

**SHEFFIELD CITY COUNCIL**  
**STATEMENT OF ACCOUNTS**  
**2023/24**

**Unaudited**

**For the period**  
**1 April 2023 to 31 March 2024**

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## Narrative Report by the Director of Finance and Commercial Services

### 1) INTRODUCTION

#### Purpose of the Narrative Report

In the comprehensive scope of Sheffield City Council's 2023/24 annual accounts, the diverse and dynamic nature of the organisation is brought to light. The information contained in these accounts can be technical and complex to follow. This narrative report aims to illuminate the authority's objectives and strategies, and the challenges it faces, providing a concise overview of its financial position, performance and future outlook.

The Statement of Accounts contains all the financial statements and disclosure notes required by statute. These statements and notes have been prepared in accordance with the 2023/24 Code of Practice on Local Authority Accounting (the Code) together with disclosure notes as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A glossary can also be found towards the end of these accounts to help explain some of the accounting terms used.

### 2) THE CURRENT ECONOMIC CLIMATE

Over the past few years, the cost of living has surged dramatically, with the consumer price index (CPI) inflation hitting a 41-year peak of 11.1% in 2022. This surge was fuelled by economic turbulence stemming from both the pandemic and the conflict in Ukraine, ushering in a wave of uncertainty and instability in supply chains that reverberated through Council budgets. However, throughout 2023, we witnessed a gradual easing of inflationary pressures. By March 2024, CPI had moderated to 3.2%. It is important to note that a decelerating inflation rate doesn't necessarily translate to falling prices; rather, it indicates that prices are rising at a slower pace than before. Economists anticipate a continued decline in inflation throughout 2024, albeit at a more tempered rate compared to 2023. This is attributed to the stabilisation of inflation in consumer goods, food and energy prices.

Despite these developments, the repercussions of the cost-of-living crisis persist for our citizens. Real incomes for most have dwindled, failing to keep pace with inflationary trends. It is projected that this misalignment between income and inflation will endure for several more years, exacerbating the strain on disposable incomes and living standards. Against this backdrop, Council finances face intensified pressure. Demand continues to escalate for essential services like health and social care, as well as homelessness support. As such, navigating these fiscal challenges demands a proactive and strategic approach to resource allocation and service delivery.

The prevailing interest base rate stands at 5.25%, with the Bank of England indicating in March 2024 that the next adjustment in the bank rate would likely be downward if inflation forecasts align with expectations. However, this projection is not without its caveats. Significant risks loom on the horizon, primarily stemming from tight labour markets exerting upward pressure on wages. Additionally, ongoing geo-political tensions, particularly from the Middle East crisis and the conflict in Ukraine, continue to pose inflationary threats. The volatility in financial markets over the past year has

underscored the importance of flexibility in the Council's treasury management decisions. Adapting to these uncertain economic conditions necessitates a nuanced approach to balance risk in treasury management decisions.

### 3) SHEFFIELD – ABOUT OUR CITY

Sheffield is a thriving city. Inventive, inclusive, resilient and determined. The fourth biggest city in England, we are a city of makers rooted in our history and full of ambitious spirit for the future. Historically the centre of the world's steel industry, Sheffield is now an internationally recognised centre for advanced manufacturing and engineering, as well as being home to a thriving creative and digital sector and a cultural hub for the arts and for leisure activities. Sitting on the edge of the Peak District, it has been named the [greenest city in the UK](#) and has the highest ratios of trees to people of any European city. Sheffield is known as the Outdoor City, something in which we take great pride. We are the spiritual home of climbing in the UK with not only famous crags, boulders and limestone in the Peaks but some of the best indoor facilities in the country.

Sheffield was voted the [2nd best city break location in Europe for 2023](#) by Time Out and has been dubbed as a foodie hotspot by the [Observer Food Monthly awards 2022](#). The city has a vibrant mix of food, bars, theatres, clubs, festivals, museums, galleries and street art to keep our residents entertained and guests excited to visit. Kelham Island was named as one of the [UK's coolest neighbourhoods in 2022 by Time Out](#). Once the beating heart of industry, Kelham Island is one of Sheffield's oldest manufacturing sites, except nowadays these buildings house everything from indie shopping arcades to microbreweries and galleries. The brewing scene in Sheffield has earned the city the title of ['Real Ale Capital of the World'](#) with more than 300 different real ales on sale every day. This has provided a huge tourism pull for people from far afield, while also organically regenerating neighbourhoods. The Times recently awarded the Sheffield suburb of [Nether Edge the title of one of the ten best places](#) to live in the north. Sheffield hosts a range of cultural events and sporting activities including welcoming the annual World Snooker Championship, which has been held at the city's Crucible Theatre since 1977, the Sheffield DocFest and Tramlines Festival, to name but a few. 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 faces a wide variation in the levels of income within the city and in some neighbourhoods the situation has deteriorated as a result of the cost-of-living crisis. However, unlike many cities, Sheffield has been successful in attracting and retaining its higher income inhabitants within its city boundaries. Consequently, Sheffield is home to some of England's most prosperous suburbs. In contrast, the city also has areas of significant poverty, including some neighbourhoods amongst the 10% most deprived in England. These income, health and other inequalities provide a major backdrop and challenge to the services the Council provides. Supporting these challenged communities, and all our communities, gives us an even greater responsibility to get what we do right.

Sheffield also welcomes over 60,000 students from across the UK and internationally to its two universities which enjoy enviable reputations, with the University of Sheffield being part of the prestigious Russell Group of leading research-intensive universities. Sheffield University was named [University of the Year](#) in 2024 by Whatuni Student Choice Awards demonstrating quality of education, student experience, value and opportunity. Key highlights include the quality of its academic programs and research, as well as an inclusive and supportive Students' Union. Student reviewers also noted the friendliness of Sheffield locals, plentiful green areas within the city and access to the Peak District national park.

#### 4) SHEFFIELD CITY COUNCIL

In recent years, we have made big changes in how the Council operates. A pivotal shift occurred in 2022 when we transitioned to a new governance system. Under this framework, all councillors, irrespective of party affiliation, actively engage in strategic decision-making as members of citywide Policy Committees, operating within the revamped committee system. Moreover, to enhance community involvement, we established seven new Local Area Committees in 2021, aimed at decentralising decision-making processes and bringing governance closer to residents. The 2023/24 municipal year witnessed these changes embed deeper, resulting in heightened transparency and citizen engagement throughout Sheffield. These initiatives signify our commitment to fostering inclusive governance structures that empower both councillors and citizens alike to shape the future of our city collaboratively.

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

In February 2023, the Council launched a Clean Air Zone (CAZ) in the city. This was part of the national Clean Air Strategy led and funded by the Department for Environment, Food and Rural Affairs (DEFRA) which aims to address air pollution issues to comply with UK law. The foundations of Sheffield's future are being built today. We want the future to be cleaner and healthier for all who live in our city. Sheffield is committed to setting a higher standard for the people who live here and share Sheffield's air. The Zone is part of a wider Clean Air Plan which brings improvements in air quality across Sheffield and the region. In the first year of operations, there was an observed an improvement in non-compliant vehicles travelling through the zone; over 62% improvement in the van fleet, 76% in private hire taxi vehicles, 56% improvement in hackney cabs, over 65% improvement in heavy goods vehicles and 52% improvement in buses and coaches. The financial assistance scheme has supported upgrading over 1,000 vehicles to be cleaner and wider clean air initiatives continue to make a positive impact on the quality of air in Sheffield.

Our Ethical Procurement Policy continues to shape how we spend our money. The policy sets out as one of the aims to increase the proportion of our supply chain that meets the real Living Wage as well as increase spend in the local economy and grow the Sheffield '£.' Our Ethical Procurement Policy forms an integral part in our procurement activities and provides clear guidance for establishing internal and external relationships essential for operations and long-term growth.

The Council employs approximately 8,551 people in full-time and part-time positions, with a further 4,600 people employed by schools. The Council is committed to ensuring that its workforce is representative of the communities that it serves, and whilst this is not yet fully the case, we are taking significant steps through our workforce planning, recruitment, learning and development and employee engagement work to rapidly improve this picture.

The Council is also committed to training and developing its workforce, and it employs apprentices in a wide variety of roles. From April 2017, the Council pays an apprenticeship levy at 0.5% of the Council's total pay bill. This money is used to pay for apprenticeship training and to implement an

approved apprenticeship standard for both new recruits and existing employees. New types of apprenticeship standards are available to accredit specific specialist roles to a professional standard, including degree level. We also deliver employment and skills benefits through Social Value using our procurement and planning levers. In the financial year 2023/24, contractors delivered 286 careers interventions with schools, almost 40 new apprenticeships and over 170 new jobs – together with upskilling workforces in the city and wider region.

The Council remains ambitious for the city, with a range of projects underway. Sheffield's city centre regeneration is nearing completion, regeneration on a huge scale. A £470million re-imagining of what city centres need to be in the 21st century, has been strongly led by Sheffield City Council. The Heart of the City II development has injected new retail, residential units and workspace into the city centre as well as brand-new public space, Pound's Park brings greenery to the urban surroundings and provides a new focal point for families to enjoy. Opening its doors in 2024, the new Radisson Blu hotel with rooftop restaurant and bar overlooking the Peace Gardens, the latest conference facilities and flexible event space, looks set to be the premier destination to stay within the city. Just metres away, the Cambridge Street Collective will build on our foodie credentials as the largest purpose-built food hall in Europe. At around 20,000 sq ft, the venue has been designed to create a prime social and communal destination featuring an impressive lineup of 24 independent kitchens, sitting at the centre of the city's landmark Heart of the City development.

The Council has been continuing to work with Government including the Department for Levelling Up Housing and Communities, the Department for Business Energy and Industrial Strategy and Homes England to develop Sheffield's levelling up priorities and have a single conversation with Whitehall departments. Sheffield has been selected as the central government's choice for the UK's first Civil Service Policy Hub

Over the coming decade, there are set to be more game-changing investment opportunities across the city which will truly bring to life our ambitions for Sheffield to be more prosperous, with more people sharing in that prosperity. Investment at scale also represents a significant opportunity to make sure new developments make a positive contribution to a low carbon future:

- **Innovation in the City and the Investment Zone**

Working with the University of Sheffield, Sheffield Hallam University and the private sector, the Innovation District and Investment Zone will provide in-demand incubation and scale-up space for businesses spun out of our world-class universities, helping them to grow. It's expected that the Investment Zone will help leverage more than £1.2bn of private funding and help support more than 8,000 jobs by 2030.

- **Castlegate**

Regenerating the birthplace of Sheffield, Castlegate will be a core part of the Innovation district as a central anchor re-connecting West Bar, through Wicker and Victoria Quays in the wider City Centre, creating opportunities for education and business spin-out spaces.

- **West Bar**

Delivery of the £300 million Sheffield West Bar development is underway with partners Legal & General and Urbo. The scheme will see No 1, a 100,000 sq ft office with the largest floorplates in Sheffield, complete later this year. Phase one will also deliver the £78 million Soho Yard development.

- **Moorfoot**  
Creating a new central neighbourhood in our city centre over the next decade. This is a major investment opportunity for new homes that would continue the transformation of our city.
- **Neepsend & Furnace Hill**  
Working with Homes England and the private sector on a new liveable urban neighbourhood that builds on the unique historic and industrial character and architecture of Kelham Island and Neepsend. As well as providing 1,300 new homes, the award of £67m funding for the new developments will unlock commercial space and lead to a major redevelopment of the areas.
- **Station Quarter**  
With Homes England; London & Continental Railways and Network Rail, transforming the gateway into our city from the historic Midland Station over the next 10 years. Major opportunity to deliver new homes and attract new businesses to the city centre.
- **Tram/Train Expansion**  
Our tram network represents a generational opportunity to extend efficient, green transport to more people in Sheffield and beyond. We will work with the SY Mayoral Combined Authority and partners to develop ambitious plans to grow our network, including looking at connections to Stocksbridge and Chesterfield.
- **Leisure and Sports Facilities in the City**  
Investing £117m in our leisure and sport venues so that we have modern, accessible leisure facilities across the city, ensuring that we have the venues to compete on the national and international stage.
- **Graves Gallery & Central Library**  
We will set out a credible plan for one of the cultural jewels of our city, securing the future of this beautiful and historic building and set out a vision for its future and for a 21st Century central library service.
- **Attercliffe Waterside**  
Delivering a new vision of communities in an area of proud history and valued heritage, connected to some of our major economic assets with a zero-carbon neighbourhood and transformed high street at its heart: a model for the city's future.

## 5) SHEFFIELD'S CITY GOALS & THE COUNCIL PLAN

Sheffield City Council has been collaborating with key partners in the city and together have developed [Sheffield's City Goals](#). Setting shared goals for Sheffield's over half-million population involved navigating tensions and contradictions, fostering uncomfortable yet necessary conversations. Through extensive engagement including surveys, workshops and collaborative sessions, diverse perspectives and lived experiences were integrated with existing research. Over 70 stakeholders collaborated to draft and refine our City Goals, aiming to shape a consensus-driven vision for Sheffield's future.

The organisations committed to making change happen in the city include:



They are working on behalf of the city to enable an open, inclusive and collaborative process.



The Sheffield City Goals aim to bring what living in Sheffield means to different people together so everyone, no matter who they are or where they come from, can live well and be part of Sheffield's story on terms that make sense to them. They aim to serve as Sheffield's 'North Stars' for where we're trying to get to. The shared goals are built from the ambitions of the people of this city and what they want to see for Sheffield's future. The goals need collective effort with everyone playing a part.

**Sheffield City Council's plan** for how we are going to play our role over the coming four years was set out in March 2024 titled: **"Together we get things done."**

[Sheffield City Council Plan 2024-28 | Council Plan](#)



The plan shares elected members' vision for the city, outlines our contribution to delivering the City Goals and lets residents know what they can expect from us, by setting out a small number of clear outcomes and priorities for the next four years.



As a Plan for the whole Council, it gives us an easy-to-understand overview of what we're here to achieve - helping us to work together to build a more successful and prosperous city for the long term.

Our mission is clear and simple: **“together we get things done.”** It reflects our core values and our commitment to work together across the city to deliver five strategic outcomes for Sheffield:

1. A place where all children belong and all young people can build a successful future.
2. Great neighbourhoods that people are happy to call home.
3. People live in caring, engaged communities that value diversity and support their wellbeing.
4. A creative and prosperous city full of culture, learning, and innovation
5. A city on the move - growing, connected and sustainable.

The outcomes were informed by the things Sheffield people said really matter to them. Every directorate has a role in achieving each outcome, and these outcomes will in turn represent our organisation's contribution to the City Goals. The five outcomes will be the structure for the Council's priorities, for the money we spend and our performance framework so that we can be held to account for delivering for the city.

We will challenge ourselves to make a positive contribution to the city's future through our triple lock: three policy drivers that together will guide everything we do. All three pillars must be tied together and drive everything we do:

**People** – listening to and involving people in our decisions and helping everyone in Sheffield to achieve their potential.

**Prosperity** – prioritising Sheffield's long-term prosperity, in a way that makes every part of our city better off

**Planet** – protecting the environment for future generations.

## 6) PERFORMANCE

Sheffield City Council and the city as a whole stand together, shoulder-to-shoulder as people, organisations and businesses look after each other, our most vulnerable Sheffields and our city. Under difficult financial circumstances and in the face of severe funding cuts, we have managed to keep Council services running throughout the city. However, we continue to face significant budget challenges over the years ahead with continued increases in demand for our services as government funding has reduced. Continued uncertain economic conditions from significant increases in contract and price inflation has put additional pressure on our services, such as those that support vulnerable families, children and older people.

The Council has had to manage cuts in funding over the past 14 years of over £483m, as well as cost pressures resulting from inflation and increased demand for vital services. This means that new savings have become increasingly difficult to deliver without wholesale changes in the level 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 increased automation, reductions in 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 any overspend, within 2024/25, in consultation with elected members.

Identifying these cost savings in conjunction with increases in Business Rates income and associated grants, appropriate uplifts to sales fees and charges, additional funding from government (mainly ringfenced to social care) along with the difficult decision to increase Council Tax by 4.99%, has enabled the Council to set a balanced budget for 2024/25. Increasing Council Tax by 4.99% (including the Adult Social Care Precept), delivers approximately £16m for Sheffield and was vital to close the budget gap. This was 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, would have had 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 that 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.

The combination of a decade of Government funding cuts, the increasing demand on vital services and the economic backdrop that we operate within has had a major impact on the money we have available to spend. 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 budget 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 household.

We consulted with the public about our budget in December 2023 and January 2024 using an online survey with a video introduction from the leader, Cllr Tom Hunt. The survey asked people in Sheffield about their views on the approaches we are taking to meet the financial challenge alongside the Council Plan 2024-28 and how we should prioritise the money we have to spend. Responses to the survey showed:

- In line with previous years, respondents said that their main priorities for more investment were some of our most critical and key services – particularly adult social care, children's social care, education, housing and Public Health.
- Citizens were asked for their views on the budget proposals that were developed by the Policy Committees, responses showed the majority of committee spending priorities were supported with majority agreement between 62% and 71% for different committees. There was minority disagreement ranging from 4% to 14% with some moderate uncertainty due to varying reasons such as seeking more detail or feeling overwhelmed with information.

### **Policy Committee Feedback**

**Adult Health and Social Care:** Support for measures enabling independent living, with emphasis on social care importance.

**Communities, Parks and Leisure:** High support for parks, libraries and community contributions, with concerns over cost increases.

**Economic Development and Skills:** Emphasis on supporting education and skills, attracting investment and city development.

**Education, Children and Families:** Prioritisation of education and learning, concerns about inequalities, especially regarding special educational needs.

**Housing:** Demand for more affordable housing, social housing availability and environmental considerations.

**Strategy and Resources:** Focus on addressing homelessness, financial impacts on households and maximising Local Area Committees' effectiveness.

**Transport, Regeneration and Climate:** Calls for improved public transport, active travel routes and climate ambitions, with considerations for costs and barriers.

**Waste and Street Scene:** Support for environmental improvement, requests for easier recycling and joint efforts between residents and the Council.

- In terms of council tax, the majority of respondents (61.9%) agreed with the need to increase to meet budget demands for services, 25% disagreed with the increase with concerns over its impact on household budgets. There were also calls for progressive taxation.
- Similarly, 64.9% of respondents agreed with the increase to the adult social care precept, 19% disagreed, with emphasis on social care importance and the need for government funding.
- There was a mixed response to proposed increases for charging for services; 58.9% fully agreed as there was recognition of inflationary pressures and calls for considerations regarding service quality, accessibility and value for money (VFM). There were concerns that increases could exacerbate the impact of other costs on residents and small businesses and could have a counter-productive impact with suggestions that the Council could apply concessions and non-universal increases.

Further, as specific budget proposals are developed, service managers are required to produce Equality Impact Assessments (EIAs) on their budget proposals. This process ensures that services have fully considered any potential implications for their proposals for people in Sheffield (particularly the protected characteristics covered by the Equality Act 2010) and explain any mitigations that are necessary to avoid any unlawful discrimination that may result from the proposed changes.

Alongside publication of the Council Plan, a [performance framework](#) has been established to set out how we will measure and monitor performance against the plan's outcomes. The framework will serve as an evidence base to measure contributions to success across directorates bringing rigour, focus, accountability and continuous improvement across all levels of the organisation. A robust performance system and culture will enable us to understand our strengths and those areas requiring improvement, supporting us to successfully navigate internal and external challenges and take advantage of opportunities that arise. The framework has set out a formal but straightforward system of governance that provides the awareness and assurance of performance issues to senior leadership and policy committees. This new framework for 2024/25 demonstrates our commitment to delivering against the plan, bringing to life how corporate health and performance measures interplay, across the lenses of customer, workforce and finance.

## 7) FINANCIAL HIGHLIGHTS

2023/24 has proved to be another challenging year for the Council's finances. The following headlines provide a brief overview of the financial position of the organisation:

- The Council's final outturn position was an overspend of £15.6m, equivalent to 3.1% of the Council's net revenue budget, shown in **Figure 1** below. Further details on the future financial outlook for the Council can be found in the Financial Outlook section of this Narrative Report.

