transport.
Revenue Support Grant (RSG)	This is a government grant paid to the Council to finance the Council's general expenditure. It is based on the Government's assessment of how much a council needs to spend to provide a standard level of service.

Specific Government Grants	These are designed to aid services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
Spending power	DLUHC measures the impact of government funding reductions against local authorities' combined income from both government funding and council tax. This combined measure of income is called revenue spending power. NB: in a press release from the Chartered Institute of Public Finance & Accountancy (CIPFA), re the Local Government Finance Settlement, CIPFA made the following notable comment: "*CIPFA's measure of funding used in this analysis is "unfenced spending power". This is funding that councils have available to meet their priorities and fund existing staff and commitments and which is not already ring-fenced for other use. This includes Revenue Support Grant (RSG), retained business rates, council tax and several special grants that authorities are free to spend as they wish. In contrast DCLG's measure also includes Public Health Grant (which can only be spent on public health matters) and the Better Care Fund (which is largely NHS money or budgets that local authorities have pooled with the NHS, and can only be spent on priorities agreed with local NHS managers).*"
Under-borrowed	The Council's use of its own cash surpluses rather than external debt, resulting in a level of external debt below the authorised limit.
Unsupported (Prudential) Borrowing	Borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.
VCF	Voluntary, Community and Faith Sector

This document can be supplied in alternative formats, please contact:

Sheffield City Council
Finance
Tel: 0114 205 7306
www.sheffield.gov.uk

This cover is printed on paper from a sustainable source

636.6