- The main area of cost pressures for the Council are adults and children’s social care services and homelessness. The number of looked after children in England has risen by 23% in the past decade and children’s services are rapidly becoming the biggest source of overspend for Councils nationally. The demands brought by an increasing number of people with social care needs that are living longer, more vulnerable older people and adults with complex disabilities has meant more and more Council spending has been needed. The cost-of-living crisis and rising poverty have increased the requirement for homelessness services and costs to support the city’s most vulnerable are continuing to outstrip available budgets.
- The net revenue budget for 2023/24 was £500.8m. The net expenditure was budgeted to be funded by £43.6m of Revenue Support Grant, £232.6m of Council Tax, £185.0m of the Council’s share of National Non-Domestic Rates (NNDR) including top up grant, £35.2m of Social Care Precept and £4.3m of Collection Fund surplus and included savings from General Fund services of £47.7m. The breakdown of savings by committee and category are shown in Figures 2 and 3 below. Figure 4 presents the performance against savings targets which was reported at 78%, a shortfall of £10.3m.
- The Council’s net worth (value of total assets less total liabilities) has increased by £44.3m (or 1.7%) since 2022/23.
- Total usable revenue reserves decreased from £356.7m at 31<sup>st</sup> March 2023 to £335.7m at 31<sup>st</sup> March 2024. £30.7m of these reserves have been identified to fund the 2023/24 overspend of £15.6m and to act as a buffer against future overspends and potential budget gaps. A one-off collection fund surplus of £12.5m for 2024/25 will be added to support this reserve. This will provide a total £27.7m budget contingency. Total usable capital reserves increased by £4m from £214m to £218m. Usable revenue reserves comprise both those which are earmarked for specific purposes and those which are un-earmarked. Only £15.1m of the Council’s reserves are un-earmarked, which is at the minimum recommended prudent level.
- £179m of capital investment was spent via the Capital Programme during the year, compared to £190.6m in 2022/23.

**Figure 1. 2023/24 Final Outturn Position by Directorate & Committee**

Full Year Outturn by Directorate £m	Outturn	Budget	Variance
Neighbourhood Services	153.4	151.6	1.8
Adults	148.6	145.5	3.1
Children's	143.8	133.0	10.8
City Futures	44.2	44.0	0.2
Strategic Support	16.4	12.3	4.1
Public Health & Integrated Commissioning	12.2	10.7	1.5
Corporate	(503.0)	(497.1)	(5.9)
<b>Total</b>	<b>15.6</b>	<b>0</b>	<b>15.6</b>

Full Year Outturn by Committee £m	Outturn	Budget	Variance
Adult Health & Social Care	155.5	152.8	2.7
Communities Parks and Leisure	55.6	55.9	(0.3)
Economic Development & Skills	11.2	11.4	(0.2)
Education, Children & Families	147.4	134.7	12.7
Housing	11.1	8.5	2.6
Strategy & Resources	(464.0)	(462.9)	(1.1)
Transport, Regeneration & Climate	33.0	32.9	0.1
Waste & Street Scene	65.8	66.7	(0.9)
<b>Total</b>	<b>15.6</b>	<b>0</b>	<b>15.6</b>

Figure 2. Savings by Committee

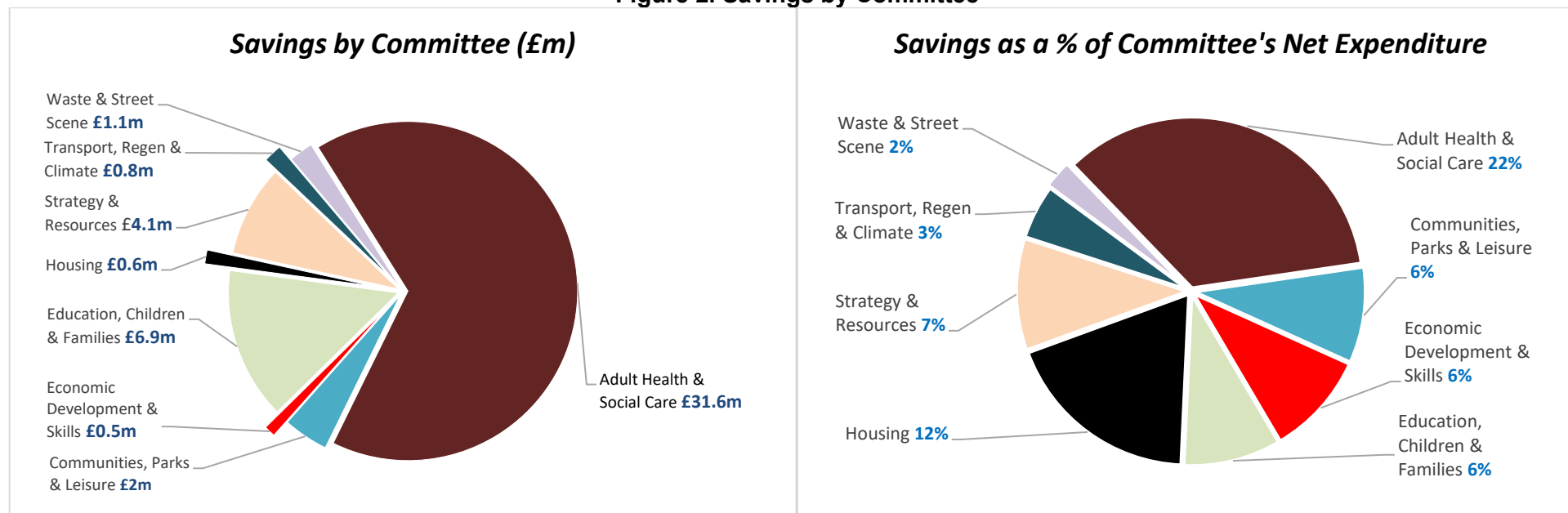


Figure 2 shows the Council's savings from General Fund services, split by Committee for the financial year 2023/24.

**Figure 3. Savings by Category**

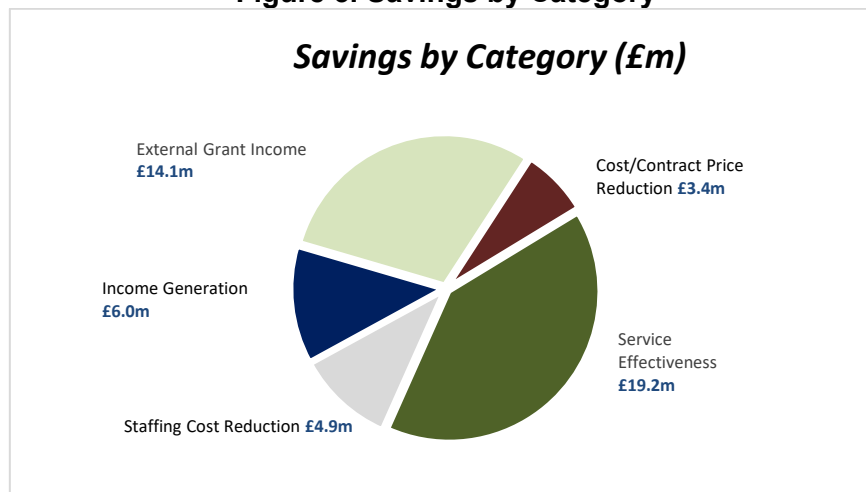


Figure 3 shows the Council's savings from General Fund services, split by Category for the financial year 2023/24.

**Figure 4. 2023/24 Savings performance by Committee**

£m	Total Savings	Savings Delivered in Year	Gap	Savings Deliverable Next Year (Slippage)	Undeliverable Savings
<b>Committee</b>					
Adult Health and Social Care	31.6	28.0	3.5	3.5	0
Communities, Parks and Leisure	2.0	1.9	0.1	0.1	0.1
Economic Development & Skills	0.5	0.5	0	0	0
Education, Children & Families	6.9	3.4	3.5	0.3	3.2
Housing	0.6	0.5	0.2	0	0.2
Strategy And Resources	4.1	1.4	2.8	2.6	0.1
Transport, Regen & Climate	0.8	0.7	0.1	0	0.1
Waste And Street Scene	1.1	0.8	0.3	0	0.3
<b>Grand Total</b>	<b>47.6</b>	<b>37.2</b>	<b>10.5</b>	<b>6.5</b>	<b>4.0</b>
		<b>78.2%</b>	<b>22.1%</b>	<b>13.7%</b>	<b>8.4%</b>

Figure 4 reports the delivery performance of savings against 2023/24 budget targets, slippage and reported undeliverable savings.

## CAPITAL EXPENDITURE

Capital expenditure can broadly be defined as spending which creates and enhances assets that have a life of more than one year. The Council has an ambitious five-year capital programme which as at 31<sup>st</sup> March 2024 was valued at £829.7m. This investment will deliver a range of improvements across the city, including:

- Upgrading our transport infrastructure - to improve air quality and safety and deliver sustainable economic growth.
- Regenerating our city centre – to support Sheffield’s position as a thriving city with an attractive employment, leisure, retail and residential offer
- Building more social housing for our citizens – to enable more residents to live in high quality homes and regenerate brownfield sites.
- Improving existing council housing stock – ensuring our housing stock is fit for purpose, improving tenants’ quality of life and delivering energy efficiency improvements.
- Enhancing parks and public spaces – to ensure people have access to high quality green spaces and improve biodiversity.
- Improving youth provision – investing in our young people and their communities
- Protecting the city from flooding – to improve our resilience to climate change.
- Ensuring sufficient school places in well-maintained schools

Sheffield has declared a climate emergency, and our capital programme reflects our desire to reach net zero. Whilst this presents us with many challenges – particularly in the current climate of rising prices and supply chain difficulties - we continue to focus on minimising our negative impacts on the environment in everything we do.

**Image 1: Flood Defence Works on the River Loxley**



**Image 2: Improving Active Travel Options at West Bar**





**Image 3: External Wall Insulation on Council Housing**



**Image 4: Pounds Park – named in honour of the City’s first Chief Fire Officer, Superintendent John Charles Pound**



**Image 5: Elshaw House – a Net Zero Carbon office development in the heart of the City Centre**



The 2023/24 Capital Outturn is £179m against a revised budget of £218.8m, a variance of £39.8m (18.2%). The main reason for this difference is 'slippage,' the extent to which, in terms of expenditure, capital projects are behind their original schedule. This will be carried forward into 2023/24, along with the resources identified to fund the schemes and reprofiling of allocations for themes of work or schemes not yet in delivery.

For further details, please refer to the outturn report to be published as part of the agenda for the Council's Finance Committee meeting of 17<sup>th</sup> June 2024.

## 8) KEY SECTIONS INCLUDED IN THE STATEMENT OF ACCOUNTS

### Statement of Responsibilities

This sets out the respective responsibilities of the City Council and the Director of Finance and Commercial Services for the Accounts.

### Comprehensive Income and Expenditure Statement

This account summarises the revenue costs of providing all Council services and the income and resources received in financing the expenditure.

Revenue expenditure is reported in the Council's Accounts under the Comprehensive Income and Expenditure Statement (CIES). The CIES takes a wider view of financial performance than that shown in the General Fund and shows the accounting position for the year, namely a surplus of £44.3m. This surplus represents the total amount by which the Council's net worth has increased during the year as shown in the Balance Sheet.

### Movement in Reserves Statement

This statement shows the movement during the year of the different reserves held by the Council.

### Balance Sheet

The Balance Sheet includes information on the Council's non-current and current assets, short term and long-term liabilities and the balances at its disposal at the reporting date.

### Cash Flow Statement

This statement provides a summary of the flow of cash into and out of the Council for revenue and capital purposes, based on the indirect method of presentation.

## **Expenditure and Funding Analysis Statement**

The statement shows how annual expenditure is used and funded from resources (Government grants, rents, Council Tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

## **Notes to the Core Financial Statements**

These notes expand on important points shown in the core statements and provide further explanation of movements and balances.

## **Housing Revenue Account (HRA)**

This account reflects the statutory obligation under the Local Government and Housing Act 1989 to show separately the financial transactions relating to the provision of local council housing.

## **Collection Fund Statement**

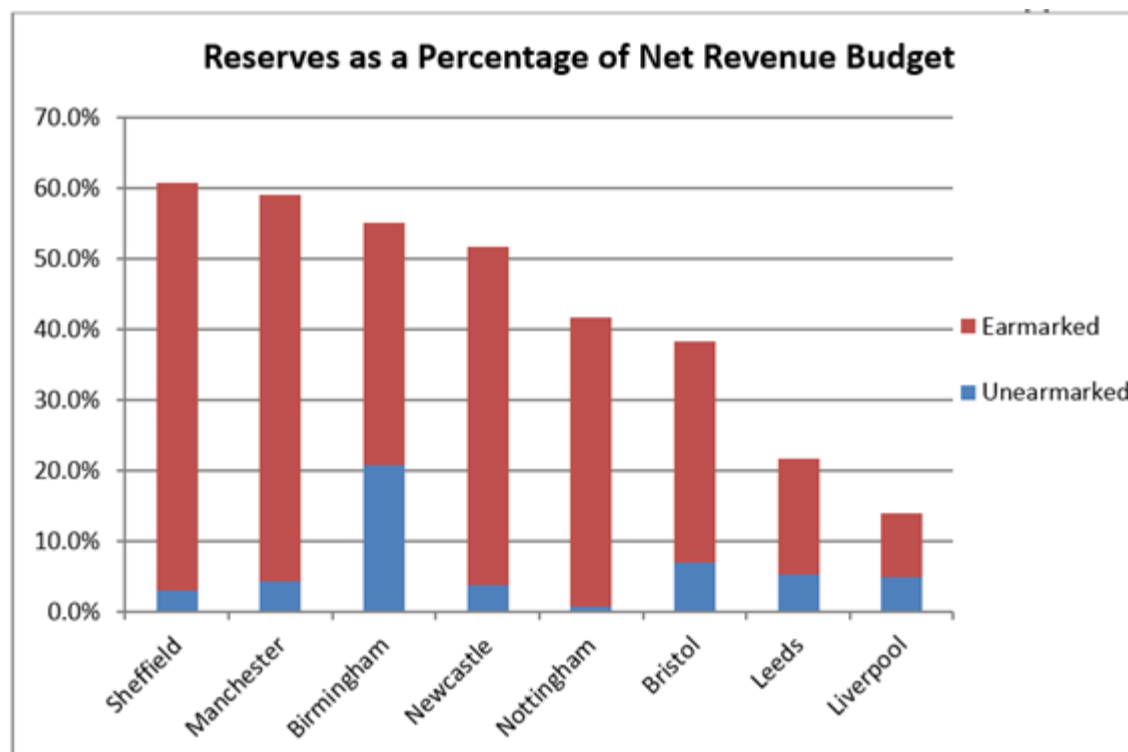
This statement summarises the transactions of Sheffield as a Billing Authority in relation to National Non-Domestic Rates and Council Tax, and illustrates the way in which income has been distributed to the Precepting Authorities (e.g. South Yorkshire Fire and Police).

## **Usable Reserves (Note 34)**

Reserves are reported in two categories, usable and unusable. This section is concerned with usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The note shows a breakdown of usable reserves. Of the different components shown in the table, the General Fund is the only component which is not earmarked for a specific purpose. At £15.1m or around 3.1% of the net budget requirement, the General Fund is low in comparison to most other core cities (see Figure 6). If this were ever used, it would have to be replaced as soon as possible as the Council would always need a minimum level of emergency reserves. At this stage, our reserves remain adequate and at an appropriate level.

Figure 6. Core Cities Reserves position as a % of Net Revenue Budget



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.

### Significant changes in accounting policies

The Council's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the CIPFA Code of Practice on Local Authority Accounting 2023/24. The accounting policies presented in Note 1 to the financial statements are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

There have been no significant changes in accounting policies during 2023/24.

## 9) FINANCIAL OUTLOOK

This section provides a summary of what the future holds for the Council's finances. Further details can be found in the [2024/25 Revenue Budget](#) (approved by Full Council on 6 March 2024) and the [Medium Term Financial Analysis](#) 2024/25 to 2027/28 approved by Strategy & Resources Committee on 7 September 2023. Based on the mid-case assumptions detailed in the report, the Council estimated a cumulative net budget gap of £61.2m by 2027/28. Significant budget pressures such as contract inflation and the increasing demand for services continue to outstrip available resources over the medium term. Consequently, budget savings, service efficiencies, service transformation 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.

The 2024/25 Revenue Budget shows the Council's Net Revenue Budget of £543.8m is funded as shown in Figure 7 below:

**Figure 7. Sheffield City Council Net Revenue Budget Financing**

	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
<b>Financed by:</b>			
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)

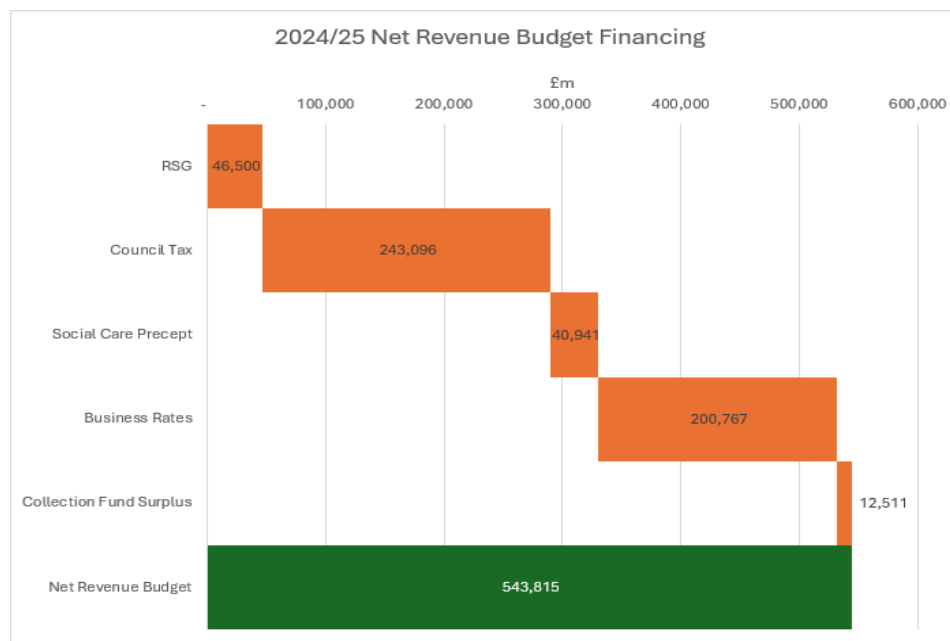


Figure 7 table on the left shows the total net expenditure and financing split over the past three years and the chart on the right illustrate the 2024/25 financing breakdown graphically.

After releasing details of the Provisional Local Government Finance Settlement on 18<sup>th</sup> December 2023, the final Local Government Finance Settlement figures for 2023/24 were confirmed on 5 February 2024.

As shown in Figure 7 (above), the net revenue budget for 2024/25 totals £543.8m and comprises four main sources of income, including a one-off amount of £12.5m “Collection Fund Surplus”. This surplus was primarily due to exceeding performance on the collection fund as a whole, plus a reconciliation of previous years surplus.

When compared to the early 2010s, the proportion of each of these income sources has changed significantly. Revenue Support Grant (RSG), funding from Central Government, has steadily reduced over the past decade, reducing from £192m in 2013/14 to £46.5m for 2024/25. As a result, RSG now accounts for less than 9% of the net revenue budget, compared to 40% in 2013/14. Resources raised from local residents and businesses are now overwhelmingly the main sources of funding the Council’s net revenue budget, with Council Tax, including the Social Care Precept, at 52%, and Business Rates and the Collection Fund Surplus totalling 39% of net revenue budget.

After adjusting the net revenue budget for the impact of the accounting treatment of the Collection Fund, the Council’s available resources have improved compared to 2023/24. However, whilst some Central Government grant funding has been provided for 2024/25, and the Council has again taken the difficult decision to increase local taxation, overall funding is still insufficient to cope with the nationally acknowledged demand and cost pressures in Children’s and Adult Social Care, nor does it offset the impact of over a decade of Central Government cuts to local authorities. It is the demand for these services, coupled with inflationary cost pressures, which, if left unchecked or underfunded, will create long term financial sustainability issues for the Council. The Council will continue to lobby for additional funding for Local Government and for the recognition that deprivation is a key driver of the costs of local authorities.

Until funding increases, the Council will continue to prioritise protecting services for the most vulnerable, will continue to seek to deliver its services as efficiently as possible and will make a prudent use of its reserves to cash-flow the transformation of its services towards a more preventative and personalised model. The Council will also look to integrate services as far as possible with its key partners, in particular its social care services with the NHS. Figure 8 below shows how an increasing percentage of the Council’s spending has been devoted to social care services over the past ten years, whilst other service areas have not experienced proportional increases over the same time period. Navigating this situation is challenging because it requires balancing the growing demand for social care against limited resources which may result in neglecting other essential services and make it exceedingly difficult and sensitive for the Council to re-allocate resources to other areas.

Figure 8. Proportion of Sheffield City Council's spend by area.

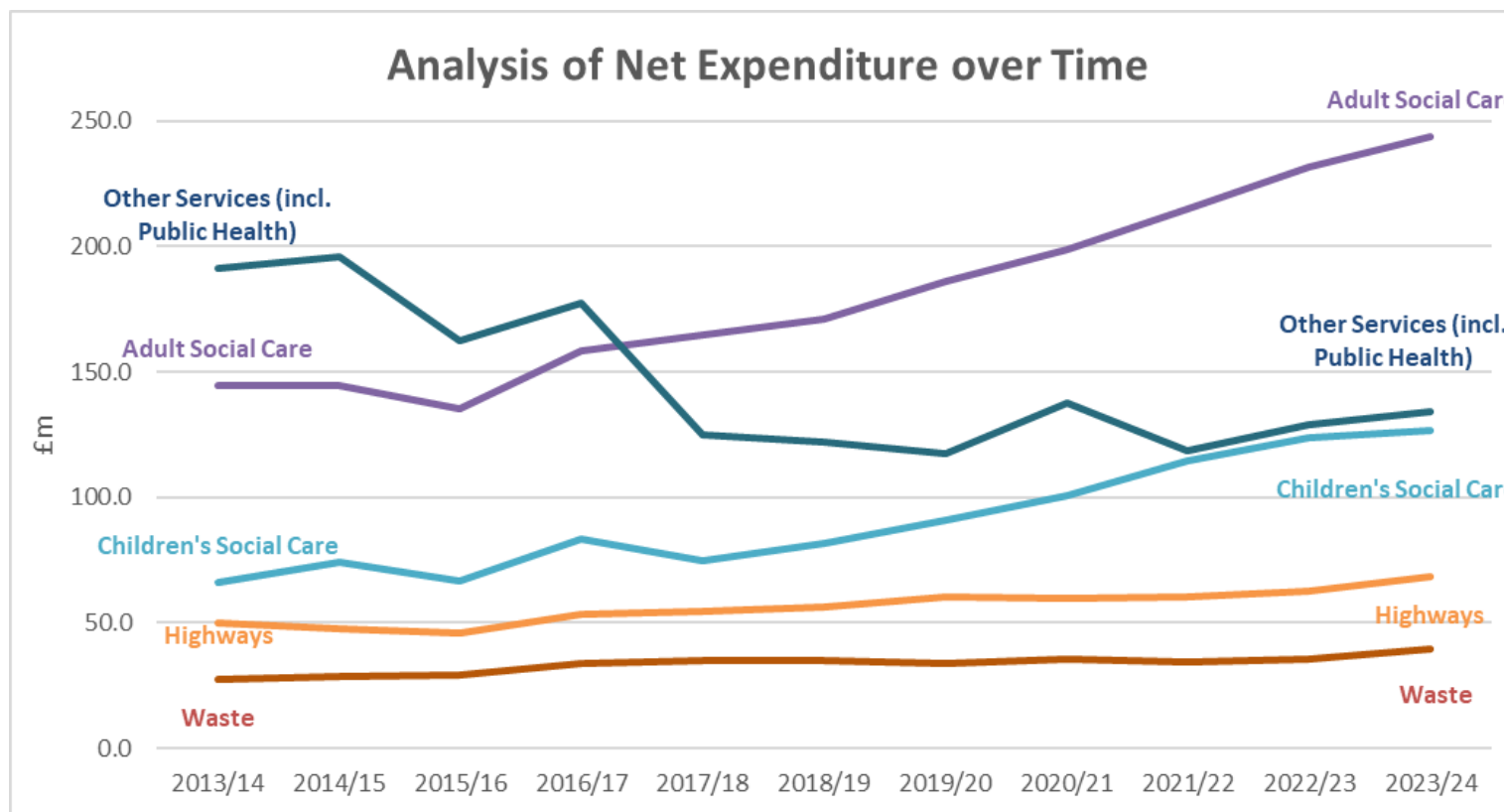


Figure 8 shows the Council's net spending by key area over the past decade.

## 10) KEY RISKS

The Council has a risk management strategy in place to identify and evaluate risk. It includes clearly defined steps to support better decision making through the understanding of risks, whether they represent a threat or a positive opportunity. These risk management processes are subject to regular review and updating.

We have identified the following key risks:

Risk description	Impact	Mitigations
Medium Term Financial Pressures/ Budget Pressures – Lack of Financial Sustainability	<p>Areas of pressure identified in 24/25 - 27/28 mean a demanding programme of service transformation and cost reductions must be achieved.</p> <p>3 areas identified:</p> <ul style="list-style-type: none"> <li>- Non-Social Care; High inflation on RPI and forecasted pay award costs.</li> <li>- Social Care; Growth in core funding needs and costs increased for Home Care, increased children's placement costs and SEND transport costs</li> <li>- Temp accommodation/ supported accommodation; increased demand resulting in significant costs to General Fund.</li> </ul>	<p>A robust business planning process is in place with formal updates of our 4-year position annually and monthly reporting to SLB on the in-year position, BIP delivery and MTFA. Although the programme is demanding, we have managed to deliver a good proportion of savings in recent years whilst maintaining satisfactory level of reserves.</p>
2030 – Carbon Neutral Targets Failure & Climate Risks	<p>The Council has voiced its ambition to be carbon neutral by 2030. A corporate approach to delivering this work and a suitable framework to underpin it is required.</p> <p>Failure to implement this will result in the Council and the city being unable to achieve this ambition.</p>	<p>Climate Oversight Board in operation to provide corporate governance, oversee activities and develop accountability in directorates.</p> <p>Additionally, developing the Council's decarbonisation route map to agree key actions to enable transition as an organisation.</p>
Clean Air Zone (CAZ) Failure	<p>Linked to the risk above, a Clean Air Charging Zone is now in operation in the city. Following its introduction there is a risk that the CAZ and the other Clean Air Plan measures do not achieve compliance with legal limits.</p>	<p>Ongoing liaison with relevant Government departments including the Joint Air Quality Unit in relation to monitoring the scheme and factors outside our control.</p> <p>Continue to lobby Government to ensure they consider the clean air solutions required in locations where indicators show that NO2 exceedance is likely to occur to ensure</p>



		mitigating interventions can be agreed and implemented in good time.
Increase in Homelessness	The Homeless Reduction Act and cost of living crisis has caused an increase in demand for services. A number of impacts have been felt including a negative experience and outcomes of those experiencing homelessness and backlogs within the service prevent the Service from working in a preventative way.	<p>Ongoing work includes a Service structure review to ensure resources are in the correct place to tackle the demand.</p> <p>Additionally, improved prevention and partnership work – a homeless prevention forum and steering group set up. Service has a new process for managing and triaging requests for service both in person and by phone.</p> <p>The provision of new temporary accommodation schemes to replace inappropriate decommissioned schemes.</p>
Cyber Security Breach	Potential Council-wide loss or unavailability of information due to malicious software.	<p>There is ongoing preventative, technical and resilience work to address this ever-present risk.</p> <p>Cyber Task Force to be set up with appropriately skilled and estate wide representation to manage the cyber threat.</p>
Health & Safety & Wellbeing in The Workplace Failure	Having inadequate health, safety and wellbeing arrangements in place and failing to comply with statutory duties under Health & Safety legislation could lead to prosecution, intervention fees, litigation and reputational risk.	<p>Continuous development, maintenance and improvement of the Health and Safety Management System (aligned to ISO 45001:2018 and HSE HS(G)65 Successful Health and Safety Management Model Plan Do Check Act).</p> <ul style="list-style-type: none"> <li>• Workplace audit and inspection programme.</li> <li>• Publication of risk information, risk assessments, Standard Operating Procedures, safe systems of work etc.</li> <li>• External audit and scrutiny through external auditors.</li> <li>• Health and Safety consultation meetings monitor performance.</li> </ul>
Failure of Financial Sustainability of The Independent Care Provider Market	Multiple or unmanaged closures present significant risks to vulnerable residents required to move, impact heavily on SCC resources and could result in market failure or a failure in our duty to ensure a sustainable market.	<p>Sheffield Home Care Market has been improving and is stable financially.</p> <p>Commissioning Strategy for Care Homes to support market shaping for the future, including delivering a cost of care model to build sustainability whilst delivering VFM.</p>

		No standard uplift applied to non-standard Care Homes in 24/25, which allows management of the market and understanding of cost of care (anticipated savings for SCC)
Adult Services - Local Offer Failure	Following a self-assessment, the statutory Director of Adult Social Services (DASS) cannot provide assurances regarding safety of service provision and local offer which meets statutory duties. Amongst other things, this could mean that risks increase to vulnerable adults, those in need of care and support and risk of loss of workforce.	Risk is starting to reduce and will do so further in the coming 12 months with the changes and improvements planned. Work by Commissioning Service has ensured all contracts have been reviewed and recommissioned. all contracts.
Building Maintenance Backlog Costs - Disruption	The backlog in building maintenance for the Council's corporate estate has the potential to cause serious disruption or closure of key buildings due to potential failing elements e.g. mechanical & electrical systems.	A number of financial and operational activities are being undertaken to ensure that this area is addressed, including a review of the current estate and prioritisation of essential and non-essential works.
Ineffective Partnership Working With NHS	There is a risk of ineffective collaboration leading to poor outcomes for clients and inability to meet financial challenges.	Work is ongoing to develop joint governance arrangements for Sheffield for the longer term. These will aim to build on the existing relationships established over the last decade - allowing for continued, joined up planning and commissioning of NHS and social care services in Sheffield.
PFI Expiry in Schools – Deadline 2026 Not Achieved	The first tranche of 6 Sheffield schools built under PFI are due for contract expiry in August 2026, when the buildings, services and personnel will need to be returned to the LA (or the Academy Trust) Assets must be returned in acceptable condition with all maintenance undertaken.  This return presents a legal, logistical and continual service delivery challenge and if not achieved may potentially lead to disruption of service, or the unavailability of buildings or services to manage the schools.	Project team established, including representatives of all LA Services involved in the hand back arrangements. Work is also being undertaken to liaise with and communicate to the schools/trusts their roles, obligations and actions in the hand back process. Support is being provided by an external legal team and by technical consultants. Support is also being provided by the Dept for Education and Infrastructure and Projects Authority (IPA) to help guide the LA through the expiry process.
CQC Inspection Readiness Failure	Risk of Sheffield City Council/ Adult Care and Wellbeing is not adequately prepared for CQC inspection at the point the inspection is announced. This could damage the reputation of SCC. The people of Sheffield and partner	Initiatives underway to mitigate this, including: -Communications in place to the directorate to build collective sense of our performance

	organisations could lose confidence in our ability to provide quality care services.	-Corporate executive management engaged, together with committee members, with regular updates to appropriate committees. - Shared learning from SCC Children Services (Ofsted Inspection Regime).
Funding Pressure - Special Educational Needs and Disabilities (SEND) Learners	Significant pressure on budgets, leading to failure to meet the needs of SEND learners – which are demand led.	A multi-agency group approach is in place, considering all funding streams and to ensure we are working within statutory duties.  Additionally, the Service has ongoing dialogue with Dept of Education on future funding and impact on this service/risk.
Non-Compliance - General Data Protection Regulations (GDPR)	The risk of non-compliance could result in large fines and non-monetary sanctions, such as warnings and orders from the Information Commissioner's Office (ICO), damaged reputation and temporary or long-term ban on processing.	Within our specialist functions, a detailed action plan has been produced to cover the key areas, including a record of processing activity to identify business processes involving personal data and the lawful bases for processing.

## 11) GOVERNANCE

The Council's governance arrangements are discussed in the Annual Governance Statement which accompanies these accounts.

## 12) CONCLUSION

Sheffield City Council has successfully delivered significant General Fund budget savings in the past ten years to mitigate over £200m of grant reductions as well as demand and inflation cost pressures over the same period. Despite these pressures, the Council has managed to produce a balanced budget for 2024/25, which includes additional General Fund savings of £42.8m. These savings include £7.5m of service efficiencies and process improvements and £35.3m of external income from grants, partners and increases to fees and charges.

The significant inflation in the UK and across much of the world has materially affected the Council's cost base if government funding does not increase to offset inflationary pressures. This strain affects the Council in two ways, firstly direct and indirect cost pressures as prices and wages rise, but also because the financial hardship that inflation causes for people on lower incomes leads to increase demand for Council services.

2025/26 will present greater challenges unless significant mitigations towards recurrent overspends are brought forward. The Council's outlook, with uncertainty on Central Government funding, increasing social care pressures and inequalities, remains extremely challenging, but the Council has a robust existing financial base from which to face that challenge.

### 13) FURTHER INFORMATION

Further information about the Council's Statement of Accounts is available upon request from the following e-mail address:

[financialplanning&accounts@sheffield.gov.uk](mailto:financialplanning&accounts@sheffield.gov.uk)

The Statement of Accounts can be downloaded from the Council's website:

<http://www.sheffield.gov.uk/home/your-city-council/statement-accounts>

If you have any problems understanding this publication or have any suggestions as to how it may be improved, please contact us via the e-mail address above. Please note that local electors and taxpayers have a statutory right to inspect the Council's Statement of Accounts and all related books, deeds, contracts, bills, vouchers and receipts before the external audit has been completed, and to question the auditor. The public notice confirming availability of the accounts for such inspection is advertised on the Council's website and in public notice areas.

## Statement of Accounts

## Statement of Responsibilities

### The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Commercial Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Responsibilities of the Director of Finance and Commercial Services

The Director of Finance and Commercial Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Philip Gregory  
Director of Finance & Commercial Services (Section 151 Officer)  
31 May 2024

In preparing this Statement of Accounts, the Director of Finance and Commercial Services has:

- Selected suitable accounting policies and then applied them consistently,
- Made judgements and estimates that were reasonable and prudent,
- Complied with the Local Authority Code.

The Director of Finance and Commercial Services has also:

- Kept proper accounting records, which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future and maintained such internal control as determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## The Core Financial Statements

### Comprehensive Income and Expenditure Statement (CI&ES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (Council Tax). Councils raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (EFA) Statement and the Movement in Reserves Statement.

2022/23				2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<b>Continuing Operations:</b>						
343,605	(171,594)	172,011	Adults	363,900	(210,992)	152,908
242,744	(113,811)	128,933	Childrens	282,610	(138,150)	144,460
190,973	(178,859)	12,114	Schools	191,810	(186,761)	5,049
58,851	(24,148)	34,703	City Futures	67,490	(23,364)	44,126
263,490	(71,182)	192,308	Neighbourhood Services (excluding HRA)	365,192	(87,002)	278,190
63,709	(52,868)	10,841	Public Health & Integrated Commissioning	61,439	(49,011)	12,428
177,143	(161,077)	16,066	Strategic Support	179,240	(162,925)	16,315
8,064	(7,802)	262	Corporate	13,299	(10,627)	2,672
<b>1,348,579</b>	<b>(781,341)</b>	<b>567,238</b>		<b>1,524,980</b>	<b>(868,832)</b>	<b>656,148</b>
249,476	(162,050)	87,426	Housing Revenue Account (HRA)	230,496	(174,553)	55,943
<b>1,598,055</b>	<b>(943,391)</b>	<b>654,664</b>	<b>(Surplus) / Deficit on Continuing Operations</b>	<b>1,755,476</b>	<b>(1,043,385)</b>	<b>712,091</b>
	231		Other Operating Expenditure			11,184
	83,662		Financing and Investment Income and Expenditure			45,549
	(609,500)		Taxation and Non-Specific Grant Income			(640,646)
	<b>129,057</b>		<b>(Surplus) / Deficit on Provision of Services</b>			<b>128,178</b>
	(268,144)		(Surplus) / deficit on revaluation of non-current assets			(177,132)
	(980,464)		Re-measurements of the pension net defined benefit liability			93,222
	<b>(1,248,608)</b>		<b>Other Comprehensive (Income) and Expenditure</b>			<b>(83,910)</b>
	<b>(1,119,551)</b>		<b>Total Comprehensive (Income) and Expenditure</b>			<b>44,268</b>

## Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. It includes both revenue and capital usable reserves, most of which are held pending future spending commitments.

The (Surplus) / Deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The net (increase) / decrease before transfers to earmarked reserves line shows the statutory General Fund and Housing Revenue Account Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Council.

2023/24		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account Balance £'000	Earmarked Housing Revenue Account Reserve £'000	HRA Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
	Notes	34	34	34	34	34	34	34	34	35	
	<b>Balance at 31 March 2023</b>	<b>(15,051)</b>	<b>(330,630)</b>	<b>(8,661)</b>	<b>(2,364)</b>	<b>(84,829)</b>	<b>(94,784)</b>	<b>(38,506)</b>	<b>(574,825)</b>	<b>(2,095,975)</b>	<b>(2,670,800)</b>
	<b>Movement in reserves during 2023/24:</b>										
	Total Comprehensive (Income) and Expenditure	66,949	0	61,229	0	0	0	0	128,178	(83,910)	44,268
	Adjustments between accounting basis and funding basis under regulations	8 (41,940)	0	(78,158)	0	18,364	(11,622)	1,760	(111,596)	111,596	0
	<b>Net (increase) / decrease before transfers to reserves</b>	<b>25,009</b>	<b>0</b>	<b>(16,929)</b>	<b>0</b>	<b>18,364</b>	<b>(11,622)</b>	<b>1,760</b>	<b>16,582</b>	<b>27,686</b>	<b>44,268</b>
	Transfers (to) / from reserves	33 (25,009)	26,582	11,271	61	(12,632)	0	0	273	(273)	0
	<b>(Increase) / decrease in year</b>	<b>0</b>	<b>26,582</b>	<b>(5,658)</b>	<b>61</b>	<b>5,732</b>	<b>(11,622)</b>	<b>1,760</b>	<b>16,855</b>	<b>27,413</b>	<b>44,268</b>
	<b>Balance at 31 March 2024</b>	<b>(15,051)</b>	<b>(304,048)</b>	<b>(14,319)</b>	<b>(2,303)</b>	<b>(79,097)</b>	<b>(106,406)</b>	<b>(36,746)</b>	<b>(557,970)</b>	<b>(2,068,562)</b>	<b>(2,626,532)</b>

2022/23		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account Balance £'000	Earmarked Housing Revenue Account Reserve £'000	HRA Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Notes		34	34	34	34	34	34	34	34	35	
<b>Balance at 31 March 2022</b>		<b>(12,851)</b>	<b>(352,350)</b>	<b>(8,023)</b>	<b>(1,953)</b>	<b>(98,141)</b>	<b>(78,652)</b>	<b>(37,385)</b>	<b>(589,355)</b>	<b>(961,894)</b>	<b>(1,551,249)</b>
<b>Movement in reserves during 2022/23:</b>											
Total Comprehensive (Income) and Expenditure		34,035	0	95,022	0	0	0	0	129,057	(1,248,608)	(1,119,551)
Adjustments between accounting basis and funding basis under regulations	8	(11,003)	0	(105,426)	0	22,665	(16,132)	(1,121)	(111,017)	111,017	0
<b>Net (increase) / decrease before transfers to reserves</b>		<b>23,032</b>	<b>0</b>	<b>(10,404)</b>	<b>0</b>	<b>22,665</b>	<b>(16,132)</b>	<b>(1,121)</b>	<b>18,040</b>	<b>(1,137,591)</b>	<b>(1,119,551)</b>
Transfers (to) / from reserves	33	(25,232)	21,720	9,766	(411)	(9,353)	0	0	(3,510)	3,510	0
<b>(Increase) / decrease in year</b>		<b>(2,200)</b>	<b>21,720</b>	<b>(638)</b>	<b>(411)</b>	<b>13,312</b>	<b>(16,132)</b>	<b>(1,121)</b>	<b>14,530</b>	<b>(1,134,081)</b>	<b>(1,119,551)</b>
<b>Balance at 31 March 2023</b>		<b>(15,051)</b>	<b>(330,630)</b>	<b>(8,661)</b>	<b>(2,364)</b>	<b>(84,829)</b>	<b>(94,784)</b>	<b>(38,506)</b>	<b>(574,825)</b>	<b>(2,095,975)</b>	<b>(2,670,800)</b>



## Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For example, the capital receipts reserve may only be used to fund capital expenditure or repay debt. The second category of reserves is unusable reserves i.e. those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

As at 31 March 2023		As at 31 March 2024	
£000		Notes	£000
0	Intangible Assets	27	0
3,411,363	Property, Plant and Equipment	23/23A	3,476,788
55,225	Heritage Assets	25	55,718
18,630	Investment Properties	26	18,500
5,000	Long Term Investments	14	0
119,522	Long term Debtors	16	165,761
140,316	Pension Asset	45	48,414
<b>3,750,056</b>	<b>Long Term Assets</b>		<b>3,765,181</b>
150,000	Short Term Investments	14	110,000
2,261	Inventories		2,071
168,451	Short Term Debtors	17	231,575
222,001	Cash and Cash Equivalents	14 / 18	80,524
7,795	Assets Held for Sale	28	1,044
<b>550,508</b>	<b>Current Assets</b>		<b>425,214</b>
(27,795)	Short Term Borrowing	14	(19,456)
(272,374)	Short Term Creditors	19	(239,112)
(10,898)	Short Term Provisions	20	(11,674)
(18,614)	PFI / PPP Finance Lease Liability	14 / 24	(19,651)
(58,504)	Capital Grants Receipts in Advance	12	(70,463)
<b>(388,185)</b>	<b>Current Liabilities</b>		<b>(360,356)</b>
(887,407)	Long Term Borrowing	14	(857,321)
(10,893)	Long Term Provisions	20	(8,388)
(301,506)	PFI / PPP Finance Lease Liability	14 / 24	(281,855)
(14,629)	Other Long Term Liabilities	21	(13,659)
(6,685)	Revenue Grants Receipts in Advance	12	(6,621)
(20,459)	Capital Grants Receipts in Advance	12	(35,663)
<b>(1,241,579)</b>	<b>Long Term Liabilities</b>		<b>(1,203,507)</b>
<b>2,670,800</b>	<b>Net Assets</b>		<b>2,626,532</b>
(574,825)	Usable Reserves	34	(557,970)
(2,095,975)	Unusable Reserves	35	(2,068,562)
<b>(2,670,800)</b>	<b>Total Reserves</b>		<b>(2,626,532)</b>

The Statement of Accounts was approved and authorised for issue by the Director of Finance and Commercial Services, in accordance with the Accounts and Audit (England) Regulations 2015 on 31 May 2024.

These financial statements may be amended following audit review.

Philip Gregory  
Director of Finance & Commercial Services (Section 151 Officer)  
31 May 2024

## Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2022/23 £000		Notes	2023/24 £000
(129,057)	Net surplus or (deficit) on the provision of services		(128,178)
270,185	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	36	189,557
(101,447)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	36	(90,300)
<b>39,681</b>	<b>Net cash flow from operating activities</b>		<b>(28,921)</b>
(30,290)	Investing activities	37	(32,904)
74	Financing activities	38	(79,652)
<b>9,465</b>	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(141,477)</b>
212,536	Cash and cash equivalents at 1 April	18	222,001
<b>222,001</b>	<b>Cash and cash equivalents at 31 March</b>	18	<b>80,524</b>

## Expenditure and Funding Analysis (EFA) Statement

The Expenditure and Funding Analysis (EFA) Statement is a supporting statement to the primary statements and shows how annual expenditure is used and funded from resources (Government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2023/24		Outturn Position Reported to Internal Management	Adjustments for Items Not Reported to Internal Management	Net Expenditure Chargeable to the General Fund and HRA Balances Under Statutory Funding Provisions	Adjustments between the Funding and Accounting Basis	Other Adjustments	Net Expenditure in the CI&ES
		£000	£000	£000	£000	£000	£000
	Notes				5		
Adults		148,645	(3,290)	145,355	7,552	0	152,908
Childrens		143,721	15	143,736	724	0	144,460
Schools		0	4,199	4,199	850	0	5,049
City Futures		44,183	651	44,834	12	(720)	44,126
Neighbourhood Services (excluding HRA)		153,434	(663)	152,771	126,902	(1,483)	278,190
Public Health & Integrated Commissioning		12,208	0	12,208	220	0	12,428
Strategic Support		16,399	(35)	16,364	(48)	0	16,315
Corporate		(503,008)	8,551	(494,457)	(94,272)	591,401	2,672
Total General Fund (GF)		15,582	9,428	25,010	41,940	589,198	656,148
Housing Revenue Account (HRA)		0	(16,930)	(16,930)	78,158	(5,285)	55,943
<b>Net Cost of Services</b>	5	<b>15,582</b>	<b>(7,502)</b>	<b>8,080</b>	<b>120,098</b>	<b>583,913</b>	<b>712,091</b>
Other Income & Expenditure GF		0	0	0	0	(589,198)	(589,198)
Other Income & Expenditure HRA		0	0	0	0	5,285	5,285
<b>Other Income &amp; Expenditure</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(583,913)</b>	<b>(583,913)</b>
<b>(Surplus) / Deficit</b>	5	<b>15,582</b>	<b>(7,502)</b>	<b>8,080</b>	<b>120,098</b>	<b>0</b>	<b>128,178</b>
Opening General Fund and HRA Balance at 1 April		(356,706)					
(Surplus) / Deficit on General Fund and HRA Balance at 31 March		8,080					
Other Movements		12,905					
<b>Closing General Fund and HRA Balance at 31 March*</b>		<b>(335,721)</b>					

\* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

2022/23 Comparative information	Outturn Position Reported to Internal Management	Adjustments for Items Not Reported to Internal Management	Net Expenditure Chargeable to the General Fund and HRA Balances Under Statutory Funding Provisions	Adjustments between the Funding and Accounting Basis	Other Adjustments	Net Expenditure in the CI&ES
	£000	£000	£000	£000	£000	£000
	<b>Notes</b>			5		
People	304,378	(602)	<b>303,776</b>	21,598	0	<b>325,374</b>
Schools	0	4,591	<b>4,591</b>	7,523	0	<b>12,114</b>
City Futures	34,052	409	<b>34,461</b>	1,207	0	<b>35,668</b>
Operational Services (excluding HRA)	111,449	0	<b>111,449</b>	64,507	(904)	<b>175,052</b>
Policy, Performance & Communications	3,627	0	<b>3,627</b>	1,968	0	<b>5,595</b>
Resources	8,074	68	<b>8,142</b>	5,031	0	<b>13,173</b>
Corporate	(456,567)	13,550	<b>(443,017)</b>	(90,831)	534,110	<b>262</b>
Total General Fund (GF)	5,013	18,016	<b>23,029</b>	11,003	533,206	<b>567,238</b>
Housing Revenue Account (HRA)	0	(10,401)	<b>(10,401)</b>	105,426	(7,599)	<b>87,426</b>
<b>Net Cost of Services</b>	<b>5,013</b>	<b>7,615</b>	<b>12,628</b>	<b>116,429</b>	<b>525,607</b>	<b>654,664</b>
Other Income & Expenditure GF	0	0	0	0	(533,206)	<b>(533,206)</b>
Other Income & Expenditure HRA	0	0	0	0	7,599	<b>7,599</b>
<b>Other Income &amp; Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(525,607)</b>	<b>(525,607)</b>
<b>(Surplus) / Deficit</b>	<b>5,013</b>	<b>7,615</b>	<b>12,628</b>	<b>116,429</b>	<b>0</b>	<b>129,057</b>
Opening General Fund and HRA Balance at 1 April	(375,177)					
(Surplus) / Deficit on General Fund and HRA Balance at 31 March	12,628					
Other Movements	5,843					
<b>Closing General Fund and HRA Balance at 31 March*</b>	<b>(356,706)</b>					

\* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

## Notes to the Core Financial Statements

The following notes contain further information to that presented in the main statements. They provide narrative descriptions, disaggregation of items presented in the statements and information about items that do not qualify for recognition in the statements.

### 01. Prior Period Restatement

Refer to [section VI](#) of the Accounting Policies for further information which supports this note.

The prior period is restated so that 2022/23 is presented in a comparable way to 2023/24. The restatement is due to the split of the People portfolio (excluding Community Services and Integrated Commissioning) into the Adult Care and Wellbeing and Children's Services directorates and the merging of the Policy, Performance & Communications (excluding Public Health) and Resources portfolios into the Strategic Support Services directorate. Public Health and Integrated Commissioning have been brought together into a new directorate. The Operational Services portfolio has become the Neighbourhood Services directorate, which also includes Community Services, formerly part of the People portfolio.

The external audit of the 2022/23 Statement of Accounts is still to be finalised. Until completed there may be additional prior year adjustments required.

### 02. Events After the Reporting Date

Refer to [section IX](#) of the Accounting Policies for further information which supports this note.

The Statement of Accounts was authorised for issue by Philip Gregory, Director of Finance and Commercial Services on 24 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### 03. Material Items of Income and Expense

Refer to [section V](#) of the Accounting Policies for further information which supports this note.

There were no exceptional items in the year to 31 March 2024 (2022/23 – none).

#### 04. Acquired and Discontinued Operations

Refer to [section III](#) of the Accounting Policies for further information which supports this note.

##### Acquired Operations

No operations were acquired in the year to 31 March 2024 (2022/23 – none).

##### Discontinued Operations

No operations were discontinued in the year to 31 March 2024 (2022/23 – none).

#### 05. Note to the Expenditure and Funding Analysis (EFA) Statement

2023/24				
Adjustments from General Fund to arrive at the CI&ES Amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustments £000
Adults	8,403	35	(886)	7,552
Childrens	(7)	(748)	1,479	724
Schools	0	850	0	850
City Futures	25	13	(26)	12
Neighbourhood Services (excluding HRA)	151,115	91	(24,304)	126,902
Public Health & Integrated Commissioning	0	5	215	220
Strategic Support	13,968	221	(14,237)	(48)
Corporate	(128,774)	(1,786)	36,288	(94,272)
<b>Total General Fund (GF)</b>	<b>44,730</b>	<b>(1,319)</b>	<b>(1,471)</b>	<b>41,940</b>
Housing Revenue Account (HRA)	78,158	0	0	<b>78,158</b>
<b>Net Cost of Services</b>	<b>122,888</b>	<b>(1,319)</b>	<b>(1,471)</b>	<b>120,098</b>
Other Income & Expenditure	0	0	0	<b>0</b>
<b>Difference between General Fund Surplus / Deficit and CI&amp;ES Surplus / Deficit</b>	<b>122,888</b>	<b>(1,319)</b>	<b>(1,471)</b>	<b>120,098</b>

<b>2022/23 Comparative Information</b>				
<b>Adjustments from General Fund to arrive at the CI&amp;ES Amounts</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net change for the Pensions Adjustment £000</b>	<b>Other Differences £000</b>	<b>Total Adjustments £000</b>
People	(5,835)	27,311	122	21,598
Schools	0	7,523	0	7,523
City Futures	30	965	212	1,207
Operational Services (excluding HRA)	71,046	19,663	(26,202)	64,507
Policy, Performance & Communications	1,111	0	857	1,968
Resources	12,594	9,952	(17,515)	5,031
Corporate	(137,904)	30,307	16,766	(90,831)
<b>Total General Fund (GF)</b>	<b>(58,958)</b>	<b>95,721</b>	<b>(25,760)</b>	<b>11,003</b>
Housing Revenue Account (HRA)	105,426	0	0	<b>105,426</b>
<b>Net Cost of Services</b>	<b>46,468</b>	<b>95,721</b>	<b>(25,760)</b>	<b>116,429</b>
Other Income & Expenditure	0	0	0	<b>0</b>
<b>Difference between General Fund Surplus / Deficit and CI&amp;ES Surplus / Deficit</b>	<b>46,468</b>	<b>95,721</b>	<b>(25,760)</b>	<b>116,429</b>

### Adjustments for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net Change for the Pensions Adjustments

For the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.



## Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## 06. Segmental Income

Income received on a segmental basis has not been disclosed separately but further analysis can be seen in the Comprehensive Income and Expenditure Statement (CIES).

**07. Expenditure and Income Analysed by Nature**

The Council's expenditure and income is analysed as follows:

2022/23 £000		2023/24 £000
	<b>Income:</b>	
(799,402)	Revenue Grants & Other Contributions	(867,413)
(52,544)	Capital Grants & Contributions	(51,786)
(254,547)	Income from Council Tax	(271,419)
(100,388)	Income from Non-domestic Rates	(96,526)
(7,733)	Interest and Investment Income	(14,675)
(8,067)	Sales	(8,773)
(132,384)	Fees and Charges	(164,461)
(133,920)	Recharges	(139,641)
(151,601)	Dwelling Rents	(162,658)
(45,249)	Other Income	(61,021)
<b>(1,685,835)</b>		<b>(1,838,373)</b>
	<b>Expenditure:</b>	
559,975	Employee Expenditure	524,177
111,790	Premises Expenditure	122,444
27,812	Transport Expenditure	30,821
284,519	Supplies & Services	337,029
374,164	Third Party Payments	430,576
134,011	Transfer Payments	140,274
41,371	Support Services	43,046
190,846	Depreciation, Amortisation & Impairment	265,193
654	Precepts & levies	661
69,858	Interest payable & Similar Charges	67,556
0	Payment to the Housing Capital Receipts Pool	0
(1,775)	(Gain) / loss on the disposal of assets	9,067
22,050	Pension interest cost, administration expenses and return on plan assets	(7,135)
1,800	(Surplus) / deficit on Trading Operations	2,267
(2,183)	Other Expenses	575
<b>1,814,892</b>		<b>1,966,551</b>
<b>129,057</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>128,178</b>

**08. Adjustments Between Accounting Basis and Funding Basis Under Regulations**

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2023/24	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Un-applied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
						34	35	
<b>Notes</b>								
<b>Reversal of items debited or credited to the CI&amp;ES:</b>								
Depreciation of Non-current assets	(50,534)	0	(26,359)	0	0	(76,893)	76,893	0
Impairment losses charged to the CI&ES	0	0	0	0	0	0	0	0
Revaluation losses charged to the CI&ES	(86,313)	(80,840)	0	0	0	(167,153)	167,153	0
Movements in fair value of Investment Properties	(130)	0	0	0	0	(130)	130	0
Capital grants and contributions credited to the CI&ES	72,308	0	0	0	(3,941)	68,367	(68,367)	0
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	5,701	5,701	(5,701)	0
Revenue expenditure funded from capital under statute	(21,018)	0	0	0	0	(21,018)	21,018	0
Costs of disposal funded from capital receipts	(20)	0	0	20	0	0	0	0
Net gain / (loss) on sale of non-current assets	(11,722)	2,655	0	(18,064)	0	(27,131)	27,131	0
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance statutory requirements	1,257	0	0	0	0	1,257	(1,257)	0
Reversal of items relating to retirement benefits debited or credited to the CI&ES	(54,908)	0	0	0	0	(54,908)	54,908	0
Amount by which Council Tax and non-domestic rates income adjustment included in the CI&ES is different from the amount taken to the General Fund in accordance with regulation	1,657	0	0	0	0	1,657	(1,657)	0
Amount by which officer remunerations costs calculated in accordance with the code are different from the amount of costs calculated in accordance with statutory requirements	(1,443)	0	0	0	0	(1,443)	1,443	0
<b>Insertion of items not debited or credited to the CI&amp;ES:</b>								
Statutory provision for repayment of debt (MRP)	52,750	0	0	0	0	52,750	(52,750)	0
Voluntary provision for repayment of debt (VMRP)	0	27	0	0	0	27	(27)	0
Revenue Contribution to Major Repairs Reserve	0	0	0	0	0	0	0	0
Transfer of Capital Receipts (<£10k) to the General Fund and HRA	(52)	0	0	52	0	0	0	0
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Employer's contribution to pension scheme	56,228	0	0	0	0	56,228	(56,228)	0
<b>Capital Financing:</b>								
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	6,370	0	6,370	(6,370)	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	44,723	0	0	44,723	(44,723)	0
<b>Total</b>	<b>(41,940)</b>	<b>(78,158)</b>	<b>18,364</b>	<b>(11,622)</b>	<b>1,760</b>	<b>(111,596)</b>	<b>111,596</b>	<b>0</b>

2022/23 – Comparative Information

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Un-applied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
						34	35	
<b>Notes</b>								
<b>Reversal of items debited or credited to the CI&amp;ES:</b>								
Depreciation of Non-current assets	(51,507)	0	(24,733)	0	0	(76,240)	76,240	0
Impairment losses charged to the CI&ES	0	0	0	0	0	0	0	0
Revaluation losses charged to the CI&ES	12,585	(109,966)	0	0	0	(97,381)	97,381	0
Movements in fair value of Investment Properties	(150)	0	0	0	0	(150)	150	0
Capital grants and contributions credited to the CI&ES	68,371	0	0	0	(5,628)	62,743	(62,743)	0
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	4,507	4,507	(4,507)	0
Revenue expenditure funded from capital under statute	(17,075)	0	0	0	0	(17,075)	17,075	0
Costs of disposal funded from capital receipts	(20)	0	0	20	0	0	0	0
Net gain / (loss) on sale of non-current assets	(2,738)	4,513	0	(33,152)	0	(31,377)	31,377	0
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance statutory requirements	1,253	0	0	0	0	1,253	(1,253)	0
Reversal of items relating to retirement benefits debited or credited to the CI&ES	(148,783)	0	0	0	0	(148,783)	148,783	0
Amount by which Council Tax and non-domestic rates income adjustment included in the CI&ES is different from the amount taken to the General Fund in accordance with regulation	24,500	0	0	0	0	24,500	(24,500)	0
Amount by which officer remunerations costs calculated in accordance with the code are different from the amount of costs calculated in accordance with statutory requirements	8	0	0	0	0	8	(8)	0
<b>Insertion of items not debited or credited to the CI&amp;ES:</b>								
Statutory provision for repayment of debt (MRP)	49,547	0	0	0	0	49,547	(49,547)	0
Voluntary provision for repayment of debt (VMRP)	0	27	0	0	0	27	(27)	0
Revenue Contribution to Major Repairs Reserve	0	0	0	0	0	0	0	0
Transfer of Capital Receipts (<£10k) to the General Fund and HRA	(56)	0	0	56	0	0	0	0
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Employer's contribution to pension scheme	53,062	0	0	0	0	53,062	(53,062)	0
<b>Capital Financing:</b>								
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	16,944	0	16,944	(16,944)	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	47,398	0	0	47,398	(47,398)	0
<b>Total</b>	<b>(11,003)</b>	<b>(105,426)</b>	<b>22,665</b>	<b>(16,132)</b>	<b>(1,121)</b>	<b>(111,017)</b>	<b>111,017</b>	<b>0</b>

## 09. Other Operating Expenditure

The following table provides a breakdown of Other Operating Expenditure:

2022/23		2023/24
£000		£000
654	Precepts (paid to non-principal authorities)	661
(1,775)	(Gain) / loss on the disposal of non-current assets	9,067
1,352	Pension Administration Expenses	1,457
<b>231</b>	<b>Total</b>	<b>11,184</b>

## 10. Financing and Investment Income and Expenditure

The following table provides a breakdown of Financing and Investment Income and Expenditure:

2022/23		2023/24
£000		£000
69,858	Interest payable and similar charges	67,556
20,698	Pensions interest cost and expected return on pensions assets	(8,592)
(7,733)	Interest receivable and similar income	(14,675)
1,800	(Surplus) / Deficit on Trading Undertakings	2,267
(961)	Income and Expenditure in relation to Investment Properties and changes to their fair value	(1,007)
<b>83,662</b>	<b>Total</b>	<b>45,549</b>

**11. Taxation and Non Specific Grant Income**

Refer to [sections XIII](#) and [XXVIII](#) of the Accounting Policies for further information which supports this note.

The following table provides a breakdown of Taxation and Non Specific Grant Income:

2022/23				2023/24	
£000	£000		Notes	£000	£000
	(254,547)	Council Tax Income			(271,419)
	(100,388)	NNDR Distribution			(96,526)
		<i>Non-ring fenced government grants</i>	12		
(38,865)		- Revenue Support Grant (RSG)		(43,612)	
(43,222)		- Business Rates Top Up Grant		(51,146)	
(1,214)		- Business Rates Levy Account Surplus		(1,214)	
(3,435)		- New Homes Bonus		(2,692)	
(74,438)		- Private Finance Initiative (PFI) Grant		(74,438)	
(114)		- New Burden Grant		(85)	
(7,687)		- Small Business Rates Relief		(7,984)	
(14,739)		- Business Rates Multiplier Cap		(25,058)	
(959)		- Lower Tier Services Grant		0	
(4,805)		- Retail, Hospitality & Leisure Grant		(6,508)	
(9,980)		- Services Grant		(5,855)	
(2,248)		- COVID Additional Relief Fund		27	
0		- Household Support Fund		(1,138)	
(315)		- Other		(1,212)	
	(202,021)				(220,915)
	<b>(556,956)</b>				<b>(588,860)</b>
	(52,544)	Capital Grants and Contributions	12		(51,786)
	<b>(609,500)</b>	<b>Total</b>			<b>(640,646)</b>

**12. Grant Income**

Refer to [section XIII](#) of the Accounting Policies for further information which supports this note.

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2022/23 £000		2023/24 £000
	<b>Credited to Services:</b>	
(25,750)	Clinical Commissioning Group	(29,319)
0	Department for Business, Energy and Industrial Strategy	(303)
(133,718)	Department of Levelling Up, Housing, Communities	(156,652)
(1,249)	Department for Digital, Culture, Media & Sport	(1,440)
(293,409)	Department for Education	(314,692)
(1,218)	Department for Environment, Food and Rural Affairs	(284)
(143,974)	Department for Work and Pensions	(143,944)
(42,641)	Department of Health & Social Care	(44,861)
(275)	Department of Transport	(292)
(5,982)	English Local Government	(9,611)
(3,166)	Home Office	(5,684)
(831)	Ministry of Justice	(1,625)
(3,849)	Other	(2,165)
<b>(656,062)</b>	<b>Total</b>	<b>(710,872)</b>
	<b>Credited to Taxation and Non Specific Grant Income:</b>	
	<i>Non-ring fenced Government Grants:</i>	
(177,933)	Department for Levelling Up, Housing & Communities	(196,856)
(23,974)	Education Funding Agency	(23,974)
(114)	Other	(85)
<b>(202,021)</b>		<b>(220,915)</b>
	<i>Capital Grants and Contributions:</i>	
(4,718)	Department for Levelling Up, Housing & Communities	(14,180)
(9,711)	Department for Education	(5,405)
(3,175)	Department for Environment, Food and Rural Affairs	0
0	Department of Health	(283)
0	Department of Energy & Climate Change	(735)
0	National Heritage Memorial Fund	(25)
(2,828)	Department for Transport	(1,459)
(21,527)	South Yorkshire Mayoral Combined Authority	(19,637)
(10,585)	Other	(10,062)
<b>(52,544)</b>		<b>(51,786)</b>
<b>(254,565)</b>	<b>Total</b>	<b>(272,701)</b>

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the provider. The balances at year end are as follows:

31 March 23 £000		31 March 24 £000
	<b>Revenue Grants Receipts in Advance:</b>	
(2,166)	Department for Business, Energy and Industrial Strategy	(347)
(35,242)	Department for Levelling Up, Housing & Communities	(17,904)
(5,020)	Department for Education	(5,227)
(108)	Department for Environment, Food and Rural Affairs	(220)
(765)	Department of Health and Social Care	(326)
(2,644)	Department for Work and Pensions	(2,594)
(1,223)	Home Office	(1,722)
(25)	Department for Transport	(158)
(9,003)	Other	(12,736)
<b>(56,196)</b>	<b>Total</b>	<b>(41,234)</b>

31 March 23 £000		31 March 24 £000
	<b>Capital Grants Receipts in Advance:</b>	
0	Department for Business, Energy and Industrial Strategy	(372)
(61)	Department for Digital, Culture, Media & Sport	(66)
(11,698)	Department for Levelling Up, Housing & Communities	(32,236)
(21,858)	Department for Education	(26,916)
(63)	Department for Environment, Food and Rural Affairs	0
(10,607)	Department for Transport	(10,768)
(2,054)	Department of Health & Social Care	(1,771)
(3,555)	South Yorkshire Mayoral Combined Authority	(7,200)
0	Sport England	(6)
(29,067)	Other	(26,881)
<b>(78,963)</b>	<b>Total</b>	<b>(106,216)</b>



### 13. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped to by the Department to fund academy schools in the Council's area.

DSG is ringfenced and can only be applied to meet expenditure properly included in the School's Budget, as defined in the School Finance and Early Years (England) Regulations 2011. The School's Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24 are as follows:

2023/24	Central Expenditure £000	Individual Schools Budget £000	Total £000	2022/23 Comparative Information	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2023/24 before Academy recoupment	41,253	529,974	571,227	Final DSG for 2022/23 before Academy recoupment	42,954	486,096	529,050
Academy figure recouped for 2023/24	(2,968)	(327,975)	(330,943)	Academy figure recouped for 2022/23	(2,454)	(297,388)	(299,842)
<b>Total DSG after Academy recoupment for 2023/24</b>	<b>38,285</b>	<b>201,999</b>	<b>240,284</b>	<b>Total DSG after Academy recoupment for 2022/23</b>	<b>40,500</b>	<b>188,708</b>	<b>229,208</b>
Brought forward from 2022/23	11,346	0	11,346	Brought forward from 2021/22	8,478	0	8,478
Carry forward to 2024/25 agreed in advance	0	0	0	Carry forward to 2023/24 agreed in advance	0	0	0
<b>Agreed initial budgeted DSG distribution in 2023/24</b>	<b>49,631</b>	<b>201,999</b>	<b>251,630</b>	<b>Agreed initial budgeted DSG distribution in 2022/23</b>	<b>48,978</b>	<b>188,708</b>	<b>237,686</b>
In year adjustments	0	(338)	(338)	In year adjustments	0	273	273
<b>Final budgeted distribution for 2023/24</b>	<b>49,631</b>	<b>201,661</b>	<b>251,292</b>	<b>Final budgeted distribution for 2022/23</b>	<b>48,978</b>	<b>188,981</b>	<b>237,959</b>
Less Actual central expenditure	(37,117)	0	(37,117)	Less Actual central expenditure	(37,632)	0	(37,632)
Less Actual ISB deployed to schools	0	(201,661)	(201,661)	Less Actual ISB deployed to schools	0	(188,981)	(188,981)
<b>Plus Local Authority contribution for 2023/24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Plus Local Authority contribution for 2022/23</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carry forward to 2024/25</b>	<b>12,514</b>	<b>0</b>	<b>12,514</b>	<b>Carry forward to 2023/24</b>	<b>11,346</b>	<b>0</b>	<b>11,346</b>

## 14. Financial Instruments

Refer to [section XI](#) of the Accounting Policies for further information which supports this note.

Financial Instruments are initially measured at fair value and carried at their amortised cost, unless otherwise stated below.

### Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2023			31 March 2024	
Current	Long Term		Current	Long Term
£000	£000		£000	£000
<b>Financial Assets</b>				
150,000	5,000	- Investments	110,000	0
1,654	0	- Accrued Interest	2,171	0
<b>151,654</b>	<b>5,000</b>	<b>Total Investments</b>	<b>112,171</b>	<b>0</b>
208,125	0	- Short-term deposits	91,885	0
687	0	- Accrued Interest	548	0
<b>208,812</b>	<b>0</b>	<b>Total short-term deposits &amp; accrued interest</b>	<b>92,433</b>	<b>0</b>
78,737	4,240	- Debtors (at amortised cost)	122,580	3,782
0	108,519	- Debtors (at FVPL)	0	115,058
<b>78,737</b>	<b>112,759</b>	<b>Total Debtors</b>	<b>122,580</b>	<b>118,840</b>
<b>439,203</b>	<b>117,759</b>	<b>Total Financial Assets</b>	<b>327,184</b>	<b>118,840</b>
<b>Financial Liabilities</b>				
(20,000)	(880,418)	- Borrowings	(12,000)	(850,418)
(7,795)	0	- Accrued Interest	(7,456)	0
0	(6,989)	- Accounting Adjustments	0	(6,903)
<b>(27,795)</b>	<b>(887,407)</b>	<b>Total borrowing</b>	<b>(19,456)</b>	<b>(857,321)</b>
(18,614)	(301,506)	PFI and finance lease liabilities	(19,651)	(281,855)
<b>(46,409)</b>	<b>(1,188,913)</b>	<b>Total other long-term liabilities</b>	<b>(39,107)</b>	<b>(1,139,176)</b>
<b>(147,709)</b>	<b>(14,629)</b>	<b>Creditors</b>	<b>(86,666)</b>	<b>0</b>
<b>(194,118)</b>	<b>(1,203,542)</b>	<b>Total Financial Liabilities</b>	<b>(125,773)</b>	<b>(1,139,176)</b>
<b>0</b>	<b>59</b>	<b>Soft Loans Provided</b>	<b>0</b>	<b>40</b>

**Note 1** – Carrying amounts of financial instruments in the balance sheet include principal borrowed / lent, adjustments for breakage costs and accrued interest. For clarity accrued interest is identified separately.

**Note 2** - The value of debtors and creditors reported in the table are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes 16, 17 and 19 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

**Note 3** – Total borrowing has decreased, primarily due to the call of £28m across two LOBO loans which were repaid in year.

## Soft Loans

The Council made a £141k cash flow loan to Manor & Castle Development trust at 0% interest which was less than market rates of approximately 1.65%. The soft loan balance and movement in 2023/24 consists exclusively of this loan.

The detailed soft loans information is shown in the table below:

31 March 2023 £000		31 March 2024 £000
78	<b>Opening Balance</b>	59
1	Increase /(Decrease) in the Discounted Amount	1
(20)	Loan Repayment	(20)
<b>59</b>	<b>Balance Carried Forward</b>	<b>40</b>
<b>61</b>	<b>Nominal Value Carried Forward</b>	<b>41</b>

## Capitalisation of Interest

The Council has chosen to capitalise borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets as part of the cost of those assets, as permitted by IAS 23 Borrowing Costs. This is in line with the accounting policy for Property, Plant & Equipment set out in [section XX](#) of the Accounting Policies.

In 2023/24, interest of £3.44m (£5.85m in 2022/23) was capitalised using a capitalisation rate of 3.48% (3.47% in 2022/23) in relation to the on-going development of the Heart of the City II Project (formerly referred to as the Sheffield Retail Quarter).

## Financial Instrument Gains / Losses

The Financial Instrument gains and losses recognised in the Comprehensive Income and Expenditure Statement are:

2022/23			2023/24		
Financial Liabilities	Financial Assets Loans and Receivable	Total	Financial Liabilities	Financial Assets Loans and Receivable	Total
£000	£000	£000	£000	£000	£000
(34,057)	0	(34,057)	(33,386)	0	(33,386)
(35,806)	0	(35,806)	(34,344)	0	(34,344)
5	0	5	(4)	0	(4)
<b>(69,858)</b>	<b>0</b>	<b>(69,858)</b>	<b>(67,726)</b>	<b>0</b>	<b>(67,726)</b>
0	7,733	7,733	0	13,761	13,761
<b>0</b>	<b>7,733</b>	<b>7,733</b>	<b>0</b>	<b>13,761</b>	<b>13,761</b>
<b>(69,858)</b>	<b>7,733</b>	<b>(62,125)</b>	<b>(67,726)</b>	<b>13,761</b>	<b>(53,965)</b>

## Fair Value of Assets and Liabilities Carried at Amortised Cost

The borrowings and investments disclosed in the Balance Sheet are shown at amortised cost. Their fair value can be assessed by calculating the net present value (NPV) of the cash flows that take place over the remaining life of the instruments which provides an estimate of the value of payments in the future in today's terms. The calculations have been made using the following assumptions:

- The discount rate used was the market rates as at 31 March 2024 (using bid prices where applicable) for instruments with the same duration (i.e. equal to the outstanding period from valuation date to maturity), loan structure and terms as that of the comparable instrument.
- For loans from the Public Works Loan Board (PWLB) payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- As the purpose of the fair value disclosure is to provide a comparison with the carrying value in the Balance Sheet, accrued interest has been included in the fair valuation calculation as this is also reflected in the carrying amount. The accrued interest figure is calculated up to and including the valuation date.
- For loans receivable, the prevailing benchmark market rates have been used to provide the fair value.
- Interest is calculated using the most common market convention ACT/365.
- Where an instrument has a maturity of less than 12 months, the fair value is taken to be the carrying amount.
- For fixed term deposits it is assumed that interest is received on maturity, or annually if duration is > 1 year.

The fair values calculated are:

31 March 2023			31 March 2024		
Carrying Amount £000	Fair Value £000	Fair Value of Liabilities	Carrying Amount £000	Fair Value £000	
(596,651)	(497,396)	PWLB debt	(596,605)	(479,930)	
(311,562)	(296,224)	Non-PWLB debt	(273,268)	(241,962)	
(320,120)	(320,120)	PFI / PPP Liabilities	(301,506)	(301,506)	
(162,338)	(162,338)	Creditors	(86,666)	(86,666)	
<b>(1,390,671)</b>	<b>(1,276,078)</b>	<b>Total Financial Liabilities</b>	<b>(1,258,045)</b>	<b>(1,110,064)</b>	

The table above reflects the aggregate position of Sheffield City Council's loan portfolio as at the Balance Sheet date. The fair value is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is now lower than the rates applicable to similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from the commitment to pay interest to lenders below current market rates.

31 March 2023			31 March 2024		
Carrying Amount £000	Fair Value £000	Fair Value of Assets	Carrying Amount £000	Fair Value £000	
208,125	208,125	Short term deposits & Accrued Interest (at amortised cost)	91,885	91,885	
155,000	156,481	Investments (at amortised cost)	110,000	112,171	
82,977	82,977	Debtors (at amortised cost)	126,362	126,362	
108,519	108,519	Debtors (at FVPL)	115,058	115,058	
<b>554,621</b>	<b>556,102</b>	<b>Total Financial Assets</b>	<b>443,305</b>	<b>445,476</b>	

The Council holds Investments of £90m in short term loans to other local authorities. The Council also has £20m in one call account deposit with a UK bank. As all of these assets mature within 1 year, the fair values of the assets are not materially different from the carrying amount.

Other deposits were held in instant access accounts and Money Market Funds (MMFs) and are classed as Cash or Cash Equivalents.

## 15. Nature and Extent of Risks Arising from Financial Instruments

Refer to [section XI](#) of the Accounting Policies for further information which supports this note.

### Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- *Credit Risk* - the possibility that other parties might fail to pay amounts due to the Council.
- *Liquidity Risk* - the possibility that the Council might not have funds available to meet its commitments to make payments.
- *Re-financing Risk* - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest or terms.
- *Market Risk* - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code and CIPFA Code of Practice on Treasury Management in Public Services and investment guidance – issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Code of Practice on Treasury Management.
- By the adoption of a Treasury Policy Statement and treasury management clauses within the Council's Financial Regulations / Standing Orders / Constitution.
- By approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing.
  - The maximum and minimum exposure in regard to the maturity structure of debt.
  - Its management of interest rate exposure.
  - The maximum annual exposures to investments maturing beyond a year.
- By approving an Investment Strategy for the forthcoming year setting out the criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 2<sup>nd</sup> March 2022 and is available on the Council website.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (covering areas such as Interest rate risk, credit risk and investment of surplus balances).

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Council's website.

### **Credit Risk Management Practices**

The authority's credit risk management practices are set out in the Annual Investment Strategy, with particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The full Investment Strategy for 2023/24 was approved by Full Council and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in line with internal ratings in accordance with parameters set by the Council.

The authority's maximum exposure to credit risk in relation to its investments in financial institutions is assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the authority's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

The changes in loss allowance for investments at amortised cost during the year are as follows:

Asset Class – Investments at Amortised Costs	Lifetime Expected Credit Losses - Simplified Approach	Total
	£000	£000
Opening balance as at 1 April 2023	4,038	4,038
Changes in models/risk parameters	(4)	(4)
<b>As at 31 March 2024</b>	<b>4,034</b>	<b>4,034</b>

The table below shows that the Council's outstanding investment balance as at 31 March 2024 was £110m, (£155m at 31 March 2023):

31 March 2023 – Comparative Information				31 March 2024			
Financial Institution	Rating of Counterparty	Country	Gross Carrying Amount (£000)	Financial Institution	Rating of Counterparty	Country	Gross Carrying Amount (£000)
Barclays Bank	A	UK	£20,000	Barclays Bank	A+	UK	£20,000
Lloyds	A+	UK	£15,000	Local Authorities	AA-	UK	£90,000
Standard Chartered	A+	UK	£20,000				
Local Authorities	AA-	UK	£100,000				

As at 31 March 2024 the Council held £20m with Barclays Bank (default risk 0.012%). Whilst immaterial this adds up to an expected loss of £2k across these investments. Expected losses with other authorities are required to be excluded.

Other funds held at the year-end of £71.9m (£208.1m in 2022/23) were deposited with AAA Money Market Funds (MMFs) and an instant access account. As these funds offer instant access these deposits have been classified as Cash and Cash Equivalents in the accounts.



No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its deposits.

The Council does not allow credit for customers therefore the value of £26.4m (£27.7m for 2022/23) shown in the following table are all debtors which are past their due date for payment. The past due amounts can be analysed by age as follows:

31 March 2023		31 March 2024	
£000		£000	
17,952	Less than three months	10,198	
2,038	Three to six months	1,368	
2,332	Six months to one year	4,586	
5,369	More than one year	10,208	
<b>27,691</b>	<b>Total</b>	<b>26,360</b>	

The Council's bad debt impairment at 31 March 2024 is £111.4m (£107.4m for 2022/23). Of this, £6.2m (£7.2m for 2022/23) relates to the above outstanding debt (please refer to Note 17 for further details).

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through comprehensive cash flow management system as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow needs and, whilst the PWLB provides access to longer term funds, the Council is also required to set a balanced budget in accordance with the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

All sums owing to the Council from funds deposited in MMFs and instant access account is £71.9m as at 31 March 2024 (£208.1m as at 31 March 2023) and offer instant repayment.

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved Treasury and Investment strategies address the main risks and the Treasury Management team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is:

Principal £000	2022/23			Principal £000	2023/24		Principal plus Interest £000	
	Principal	Accrued Interest			Principal plus Interest	Principal		Accrued Interest
20,000		14,784*		34,784	Less than 1 year	12,000	14,359*	26,359
12,000		0		12,000	Between 1 & 2 years	18,369	0	18,369
40,691		0		40,691	Between 2 & 5 years	43,945	0	43,945
98,845		0		98,845	Between 5 & 10 years	87,223	0	87,223
728,882		0		728,882	More than 10 years	700,882	0	700,882
<b>900,418</b>		<b>14,784</b>		<b>915,202</b>	<b>Total</b>	<b>862,418</b>	<b>14,359</b>	<b>876,776</b>

\* This includes £7,356k of accrued interest, the remaining balance is for the effective interest rate adjustment which reduces over the life of the underlying loans.

The maturity analysis of financial assets is:

Principal £000	2022/23			Principal £000	2023/24		Principal plus Interest £000	
	Principal	Accrued Interest			Principal plus Interest	Principal		Accrued Interest
150,000		1561		151,561	Less than 1 year	90,000	2,171	92,171
5,000		95		5,095	Between 1 and 2 years	0	0	0
<b>155,000</b>		<b>1,656</b>		<b>156,656</b>	<b>Total</b>	<b>90,000</b>	<b>2,171</b>	<b>92,171</b>

Cash and Cash Equivalents are not shown in the above table.

All trade debtors and other payables are due to be paid in less than one year and are not shown in the above table.

## Market Risk

### Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowing at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowing at fixed rates - the fair value of the borrowing liability will fall (no impact on revenue balances).
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund. Movements in the fair value of fixed rate instruments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposures. The Treasury Management team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns and the drawing of longer-term fixed rate borrowing would be postponed.

In order to minimise the Council's exposure to loan interest functions the Council's Treasury Management Strategy has set a limit of £160m worth of variable rate debt. As at 31 March 2024, the amount of variable rate debt was £132m.

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>£000</b>
Increase in interest payable on variable rate borrowings *	1,320
Increase in interest receivable on variable rate investments **	(211)
Impact on Surplus or Deficit on the Provision of Services	<b>1,109</b>
Share of overall impact debited to the HRA***	417
Decrease in fair value of fixed rate investment assets****	0
Impact on Other Comprehensive Income and Expenditure *****	<b>0</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	<b>66,531</b>

**Notes:**

\* All of the borrowing raised from the PWLB and £138m of Market loans were at fixed rates in 2023/24 and as a result a change in interest rate on these loans would have no actual effect on the interest actually payable, or on the Comprehensive I&E Statement or HRA. There are a number of LOBO loans (£132m) which are out of their "fixed" period and onto calls which are shown in the accounts as variable (although in reality they are fixed at each call period until the next call, so are only affected by a change of interest rates when the loan is "called" at which point the Council would have the option to repay the loan with any premiums being payable.) There were two LOBOs called during 2023/24, both of which were repaid. For the purposes of this note the average rate of these loans (4.6%) has been inflated by 1% to show the impact this may have.

\*\* Based on a 1% increase on the weighted average interest rate and investment balance for 2023/24.

\*\*\* HRA share is 37.56% of total interest payable which is charged to the HRA. Note that under Self Financing it is assumed that no investment balances are attributable to the HRA and therefore they do not benefit from an increase in interest receivable.

\*\*\*\* There were £90m of fixed term investments held at the year end which were classified as fixed held with other local authorities. There was one variable bank deposit totalling £20m and other investments held by the Council at the year end were in Money Market Funds (MMFs) or bank accounts which offer instant access to funds and therefore classified as Cash or Cash Equivalents on the Balance Sheet.

\*\*\*\*\* The 1% increase in the market rates, as provided in the Link Asset Services Fair Value sensitivity analysis, reduces the net market value of the deposits.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the note – Fair Value of Assets and Liabilities carried at Amortised Cost.

**Foreign Exchange Risk**

The Council has no material financial assets or liabilities denominated in foreign currencies and therefore no exposure to loss arising from movements in exchange rates. As at 31 March 2024 the Council has a euro denominated account although the balance was zero.

**16. Long Term Debtors**

The following is an analysis of Long Term Debtors:

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
3,112	Up Front Contributions for Private Finance Initiative (PFI) Schemes	2,673
31	Housing Advances	31
531	Charges Over Assets	531
0	Pension Prepayment	44,273
112,169	Sheffield City Trust	115,058
1,658	Grosvenor House Lease Rental	1,183
	<i>Loans to Third Parties:</i>	
102	- Manor and Castle Development Trust	107
42	- Business Improvement District	28
1,877	- Sheffield Housing Company	1,877
<b>119,522</b>	<b>Total</b>	<b>165,761</b>

**Sheffield City Trust**

The debtor of £115.1m as at 31 March 2024 (£112.2m as at 31 March 2023) represents the value of the Major Sporting Facilities property assets, which have been revalued in 2023/24 and which are currently held by Sheffield City Trust. The Major Sporting Facilities property assets are due to return to the Council in December 2024, at which point they will be accounted for as Property, Plant and Equipment.

**17. Short Term Debtors**

31 March 2023			31 March 2024		
Total Debtors Gross £000	Less Impairments for Bad Debts £000	Net of Impairments £000	Total Debtors Gross £000	Less Impairments for Bad Debts £000	Net of Impairments £000
45,909	0	45,909	50,548	0	50,548
4,737	0	4,737	5,038	0	5,038
3,391	0	3,391	4,785	0	4,785
13,776	(10,529)	3,247	13,546	(9,784)	3,761
120,467	(75,770)	44,697	136,780	(82,951)	53,829
2,548	0	2,548	2,597	0	2,597
9,170	0	9,170	0	0	0
75,903	(21,151)	54,752	129,681	(18,665)	111,017
<b>275,901</b>	<b>(107,450)</b>	<b>168,451</b>	<b>342,975</b>	<b>(111,400)</b>	<b>231,575</b>

In 2013 the Council advanced Sheffield City Trust £101m to part fund the repayment of bank debt. Repaying the bank debt freed the Trust from the expensive leases that would have otherwise run to 2024 and which were funded by the Council via annual grant. This prepayment was amortised over eleven years in line with the original lease arrangements.

**18. Cash and Cash Equivalents**

Refer to [section IV](#) of the Accounting Policies for further information which supports this note.

The following is an analysis of Cash and Cash Equivalents shown on the Balance Sheet:

31 March 2023		31 March 2024
£000		£000
13,987	Cash at Bank	8,766
33	Petty Cash Floats	19
208,125	Short Term Deposits	71,885
(144)	Other	(146)
<b>222,001</b>	<b>Total</b>	<b>80,524</b>

In accordance with the accounting policy for Cash and Cash Equivalents detailed in Accounting Policies, we do not include third party balances which as at 31 March 2024 was £15.3m (£12.3m as at 31 March 2023).

**19. Short Term Creditors**

31 March 2023 £000		31 March 2024 £000
(65,753)	Central Government Bodies	(47,595)
(7,422)	Other Local Authorities	(11,493)
(1,941)	NHS Bodies	(3,034)
(5,045)	Housing Tenants	(4,745)
(59,662)	Local Taxpayers and NNDR	(60,905)
(13,886)	Capital Projects	(11,509)
(11,263)	Accumulated Absences	(12,706)
(107,402)	Other Entities and Individuals	(87,125)
<b>(272,374)</b>	<b>Total</b>	<b>(239,112)</b>

The Council previously had a creditor for Sheffield City Trust, reflecting the obligation to provide £140.4m of funding between 2014 and 2024 for the repayments of the bond financing of the Major Sporting Facilities. There is no outstanding liability as at 31<sup>st</sup> March 2024 (£17.6m as at 31<sup>st</sup> March 2023).

**20. Provisions and Deferred Credits**

Refer to [section XXIII](#) of the Accounting Policies for further information which supports this note.

The Council maintains the following provisions:

	Insurance £000	Business Rates Appeals £000	Termination Benefits £000	HRA - Week 53 Rent Deferred Credit £000	Other £000	Total £000
At 1 April 2023	(4,713)	(10,129)	(42)	(1,129)	(5,778)	(21,791)
Additional Provisions	0	(3,799)	0	0	(2,389)	(6,188)
Amounts Used	0	4,595	42	565	1,845	7,047
Unused Amounts Reversed	870	0	0	0	0	870
<b>At 31 March 2024</b>	<b>(3,843)</b>	<b>(9,333)</b>	<b>0</b>	<b>(564)</b>	<b>(6,322)</b>	<b>(20,062)</b>
<b>Comprising of:</b>						
Short Term	(3,750)	(2,157)	0	(564)	(5,203)	(11,674)
Long Term	(93)	(7,176)	0	0	(1,119)	(8,388)
	<b>(3,843)</b>	<b>(9,333)</b>	<b>0</b>	<b>(564)</b>	<b>(6,322)</b>	<b>(20,062)</b>

## Insurance

The Council operates an Internal Insurance Account covering a variety of risks.

The Council does not in general insure against the theft of the contents of its buildings and other property, although it does provide theft cover for computers in schools and for Art and Museum exhibits on loan to the Council.

## Business Rates Appeals

This provision covers Sheffield City Councils share of the national non-domestic rates appeals provision located within the Collection Fund. This is provided against outstanding appeals on the rateable value of properties within the city.

## Termination Benefits

This provision represents the termination benefits due to individuals who the Chief Officer Panel have approved to leave the Council via voluntary early retirement and voluntary redundancy, but who as at 31 March have not yet left the Council. The balance at 31 March 2024 was nil as there were no individuals in this position.

## HRA - Week 53 Rent Deferred Credit

This account is used to annualise HRA rent. It is used to equalise out the 52 / 53 week years, giving greater stability to the HRA.

## Other

This balance represents the Council's other provisions and includes provisions for equal pay claims, business rates appeals, grant claw back, risks relating to the waste contract and various other smaller provisions.

## 21. Other Long Term Liabilities

The Other Long Term Liabilities figure on the Balance Sheet is made up of:

31 March 2023 £000		31 March 2024 £000
(14,629)	Deferred liabilities – PFI deferred revenue	(13,659)
<b>(14,629)</b>	<b>Total</b>	<b>(13,659)</b>



## Deferred Liabilities

As at 31 March 2024 the Council has recognised deferred revenue of £7.9m that relates to the Council's Waste PPP scheme and £5.8m that relates to the Council's Highways PFI scheme.

## 22. Contingent Liabilities

Refer to [section XXIII](#) of the Accounting Policies for further information which supports this note.

When it can estimate potential costs with some certainty, the Council accrues them into the financial statements. This note summarises contingent liabilities, which may result in future costs but cannot be estimated accurately or are considered sufficiently uncertain.

### Sheffield Museums Trust

Museums Sheffield has merged with Sheffield Industrial Museums Trust to become Sheffield Museums Trust. In the event of a service determination notice the Council would have to pick up all of its assets and liabilities.

### Academies

Before a school converts to an academy, its board of governors signs a Commercial Transfer Agreement with the Council. This agreement is intended to ensure that all information on the staff, assets and contracts that are transferring to the academy is recorded and transferred to the academy trust so that the appropriate arrangements for payment of salaries, pension contributions, etc can be made. In relation to certain recent academy conversions, the Council agrees to consider in good faith reasonable requests on an individual basis to indemnify the relevant academies against losses reasonably incurred in connection with various employment claims. At this stage, there is no indication that the Council is exposed to a specific liability.

### Pensions

There are a number of organisations, such as Sheffield Museums Trust and Veolia, who have admitted body status with South Yorkshire Pension Authority (SYPA) for which the Council has guaranteed payments under the Local Government Superannuation Regulations 1995. This admitted body status is given, usually under TUPE (Transfer of Undertakings Protection of Employment) regulations, where the new employer of the staff transferred from the Council is not a Local Government Organisation and therefore not eligible to become an employing organisation within SYPA.

It is not possible to estimate the extent of the Council's liability under these agreements and in the normal course of events the Council believes that no calls on this contingent liability will arise. The indemnity is in place in case of unforeseen events happening whereby the new employing organisation cannot meet its obligation to the fund. The financial performance of the organisation having admitted body status and SYPA are monitored as a result.

## Tax - Building Schools for the Future

The Council has indemnified Notre Dame Academy against the potential for His Majesty's Revenue & Customs (HMRC) to challenge the basis under which the school issued a VAT zero-rate certificate to the Council in September 2013. As part of the Building Schools for the Future (BSF) programme the Council, via a contractor, supplied new-build construction works to the school. These works can be supplied by the Council at the zero-rate for VAT purposes if the recipient of the works agrees to only use the new-build elements of the work for educational or charitable purposes for at least ten years. In issuing the certificate the school agreed to these provisions.

By issuing the certificate the school was able to mitigate paying £900k to HMRC in VAT costs. Had the certificate not been issued, the Council would have been obliged to fund this cost on the school's behalf during the financial year 2013/14. HMRC have agreed the process by which the certificate was issued.

The contingent risk for the Council lies in the school's continued commitment to only use the newly constructed buildings for charitable or educational purposes over the next ten years. Should the school not fulfil these commitments HMRC would seek to recover some of these VAT costs from the school. The indemnity passes this risk onto the Council. The Council's contingent liability will decrease by 10% for every year the conditions of the certificate are complied with. At 31<sup>st</sup> March 2024 this risk could be valued at £90k.

## Business Rates Appeals

The Council is required to provide an estimate of how much business rates income it will collect and therefore how much it will rely upon in setting the budget every year. This involves the Council's own assumptions about the levels of refunds that may be given and the levels of outstanding appeals. Both of these carry significant risk and will involve assumptions about performance in 2022/23 that will be based on experience of recent years and the most recent trends in how appeal cases have been settled over the last year.

The total Collection Fund provision for losses due to appeals amounted to £20.7m in 2022/23. In 2023/24 the total Collection Fund provision has been reduced to £19.1m based on the currently outstanding cases.

It is extremely difficult to predict when new appeals may be lodged by ratepayers and what the likely outcome and cost implications of these new appeals may be. Furthermore, the Council is affected by national issues outside of its control, for example due to case law or new legislation. It is not possible to estimate with certainty what the probable cost of these issues may be.

**23. Property, Plant and Equipment (PPE)**

Refer to [section XX](#) of the Accounting Policies for further information which supports this note.

Movements in 2023/24	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment (VPFE) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
<b>Cost or Valuation:</b>								
At 1 April 2023	<b>1,634,626</b>	<b>597,710</b>	<b>97,754</b>	<b>1,014</b>	<b>247,816</b>	<b>235,324</b>	<b>2,814,244</b>	<b>86,304</b>
Additions - programmed investment	45,193	6,588	2,003	2,837	21,247	31,580	<b>109,448</b>	50
Revaluation increases / (decreases) recognised in the Revaluation Reserve	120,937	3,179	(3,188)	174	29,562	0	<b>150,664</b>	(2,830)
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	(93,161)	(2,353)	(90)	(2,854)	(85,744)	0	<b>(184,202)</b>	374
De-recognition – disposals	(11,245)	(13,909)	(639)	0	(2,140)	0	<b>(27,933)</b>	0
Reclassification and transfers	14,395	(6,334)	0	5,880	81,093	(88,293)	<b>6,741</b>	0
<b>At 31 March 2024</b>	<b>1,710,745</b>	<b>584,881</b>	<b>95,840</b>	<b>7,051</b>	<b>291,834</b>	<b>178,611</b>	<b>2,868,962</b>	<b>83,898</b>
<b>Accumulated Depreciation and Impairment:</b>								
At 1 April 2023	<b>0</b>	<b>(2,155)</b>	<b>(33,467)</b>	<b>0</b>	<b>(559)</b>	<b>0</b>	<b>(36,181)</b>	<b>0</b>
Depreciation charge	(25,330)	(13,436)	(6,320)	0	(3,804)	0	<b>(48,890)</b>	(4,108)
Depreciation written out to the Revaluation Reserve	13,302	7,230	2,530	0	3,270	0	<b>26,332</b>	2,685
Depreciation written out to the Surplus / Deficit on the Provision of Services	12,028	2,107	0	0	19	0	<b>14,154</b>	98
Impairment (losses) / reversals recognised in the Revaluation Reserve	(357)	0	0	0	0	0	<b>(357)</b>	0
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	357	0	0	0	0	0	<b>357</b>	0
De-recognition - disposals	0	165	639	0	8	0	<b>812</b>	0
Reclassification and Transfers	0	534	0	(496)	(38)	0	<b>0</b>	0
<b>At 31 March 2024</b>	<b>0</b>	<b>(5,555)</b>	<b>(36,618)</b>	<b>(496)</b>	<b>(1,104)</b>	<b>0</b>	<b>(43,773)</b>	<b>(1,325)</b>
<b>Net book value:</b>								
<b>At 31 March 2024</b>	<b>1,710,745</b>	<b>579,326</b>	<b>59,222</b>	<b>6,555</b>	<b>290,730</b>	<b>178,611</b>	<b>2,825,189</b>	<b>82,573</b>
<b>At 31 March 2023</b>	<b>1,634,626</b>	<b>595,555</b>	<b>64,287</b>	<b>1,014</b>	<b>247,257</b>	<b>235,324</b>	<b>2,778,063</b>	<b>86,304</b>

Movements in 2022/23 – Comparative Information	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment (VPFE) £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total PPE £000	Total PFI Assets included in PPE £000
<b>Cost or Valuation:</b>								
At 1 April 2023	1,524,752	509,977	95,323	1,014	241,738	210,286	2,583,090	85,863
Additions - programmed investment	36,609	11,813	3,887	2,687	10,287	77,053	142,336	51
Revaluation increases / (decreases) recognised in the Revaluation Reserve	183,378	61,697	(48)	0	(2,817)	0	242,210	(158)
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	(127,286)	16,856	0	(2,687)	(7,296)	0	(120,413)	548
De-recognition – disposals	(18,486)	(2,924)	(1,408)	0	(9,850)	0	(32,668)	0
Reclassification and transfers	35,659	291	0	0	15,754	(52,015)	(311)	0
<b>At 31 March 2024</b>	<b>1,634,626</b>	<b>597,710</b>	<b>97,754</b>	<b>1,014</b>	<b>247,816</b>	<b>235,324</b>	<b>2,814,244</b>	<b>86,304</b>
<b>Accumulated Depreciation and Impairment:</b>								
At 1 April 2023	0	(2,627)	(31,296)	0	(472)	0	(34,395)	0
Depreciation charge	(23,797)	(14,270)	(6,398)	0	(4,053)	0	(48,518)	(3,846)
Depreciation written out to the Revaluation Reserve	11,036	12,736	2,819	0	2,478	0	29,069	3,604
Depreciation written out to the Surplus / Deficit on the Provision of Services	12,813	1,918	0	0	1,441	0	16,172	242
Impairment (losses) / reversals recognised in the Revaluation Reserve	(3,477)	0	0	0	0	0	(3,477)	0
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	3,477	0	0	0	0	0	3,477	0
De-recognition - disposals	0	83	1,408	0	0	0	1,491	0
Reclassification and Transfers	(52)	5	0	0	47	0	0	0
<b>At 31 March 2024</b>	<b>0</b>	<b>(2,155)</b>	<b>(33,467)</b>	<b>0</b>	<b>(559)</b>	<b>0</b>	<b>(36,181)</b>	<b>0</b>
<b>Net book value:</b>								
<b>At 31 March 2024</b>	<b>1,634,626</b>	<b>595,555</b>	<b>64,287</b>	<b>1,014</b>	<b>247,257</b>	<b>235,324</b>	<b>2,778,063</b>	<b>86,304</b>
<b>At 31 March 2023</b>	<b>1,524,752</b>	<b>507,350</b>	<b>64,027</b>	<b>1,014</b>	<b>241,266</b>	<b>210,286</b>	<b>2,548,695</b>	<b>85,863</b>

## Depreciation

Depreciation is charged on a straight line basis over the useful life of the asset.

Depreciation is not charged in the year of acquisition. Likewise, depreciation on revaluations is only charged at the revised amount in the year following valuation.

## Capital Commitments

At 31 March 2023 the Council has entered into a number of construction contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 onwards. Future years committed costs are £106.7m. The major commitments are:

31 March 2023 £000		Notes	31 March 2024 £000
5,616	Schools Refurbishment / Education Provision	1	2,122
44,561	Council Housing Investment / Growth	2	36,425
19,194	Leisure ( <i>includes MSF payments</i> )	3	255
30,844	Regeneration	4	12,704
3,025	Highways Infrastructure	5	8,492
1,995	Other Infrastructure	6	23
1,467	Social Care		860
<b>106,702</b>	<b>Total</b>		<b>60,881</b>

The main changes since 2022/23 are:

### 1. Schools Refurbishment / Education Provision

Reduction due to completion of two major school expansion schemes

### 2. Council Housing Investment / Growth

Reduction due to decision to pause Council Housing Stock Increase Programme

### 3. Leisure

Reduction relates to completion of MSF Bond payments

#### **4. Regeneration**

Decrease reflects Heart of The City Regen scheme moving into final phases

#### **5. Highways Infrastructure**

Increase reflects commencement of Transforming Cities Programme

#### **6. Other Infrastructure**

Reduction reflects Upper Don Valley Flood scheme approaching completion

### **Revaluations**

The Council carries out a rolling programme of valuations that ensures all Property, Plant and Equipment required to be measured at Fair Value is revalued at least every five years. All valuations were carried out by Sheffield City Council Property Services under the supervision of Angela Glentworth (MRICS / Registered Valuer – Land and Property Manager) who has overall responsibility. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices, with the exception of the waste incinerator which requires a specialist plant valuation, carried out by Charterfields International Asset Consultants.

Individual asset lives were assessed having regard to the structural condition of the building, age and state of repair, compliance with current legislation and suitability for existing use.

Council Dwellings are measured at Existing Use Value - Social Housing based on freehold vacant possession values by Beacon and adjusted by a regional adjustment factor of 41%, as determined by the Department for Levelling Up, Housing & Communities (DLUHC).

As part of the 5 year rolling programme, 20% of the beacons have been revalued this year, as at 31<sup>st</sup> March 2024. A general market adjustment of 5.961% has then been applied to all remaining Council dwellings to give a value as at 31<sup>st</sup> March 2024.

For those categories reported at Fair Value or Current Value, the Council re-values the assets at least every five years, on a rolling programme of valuations. The following statement splits the value of those asset categories, into the years the assets were most recently valued.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Total
	£000	£000	£000	£000	£000
Carried at Historical Cost	0	13,261	13,898	9,083	36,243
Valued at Fair Value as at:					
31 March 2024	1,710,745	452,277	36,989	220,215	2,420,226
31 March 2023	0	107,055	8,335	30,711	146,101
31 March 2022	0	2,916	0	7,632	10,548
31 March 2021	0	202	0	9,492	9,694
31 March 2020	0	3,615	0	13,597	17,212
<b>Total Cost or Valuation</b>	<b>1,710,745</b>	<b>579,326</b>	<b>59,222</b>	<b>290,730</b>	<b>2,640,023</b>

### Fair Value Hierarchy – Surplus Assets

Following the 2015/16 implementation of IFRS 13, Fair Value Measurement, the Council's surplus assets have been revalued to fair value as per the Council's 5 year rolling programme of valuations.

Details of the Council's Surplus Assets and information about the fair value hierarchy are as follows:

2023/24	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2024
Recurring fair value measurements using:	£000	£000	£000	£000
Assets valued using Market Approach	0	178,463	1,882	180,345
Assets valued by Income Approach - Ground Rents	0	33,172	0	33,172
Assets valued by Income Approach - Other	0	21,419	55,794	77,213
<b>Total</b>	<b>0</b>	<b>233,054</b>	<b>57,676</b>	<b>290,730</b>

2022/23- Comparative Information	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2023
Recurring fair value measurements using:	£000	£000	£000	£000
Assets valued using Market Approach	0	124,818	1,802	126,620
Assets valued by Income Approach - Ground Rents	0	29,358	0	29,358
Assets valued by Income Approach - Other	0	21,056	70,223	91,279
<b>Total</b>	<b>0</b>	<b>175,232</b>	<b>72,025</b>	<b>247,257</b>

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year. The transfers between levels 2 and 3 are reconciled below.

Reconciliation of movements between Levels 2 and 3:

	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£000	£000	£000
At 1 April 2023	175,233	72,024	247,257
Transfers between levels	2,203	(2,203)	0
Additions	20,566	681	21,247
Revaluation increases / (decreases)	(43,101)	(9,792)	(52,893)
De-recognition (disposals)	(2,132)	0	(2,132)
Transfers (to) / from other PPE categories	81,071	(16)	81,055
Depreciation charge	(786)	(3,018)	(3,804)
<b>At 31 March 2024</b>	<b>233,054</b>	<b>57,676</b>	<b>290,730</b>

### Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

#### Significant Observable Inputs – Level 2

Valuations conducted using the market approach and the income approach take account of current market conditions, in that recent sales prices / rentals achieved and other relevant information for similar assets in Sheffield or comparable cities are used as significant inputs to the valuation. Market conditions for these assets are such that similar properties are actively purchased, sold and leased, meaning that the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.



Since 2018/19, the Council has adopted a portfolio approach to the valuation of its freehold reversionary interests in land leased out on long-term low value ground rents. These assets are measured using the income approach, by means of the discounted cash flow method, whereby the future rental income expected to flow to the Council from the assets is discounted (using a market-derived discount rate) to establish the present value of the net income stream. In most cases, the valuation will also incorporate the present value of the reversion to market value or market rent at the end of the lease term. This approach has been developed using the Council's own data as well as by reference to current market comparables, factoring in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

### Significant Unobservable Inputs – Level 3

The majority of the value of assets categorised as Level 3 in the fair value hierarchy can be attributed to Grosvenor House, which forms part of the Heart of the City II regeneration programme. This asset is valued by external surveyors Cushman & Wakefield using an income approach, which relies on the Council's own data regarding annual rental figures, taking into account all information about market participant assumptions that is reasonably available, as opposed to direct market evidence which would be required to be classified as Level 2.

The remainder of the asset valuations categorised as Level 3 in the fair value hierarchy are historical, in that the assets were previously considered de minimis for valuation purposes and are outside of the scope of the portfolio approach detailed above which has been adopted since 2018/19. As these valuations are not based on up-to-date market evidence and conditions, the inputs are considered to be unobservable. These asset valuations will be subject to ongoing review as part of asset register improvement projects with a view to being brought into the Council's 5 year rolling programme of valuations.

## 23A. Infrastructure Assets

Refer to [section XXI](#) of the Accounting Policies for further information which supports this note.

### Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets, because historical reporting and records were not kept in the format now required. Until further guidance is available reporting a net position is appropriate and provides the asset position for users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2022/23			2023/24	
Infrastructure Assets £000	PFI Assets included in Infrastructure £000		Infrastructure Assets £000	PFI Assets included in Infrastructure £000
634,817	270,609	<b>Net Book Value (modified historical cost)</b>	633,300	273,768
25,512	11,126	At 1 April	46,301	15,687
(27,029)	(7,967)	Additions - Programmed Investment	(28,002)	(8,245)
<b>633,300</b>	<b>273,768</b>	Depreciation Charge	<b>651,599</b>	<b>281,210</b>
		<b>Net book value at 31 March</b>		

2022/23 £000		2023/24 £000
	<b>Net Book Value at 31 March</b>	
633,300	Infrastructure assets	651,599
2,778,063	Other PPE assets	2,825,189
<b>3,411,363</b>	<b>Total PPE assets</b>	<b>3,476,788</b>

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

#### 24. Service Concessions – Private Finance Initiatives (PFI) and Public Private Partnership Arrangements (PPP)

Refer to [section XXII](#) of the Accounting Policies for further information which supports this note.

##### PFI and Similar Contracts

At 31<sup>st</sup> March 2024 the Council had seven long term contracts under Private Finance Initiative (PFI) arrangements. No new contracts were entered into in 2023/24. The financing models have the same methodology as set up in 2012/13.

The first PFI contract is for the provision of office accommodation at Howden House for a period of 30 years from February 2001. Payments will continue for the duration of the contract, subject to availability and performance related deductions and to contractually agreed inflation adjustments.

Five other PFI contracts are for the provision of schools. Schools Phase One PFI contract is for the provision of two primary schools and four secondary schools that opened during the financial year 2001/02. The contract is for 25 years. The Schools Phase Two PFI contract is for the provision of two secondary schools. The contract is for 25 years and became fully operational during the financial year 2005/06. The Schools Phase Three PFI contract for the provision of three secondary schools, which is for 25 years, became operational during the financial year 2006/07. The Building Schools for the Future (BSF) Wave One contract is for the provision of one secondary school for 25 years. It became operational in January 2009. The Bradfield School PFI contract, which is for 25 years, became operational during the financial year 2012/13.

The seventh PFI is the Highways PFI which is for 25 years and became operational during the financial year 2012/13. It covers the improvement and on-going maintenance of the city's roads, footways, highway trees, traffic signals, street lights, street furniture and street name plates. It also covers street cleaning, winter gritting and landscape maintenance.

The Council has another long term arrangement that is not PFI funded. This is for the collection and disposal of municipal waste and was entered into in August 2001, originally for 30 years but extended during 2004/05 to 35 years. The contract has now been extended to 37 years in 2017/18 resulting in the re-profiling of the principal and interest payments. In general, future payments are projected to increase in line with inflation, expected waste tonnages and increases in Landfill Tax. In addition the contractor has introduced improved disposal facilities in order to meet statutory recycling and recovery targets, which resulted in peaks in the payments between 2005 and 2010 which have flattened out. The payments may be reduced by any shares in growth in the contractor's third party income and are subject always to any deductions for poor performance. This model has also been restated in year.

In accordance with the accounting policy for Private Finance Initiatives and Similar Contracts detailed in Accounting Policies, the seven PFI contracts and the integrated waste management contract have been reviewed and accounted for in accordance with the provisions of IFRIC 12 Service Concession Arrangements and other relevant CIPFA guidance. The fixed assets relating to these contracts and the liability for these fixed assets have been recognised on the Council's Balance Sheet.

### Payments made during the Year

The payments made during the year are summarised in the table below:

2022/23 Total	2023/24						Total
£000	Repayment of Current Liability £000	Interest Charge £000	Service Charge £000	Contingent Rents £000	Lifecycle Costs £000	£000	
137,103	18,614	34,344	72,356	7,587	16,411	149,312	

Note: Actual invoice payments totalled £149,836k. The difference of £524k reflects the deferred element during the year

### PFI Assets

The assets held under PFI and similar contracts are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on Property, Plant and Equipment balance in Note 23.

## PFI Finance Lease Liability

The value of liabilities resulting from PFI and similar contracts are as follows:

2022/23 £000		2023/24 £000
(340,777)	Value of the liability as at 1 April	(320,120)
0	Opening balance adjustment	0
20,657	Finance lease rental	18,614
<b>(320,120)</b>	<b>Value of liability as at 31 March</b>	<b>(301,506)</b>
<b>Comprising of:</b>		
(18,614)	Short Term	(19,651)
(301,506)	Long Term	(281,855)
<b>(320,120)</b>		<b>(301,506)</b>

## PFI Payments Due to be Made

Details of the payments due to be made under PFI and similar contracts are as follows:

2022/23 Total £000		Repayment of Current Liability £000	Interest Charge £000	2023/24 Service Charge £000	Contingent Rents £000	Lifecycle Costs £000	Total £000
153,384	Within one year	19,651	32,680	75,279	12,020	16,818	156,448
625,260	Between two and five years	79,923	113,308	302,332	49,410	80,678	625,651
773,181	Between six and ten years	111,814	99,868	375,992	65,677	113,599	766,950
632,677	Between eleven and fifteen years	90,118	36,188	226,849	65,534	71,575	490,264
8,195	Between sixteen and twenty years	0	0	0	0	0	0
<b>2,192,697</b>	<b>Total</b>	<b>301,506</b>	<b>282,044</b>	<b>980,452</b>	<b>192,641</b>	<b>282,670</b>	<b>2,039,313</b>

Note: Actual payments due total £2,047,178k. The difference of £7,865k reflects the deferred element over the life of the contracts.

The details of the payments due under PFI contracts above are shown based on an estimate of the cash amounts that will actually be paid. Figures for 2023/24 show the estimated payments due calculated by the models in 2023/24 for 2024/25 onwards to the end of the contract's life.

**25. Heritage Assets**

Refer to [section XIV](#) of the Accounting Policies for further information which supports this note.

Reconciliation of the Carrying Value of Heritage Assets Held by the Council:

2023/24	Reported at Cost		Reported at Valuation				
	Museums and Galleries £000	Civic Collections £000	Museums and Galleries £000	Civic Collections £000	Archives and Libraries £000	Public Realm £000	Total Assets £000
<b>Cost or Valuation:</b>							
At 1 April 2023	22	48	50,000	1,000	4,103	60	55,233
Additions – programmed investment	0	0	28	0	2	321	351
Donated Assets	0	0	0	0	0	0	0
Revaluation increases / (decreases) in the Revaluation Reserve	0	0	0	0	494	0	494
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	(28)	0	(2)	(321)	(351)
Reclassification and transfers	0	0	0	0	0	0	0
<b>At 31 March 2024</b>	<b>22</b>	<b>48</b>	<b>50,000</b>	<b>1,000</b>	<b>4,597</b>	<b>60</b>	<b>55,727</b>
<b>Depreciation and Impairment:</b>							
At 1 April 2023	(8)	0	0	0	0	0	(8)
Depreciation	(1)	0	0	0	0	0	(1)
<b>At 31 March 2024</b>	<b>(9)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9)</b>
<b>Net Book Value:</b>							
At 31 March 2024	13	48	50,000	1,000	4,597	60	55,718
At 31 March 2023	14	48	50,000	1,000	4,103	60	55,225

2022/23 Comparative Information	Reported at Cost		Reported at Valuation				
	Museums and Galleries £000	Civic Collections £000	Museums and Galleries £000	Civic Collections £000	Archives and Libraries £000	Public Realm £000	Total Assets £000
<b>Cost or Valuation:</b>							
At 1 April 2022	22	48	50,000	1,000	3,761	60	54,891
Additions – programmed investment	0	0	9	0	1	256	266
Donated Assets	0	0	0	0	0	0	0
Revaluation increases / (decreases) in the Revaluation Reserve	0	0	0	0	342	0	342
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	(9)	0	(1)	(256)	(266)
Reclassification and transfers	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>22</b>	<b>48</b>	<b>50,000</b>	<b>1,000</b>	<b>4,103</b>	<b>60</b>	<b>55,233</b>
<b>Depreciation and Impairment:</b>							
At 1 April 2022	(7)	0	0	0	0	0	(7)
Depreciation	(1)	0	0	0	0	0	(1)
<b>At 31 March 2023</b>	<b>(8)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8)</b>
<b>Net Book Value:</b>							
At 31 March 2023	14	48	50,000	1,000	4,103	60	55,225
At 31 March 2022	15	48	50,000	1,000	3,761	60	54,884

## Museums and Galleries

### Sheffield Museums

Sheffield's collections are of local, regional and national importance and are used in research, displays, exhibitions and public programmes. Over one million items are stored at a purpose-built facility and displayed across Sheffield Museums' six sites comprising Abbeydale Industrial Hamlet, Graves Gallery, Kelham Island Museum, Millennium Gallery, Shepherd Wheel and Weston Park Museum, and also at the volunteer run Bishops' House. The collections comprise:

- **Designated Metalwork Collection** – some 13,000 items and the most extensive grouping of finished Sheffield made cutlery, flatware and hollowware in existence. The collection has national significance reflected in its designation status and is a powerful illustration of the city's world leadership in metalwork design, production and innovation.

- **Decorative Art Collection** – including approximately 3,000 examples of art, craft and design, British ceramics, glass, horology and an outstanding collection of Chinese carved ivories.
- **Visual Art Collection** – comprises over 6,000 items of British and European Art dating from the 1500s to the present, of which the most significant area is the Modern British collection. This includes key acquisitions by artists including Marc Quinn, Sam Taylor-Johnson, Hew Locke, Sutapa Biswas and Czech artist Katerina Seda.
- **Social History Collection** – has strong family and community connections with the people of Sheffield and comprises around 25,000 objects including ephemera, personalia, costume, domestic items, furniture and approximately 1,500 watercolours, drawings, prints and oil paintings documenting the changing city.
- **Coins, Medals and Token Collection** – number around 8,000 items and owe their origin to the Sheffield Literary and Philosophical Society. It dates from Roman and Greek pieces to 20<sup>th</sup> century coins from all over the world.
- **Arms and Armour Collection** – consists of Japanese and Indo-Iranian swords, shields and helmets alongside 200 European military, practical and sporting guns from the late 1600s onwards.
- **Archaeology Collection** – is of regional and national importance and comprises material dating from pre-history to the 20<sup>th</sup> century and includes the Anglo Saxon Benty Grange Helmet.
- **Natural Sciences Collection** – is of major regional significance and comprises: Botany, Entomology, Geology, Osteology, Zoology and extensive data relating to collectors, field recording and meteorology comprising over 60,000 biological and geological records.
- **World Cultures Collection** – was acquired by nineteenth century Sheffield travellers and contains 2,000 items from across the globe.
- **Heavy Industries Collections** – cover the Iron and Steel Industry, the Armaments Industry, the Transport Collection, Scientific and Technological Research, Extraction and Refractory Industries and engineering. The museum holds a comprehensive collection of about 6,000 items which relate to the general production of steel and other metals and the manufacture of metal, particularly steel, products.
- **Light Trades Industries Collections** – are represented by items relating to cutlery manufacture, hollowware and tool making industries.
- **General Trades Collection** – covers a range of non-metal working industries, such as brewing, retail and food production. The collection numbering about 550 items represents Sheffield's other manufacturing industries, including, button making, bookbinding and printing, snuff making, watch and clock making, shoemaking and needle and pin manufacture.

- **Library, Archive and Ephemera Collections** – include the historic documents and plans, the historic photographs, paintings and films, published books and journals and the personal and ephemera of local peoples and companies.

### **Abbeydale Industrial Hamlet**

The Hamlet is a collection of buildings, associated machinery and objects relating to the manufacture of edge tools, especially scythes. The site is a Grade I Listed building and a Scheduled Ancient Monument. The buildings and machinery include a crucible shop, water powered tilt hammers, grinding hull, scythe riveting shop, blacking shop along with workers cottages and a manager's cottage.

### **Shepherd Wheel**

Shepherd Wheel is a restored example of a waterwheel that powered grinding workshops for table, domestic, pocket and pen knives. The wheel is 5.5 metres high by 2 meters wide and made of cast and wrought iron, elm and oak and bronze. The water to turn the wheel comes from the large dam where water is diverted from the River Porter. The waterwheel turned twenty grindstones and several 'glazing' stones. The grindstones were used to create a fine, sharp cutting edge on the blade. The final smoothing of the blade was done on the glazing stones, before they left Shepherd Wheel for polishing.

### **Bishops' House**

Bishops' House is a surviving example of a timber-framed house from the fifteenth century, typical of a large farmhouse or small manor house and is a Grade II listed building. Located at the top of Meersbrook Park, ownership passed to Sheffield City Council in 1886 and was used by the Parks authority until 1974. The house was then restored and has been open as a museum since 1976. It is run by the Friends of Bishops' House voluntary group.

### **Civic Collections**

The Civic Collections include commemorative items and gifts of silverware and paintings given to the city. There are also examples of products manufactured by Sheffield's industries. The artefacts are displayed throughout the Town Hall and include the statue of the first Lord Mayor of Sheffield, the 15<sup>th</sup> Duke of Norfolk and a marble bust of Queen Victoria located on the main staircase.

### **Archives and Libraries**

Sheffield Archives acts as the archive repository for the City Council and its predecessors from the 13th century to date. It is also an appointed Place of Deposit (POD) by the Ministry of Justice for the storage and management of archives from central government including the NHS, HM Courts and HM Coroner. In addition it is the repository for historical records of South Yorkshire Police, the Diocese of Sheffield and the Roman Catholic Diocese of Hallam. Also stored are the records of the South Yorkshire Archive Service which is funded by all four local authorities. Under the Local Government Act 1972 it also stores private records on loan or gifted to the City Council. Three collections are held on behalf of the Department for Digital, Culture,



Media & Sport (DCMS) under the Treasury's Acceptance in Lieu of Inheritance tax scheme. There are also significant collections of printed material from the 17<sup>th</sup> century onwards within the Central Library collections.

## Public Realm

The city's historic parks, grounds, woodlands and cemeteries are categorised as community assets for the purposes of these accounts but the many statues, monuments and archaeological features within and throughout the city are classed as Heritage Assets.

There are several Grade II listed monuments. Examples include the 1832 Cholera Monument in the Cholera Monument Grounds and the Jubilee Monument and Obelisk and statue of Queen Victoria in Endcliffe Park. There are also many listed buildings, lodges, monuments and structures in Hillsborough Park, Firth Park, Graves Park, Weston Park (Trust), Norfolk Heritage Park, Sheffield General Cemetery and the Botanical Gardens (Trust).

There are many war memorials and plaques located around the city, including the cenotaph in the city centre and the Sheffield Battalion Memorial and Sheffield Memorial Park in the village of Serre in Western France.

Wincobank Hill and woods includes the site of an iron-age hill fort, with many other archaeological features recorded in the woodland and the Roman Ridge. Ecclesall Woods, as well as a local designated nature reserve for wildlife, contains a number of prehistoric and early historic monuments. Wheata Woods are also of archaeological importance, with sites ranging from bronze-age field systems, Romano-British settlements, post medieval quarry pits and bomb craters.

There are many contemporary pieces of public art in the city centre resulting from the on-going regeneration projects. The 'Cutting Edge' sculpture is an 81 metre long blade of polished stainless steel and art glass. Located in Sheaf Square, the station gateway, it is one of the largest stainless steel sculptures in the UK and was fabricated using Sheffield steel. Other important water features include the Barkers Pool fountain and 'Rain', nine stainless steel spheres, coated with a constant thin film of water which was commissioned in 2003 for Millennium Square. The prominent 'Goodwin Fountain' outside the Town Hall is dedicated to the philanthropists Sir Stuart and Lady Goodwin and has 89 individual jets of adjustable heights. There are many other examples of public art in the public realm, including sculptures, murals, decorative gates and railings.

**26. Investment Properties**

Refer to [section XVII](#) of the Accounting Policies for further information which supports this note.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement:

2022/23 £000		2023/24 £000
(1,111)	Rental income from investment property	(1,137)
<b>(1,111)</b>	<b>Net (gain)/loss</b>	<b>(1,137)</b>

The assets held as Investment Properties are known as the small and large format advertising hoardings contract. The Council are under separate Contracts for each format both of which derive a rental income and places responsibility on the company to pay the rates liability in respect of each site. The small format contract also affords the Council space to utilise the advertising space to promote city base events and activities.

The following table summarises the movement in the fair value of investment properties over the year:

2022/23 £000	Cost or Valuation	2023/24 £000
18,780	Balance at 1 April	18,630
(150)	Revaluations	(130)
<b>18,630</b>	<b>Balance at 31 March</b>	<b>18,500</b>

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

**Fair Value Hierarchy**

To conform to the requirements of IFRS 13 Fair Value Measurement, details of the Council’s investment properties and information about the fair value hierarchy as at 31<sup>st</sup> March 2024 are as follows:

2023/24 Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2023 £000
Advertising Hoardings	0	18,490	0	18,490
<b>Total</b>	<b>0</b>	<b>18,490</b>	<b>0</b>	<b>18,490</b>

2022/23 Comparative Information	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2023
Recurring fair value measurements using:	£000	£000	£000	£000
Advertising Hoardings	0	18,630	0	18,630
<b>Total</b>	<b>0</b>	<b>18,630</b>	<b>0</b>	<b>18,630</b>

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels during the year.

### Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties

#### Significant Observable Inputs – Level 2

The fair value for the investment properties, i.e. the small and large advertising hoarding contracts, has been measured using the income approach. It has been established by taking the net direct revenue payable under the contract for the unexpired term of each Contract multiplied by a yield determined by market conditions, contractual terms and the covenant strength of the contracted party. They have been categorised at Level 2 in the fair value hierarchy as both Contracts have been subject to individual competitive tender exercises and the resulting revenues are the rate at which the specific sector assesses to be ‘market value’.

#### Highest and Best Use of Investment Properties

In estimating the fair value of the Council’s investment properties, the highest and best use of the properties is their current use.

#### Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

#### Valuation Process for Investment Properties

The fair value of the Council’s investment property is measured annually at each reporting date. All valuations were carried out by Sheffield City Council Property Services under the supervision of Angela Glentworth (MRICS / Registered Valuer – Land and Property Manager) who has overall responsibility. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 27. Intangible Assets

Refer to [section XV](#) of the Accounting Policies for further information which supports this note.

The Council began to implement a new social care case management system from 2017/18. This has been accounted for as an intangible asset.

The intangible asset is amortised on a straight line basis over its useful life, as determined by the term of the software licence. Amortisation was not charged in the year of acquisition. The movement on intangible asset balances during the year is as follows:

2022/23 £000		2023/24 £000
	<b>Net Carrying Amount:</b>	
692	At 1 April	0
1	Additions	0
(1)	Revaluation Increases / (decreases) recognised in the Surplus / Deficit of Provision of services	0
(692)	Amortisation charge	0
<b>0</b>	<b>At 31 March</b>	<b>0</b>

## 28. Assets Held for Sale

2022/23 £000		2023/24 £000
7,684	Balance at 1 April	7,795
7,780	Assets newly classified as Held for Sale from Property, Plant and Equipment	952
(7,469)	Assets declassified as held for sale	(7,693)
(200)	Assets sold	(10)
<b>7,795</b>	<b>Balance at 31 March</b>	<b>1,044</b>

**29. Capital Expenditure and Capital Financing**

The total amount of capital expenditure Incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI / PPP contracts), together with the resources that have been used to finance it. Where capital expenditure cannot be paid for immediately and is to be financed in future years by charges to revenue as the assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<b>Capital Investment</b>	
167,848	Property, Plant and Equipment*	155,749
1	Intangible Assets*	0
266	Heritage Assets*	351
16,559	Sheffield City Trust	17,607
17,075	Revenue Expenditure Funded from Capital Under Statute	21,018
<b>201,749</b>		<b>194,725</b>
	<b>Sources of Finance</b>	
67,250	Government Grants and Other Contributions	74,067
11,126	PFI Lease Liability	15,687
47,398	Major Repairs Reserve	44,723
16,944	Capital Receipts Reserve	6,370
59,031	Borrowing	53,878
<b>201,749</b>		<b>194,725</b>
	<b>Capital Financing Requirement</b>	
1,571,287	Opening Balance	1,591,870
59,031	Borrowing in Year	53,878
(49,574)	Statutory / Voluntary provision for repayment of debt (MRP / VMRP)	(52,777)
11,126	PFI Liabilities recognised in year	15,687
<b>1,591,870</b>	<b>Closing Balance</b>	<b>1,608,658</b>

\* These figures match the additions lines in Notes 23, 23A, 27 and 25 detailing movements on the non-current assets balances.

**30. Leases and Lease Type Arrangements**

Refer to [section XVIII](#) of the Accounting Policies for further information which supports this note.

**Council as Lessee**

**Finance Leases**

The Council has not classified any leases as Finance Leases excluding the PFI leases which are covered in note 24.

**Operating Leases**

The future minimum lease payments due under non-cancellable leases in future years are:

2022/23		2023/24
£000		£000
242	Not later than one year	72
224	Later than one year and not later than five years	189
4,820	Later than five years	4,785
<b>5,285</b>	<b>Total</b>	<b>5,046</b>

The above principally consists of Council office accommodation leases.

**Council as Lessor**

**Finance Leases**

The Council has not classified any leases as Finance Leases.

**Operating Leases**

The future minimum lease payments receivable under non-cancellable leases in future years are:

2022/23		2023/24
£000		£000
6,410	Not later than one year	6,538
24,826	Later than one year and not later than five years	24,191
56,596	Later than five years	51,069
<b>87,831</b>	<b>Total</b>	<b>81,799</b>

The above mainly consists of a large number of small value long term leases, principally for the lease of land and also Grosvenor House, a Heart of the City II property.

### 31. Long Term Contracts

Refer to [section XVI](#) of the Accounting Policies for further information which supports this note.

The Council's current significant and long term contracts are the service concession (PFI and PPP) contracts, with further detail disclosed in Note 24.

### 32. Impairment Losses

There were no impairment charges in 2023/24. However, there were reversals of previous impairments of £23.8m (£54.8m in 2022/23), mainly relating to an improvement to previous impairments on Council Dwellings.

### 33. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

	Notes	1 April 2022 £000	Transfer Out 2022/23 £000	Transfer In 2022/23 £000	31 March 2023 £000	Transfer Out 2023/24 £000	Transfer In 2023/24 £000	31 March 2024 £000
<b>Earmarked General Fund Reserves:</b>								
Schools Reserves	34	(26,223)	1,723		(24,500)	3,031		(21,469)
Revenue Grants and Contributions	34	(17,875)	1,395		(16,480)	8,063		(8,417)
<i>Other Earmarked Revenue Reserves:</i>								
- Collection Fund	34	(49,834)	16,409		(33,425)		(2,169)	(35,594)
- Capital Charges		(15,385)		(4,900)	(20,285)		(10,700)	(30,985)
- Major Sporting Facilities		(43,228)		(2,282)	(45,510)	16,898		(28,612)
- Service Area Reserves		(24,353)	213		(24,140)	1,765		(22,375)
- PFI Future Expenditure		(28,850)	3,150		(25,700)	6,185		(19,515)
- New Homes Bonus (NHB)		(21,134)	1,355		(19,779)	2,395		(17,384)
- Budget Contingency		(50,582)	19,864		(30,718)	15,582		(15,136)
- Insurance Fund		(10,939)	218		(10,721)		(135)	(10,856)
- Public Health		(6,130)		(716)	(6,846)		(1,021)	(7,867)
- Heart of the City II		(5,980)			(5,980)	240		(5,740)
- Children's and Adult Social Care		(5,837)	2,794		(3,043)	1,238		(1,805)
- Invest to Save		(875)		(1,416)	(2,291)	1,981		(310)
- Other Reserves		(45,125)		(16,087)	(61,212)		(16,771)	(77,983)
<b>Total</b>		<b>(352,350)</b>	<b>47,121</b>	<b>(25,401)</b>	<b>(330,630)</b>	<b>57,378</b>	<b>(30,796)</b>	<b>(304,048)</b>



**34. Usable Reserves**

Refer to [section XXV](#) of the Accounting Policies for further information which supports this note.

The following table summarises the Usable Reserves balances:

31 March 2023 £000		31 March 2024 £000
	<b>Capital Reserves:</b>	
(94,784)	Capital Receipts Reserve	(106,406)
(84,829)	Major Repairs Reserve	(79,097)
(38,506)	Capital Grants Unapplied Reserve	(36,746)
(218,119)		(222,249)
	<b>Revenue Reserves:</b>	
(15,051)	General Fund	(15,051)
	Earmarked General Fund Reserves:	
(24,500)	Schools Reserves	(21,469)
(16,480)	Revenue Grants and Contributions	(8,417)
(289,650)	Other Earmarked Revenue Reserves	(274,162)
(8,661)	Housing Revenue Account Balance	(14,319)
(2,364)	Earmarked Housing Revenue Account Reserve	(2,303)
(356,706)		(335,721)
<b>(574,825)</b>	<b>Total</b>	<b>(557,970)</b>

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 33.

## General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with general accounting practice. The General Fund therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. The balance is not available to be applied to fund HRA services.

The table below provides a breakdown of the General Fund:

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
(15,051)	General Balances Available	(15,051)
<b>(15,051)</b>	<b>Total</b>	<b>(15,051)</b>

The General Fund Balance was £15.1m at 31<sup>st</sup> March 2024, representing 3.0% of the 2023/24 Net Budget Requirement (NRB) of £500.8m. This is in line with the minimum prudent level recommended by the Director of Finance and Commercial Services of 3% of NRB. If the reserve is used, it will be replenished to the stated minimum level as soon as practically possible; the Council will always need a minimum level of emergency reserves.

External risks will be constantly assessed to ensure the minimum level of General Fund reserves remain appropriate. Sheffield incorporates risks such as revisions to the Fair Funding Formula and wider economic developments in establishing the above reserve level.

## Earmarked General Fund Reserves

The table below provides a breakdown of the earmarked reserves balance:

31 March 2023 £000		31 March 2024 £000
(24,500)	Schools Reserves	(21,469)
(16,480)	Revenue Grants and Contributions	(8,417)
	<i>Other Earmarked Revenue Reserves:</i>	
(33,425)	- Collection Fund	(35,594)
(20,285)	- Capital Charges	(30,985)
(45,510)	- Major Sporting Facilities	(28,612)
(24,140)	- Service Area Reserves	(22,375)
(25,700)	- PFI Future Expenditure	(19,515)
(19,779)	- New Homes Bonus	(17,384)
(30,718)	- Budget Contingency	(15,136)
(10,721)	- Insurance Fund	(10,856)
(6,846)	- Public Health	(7,867)
(5,980)	- Heart of the City II	(5,740)
(3,043)	- Children's and Adult Social Care	(1,805)
(2,291)	- Invest to Save	(310)
(61,212)	- Other Reserves	(77,983)
<b>(330,630)</b>	<b>Total</b>	<b>(304,048)</b>

Earmarked reserves are set aside to meet known or predicted future liabilities. These liabilities mean that the earmarked reserves are not normally available to fund the budget or other measures.

Earmarked reserves are available to fund capital or revenue expenditure. This is charged to the revenue or capital account when it is incurred and is financed by an appropriation from the reserve through the Movement in Reserves Statement.

A list of earmarked reserves, their purpose and proposed use are set out below.

- Schools Reserves: Schools' Earmarked Reserve consists of money that has been allocated under Local Management of Schools legislation and which remains unspent at the year end. This reserve is not available to support General Fund expenditure.

- Revenue Grants and Contributions: Where a revenue grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution has been transferred to the Revenue Grants and Contributions reserve to support future spend.
- Collection Fund: This reserve covers any unexpected reductions in relation to Business Rates and Council Tax; the Council's two biggest income streams. This has traditionally been required to cover potential reductions in Business Rate income following future successful appeals as well as dealing with large fluctuations in the fund during the Covid pandemic.
- Capital Charges: Funds required to support borrowing, Minimum Revenue Provisions (MRP) and other associated costs for capital programmes including the Major Sporting Facilities, Heart of the City 2 project and Highways PFI.
- Major Sporting Facilities (MSF): The MSF reserve originally existed because of the need to smooth the future payments due for the MSF debt (re: Ponds Forge, the Arena and Hillsborough Leisure Centre). The remaining money has been set aside to support the city's future leisure strategy.
- Service Area Reserves: These are a variety of service specific reserves agreed by Cabinet / Committees in previous years set aside for long term projects, examples include the Workplace Accommodation Strategy and the Flexible Development Fund.
- PFI Future Expenditure: The PFI reserve exists due to Government funding being received in advance to pay future years' liabilities. This income is set aside in a reserve until needed to ensure sufficient funds are available to cover the cost of contracts in future years.
- New Homes Bonus (NHB): The Government pays all Councils NHB 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 Community Investment Fund.
- Budget Contingency Reserve – This reserve is to cover budget shortfalls and overspends. £15.6m of this budget was used to cover the 2023/24 overspend.
- Insurance Fund: This reserve contains funds required to cover the Council against potential litigation claims, for which, there is not enough certainty to create a provision in the accounts.
- Public Health: Public Health grant funding is given to the Council on a yearly basis. The conditions of the grant specify that any surpluses must be carried to a reserve for use in future years – and any eventual use of these funds is restricted to public health functions. The balance on this reserve therefore represents underspends in prior years.
- Heart of the City II: Funds set aside for future costs in relation to the city's Heart of the City regeneration scheme.

- Children’s and Adult Social Care: 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: 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.
- Other Earmarked Reserves: Other Earmarked reserves include funds which are set aside to cover predicted liabilities such as redundancies, IT upgrades and energy costs.

**Housing Revenue Account Reserves**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council’s landlord function or (where in deficit) that is required to be recovered from tenants in future years.

The table below shows the balance of the Housing Revenue Account Reserves:

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
(8,661)	Housing Revenue Account Balance	(14,319)
(2,364)	Earmarked Housing Revenue Account Reserve	(2,303)
<b>(11,025)</b>	<b>Total</b>	<b>(16,622)</b>

**Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

The table below shows the balance of the Capital Receipts Reserve:

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
(94,784)	Capital Receipts Reserve	(106,406)
<b>(94,784)</b>	<b>Total</b>	<b>(106,406)</b>

## Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. The balance on the reserve shows the resources that have yet to be applied at the year end.

The table below shows the balance of the Major Repairs Reserve:

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
(84,829)	Major Repairs Reserve	(79,097)
<b>(84,829)</b>	<b>Total</b>	<b>(79,097)</b>

## Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

The table below shows the balance of the Capital Grants Unapplied Reserve:

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
(38,506)	Capital Grants Unapplied Reserve	(36,746)
<b>(38,506)</b>	<b>Total</b>	<b>(36,746)</b>

### 35. Unusable Reserves

Refer to [section XXV](#) of the Accounting Policies for further information which supports this note.

The following table summarises the Unusable Reserves balances:

31 March 2023 £000		31 March 2024 £000
	<b>Capital Reserves:</b>	
(1,130,627)	Revaluation Reserve	(1,282,871)
(865,026)	Capital Adjustment Account	(775,527)
(53)	Deferred Capital Receipts Reserve	(53)
<b>(1,995,706)</b>		<b>(2,058,451)</b>
	<b>Revenue Reserves:</b>	
39,691	Financial Instruments Adjustment Account	38,433
(140,316)	Pensions Reserve	(48,414)
(10,907)	Collection Fund Adjustment Account	(12,836)
11,263	Accumulated Absences Account	12,706
<b>(100,269)</b>		<b>(10,111)</b>
<b>(2,095,975)</b>	<b>Total</b>	<b>(2,068,562)</b>

#### Capital Reserves

Capital Reserves are not available for revenue purposes and certain ones can only be used for specific statutory purposes.

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Heritage Assets and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost,
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2022/23 £000		2023/24 £000
(882,018)	<b>Balance at 1 April</b>	(1,130,627)
(302,239)	Upward revaluation of assets	(211,712)
34,095	Downward revaluation of assets and impairment losses	34,579
<b>(268,144)</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(177,133)</b>
14,300	Difference between fair value depreciation and historical cost depreciation	16,789
5,235	Accumulated gains on assets sold or scrapped	8,099
0	Other	0
<b>19,535</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>24,888</b>
<b>(1,130,627)</b>	<b>Balance at 31 March</b>	<b>(1,282,872)</b>



## Capital Adjustment Account

2022/23 £000		2023/24 £000
(886,548)	<b>Balance at 1 April</b>	<b>(865,026)</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the CI&amp;ES:</b>	
76,240	Depreciation of non-current assets	76,893
97,381	Revaluation losses of non-current assets	167,153
150	Movement in fair value of Investment Properties	130
17,075	Revenue expenditure funded from capital under statute	21,018
31,377	Non-current assets written off on disposal	27,131
<u>222,223</u>		<u>292,325</u>
	<b>Adjusting amounts written out of the Revaluation Reserve:</b>	
(14,300)	Difference between fair value depreciation and historical cost depreciation	(16,789)
(5,235)	Accumulated gains on assets sold or scrapped	(8,099)
0	Other	0
<u>(19,535)</u>		<u>(24,888)</u>
<b>(683,860)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(597,589)</b>
	<b>Capital financing applied in the year:</b>	
(16,944)	Use of the Capital Receipts Reserve to finance new capital expenditure	(6,370)
(47,398)	Use of the Major Repairs Reserve to finance new capital expenditure	(44,723)
(62,743)	Capital grants and contributions credited to the CI&ES	(68,367)
(4,507)	Application of grants and contributions from the Capital Grants Unapplied Reserve	(5,701)
(49,547)	Statutory provision for the repayment of debt	(52,750)
(27)	Voluntary provision for the repayment of debt	(27)
<u>(181,166)</u>		<u>(177,938)</u>
<b>(865,026)</b>	<b>Balance at 31 March</b>	<b>(775,527)</b>

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 23 (PPE) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2022/23 £000		2023/24 £000
(53)	Balance at 1 April	(53)
0	Transfer to the Capital Adjustment Account	0
<b>(53)</b>	<b>Balance at 31 March</b>	<b>(53)</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is either the unexpired term that was outstanding on the loans when they were redeemed or the term of the replacement loan.

2022/23 £000		2023/24 £000
40,944	Balance at 1 April	39,691
(1,253)	Proportion of premiums incurred in previous financial years to be charged against the General Fund in accordance with statutory requirements	(1,258)
<b>(1,253)</b>	<b>Amount by which finance costs charged to the CI&amp;ES are different from finance costs chargeable in the year in accordance with statutory requirements</b>	<b>(1,258)</b>
<b>39,691</b>	<b>Balance at 31 March</b>	<b>38,433</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000		2023/24 £000
<b>744,427</b>	<b>Balance at 1 April</b>	<b>(140,316)</b>
(980,464)	Actuarial (gains) or losses on pensions assets and liabilities	93,222
148,783	Reversal of items relating to retirement benefits debited or credited to the CI&ES	54,908
(53,062)	Employer's pensions contributions and direct payments to pensioners payable in the year	(56,228)
<b>(140,316)</b>	<b>Balance at 31 March</b>	<b>(48,414)</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 £000		2023/24 £000
<b>10,083</b>	<b>Balance at 1 April</b>	<b>(10,907)</b>
(20,990)	Amount by which Council Tax and Non-domestic Rate income credited to the CI&ES is different from Council Tax and Non-domestic Rates income calculated for the year in accordance with statutory requirements	(1,929)
<b>(10,907)</b>	<b>Balance at 31 March</b>	<b>(12,836)</b>

## Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23		2023/24
£000		£000
11,271	<b>Balance at 1 April</b>	11,263
(8)	Amount by which officer remuneration charged to the CI&ES is different from remuneration chargeable in the year in accordance with statutory requirements	1,443
<b>11,263</b>	<b>Balance at 31 March</b>	<b>12,706</b>

### 36. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2022/23		2023/24
£000		£000
5,556	Interest Received	14,384
(90,513)	Interest Paid	(59,307)

### Adjustment for items in the net surplus / (deficit) on the provision of services for Non-Cash Movements

The following table provides a breakdown of the adjustment for non-cash movements figure shown in the Cash Flow Statement:

2022/23		2023/24
£000		£000
75,548	Depreciation	76,893
97,379	Impairment and downward valuations	167,153
692	Amortisation	0
970	Deferred revenue / deferred payment agreements	0
(51,552)	Increase / (Decrease) in creditors	(13,000)
27,460	(Increase) / Decrease in debtors	(66,042)
(637)	(Increase) / Decrease in inventories	190
95,722	Movement in pension liability	(1,320)
31,377	Carrying amount of non-current assets and non-current assets held for sale which have been sold or derecognised	27,131
(6,774)	Other non-cash items charged to the net surplus or deficit on the provision of services	(1,448)
<b>270,185</b>	<b>Total</b>	<b>189,557</b>

### Adjustment for items in the net surplus / (deficit) on the provision of services that are investing or financing activities

The following table provides a breakdown of the adjustment for items that are investing or financing activities figure shown in the Cash Flow Statement:

2022/23 £000		2023/24 £000
(33,076)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(17,992)
(68,371)	Any other items for which cash effects are investing or financing cash flows	(72,308)
<b>(101,447)</b>	<b>Total</b>	<b>(90,300)</b>

### 37. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2022/23 £000		2023/24 £000
(165,687)	Purchase of property, plant and equipment, investment property and intangible assets	(158,477)
(155,000)	Purchase of short and long term investments	(125,000)
(103)	Other payments for investing activities	(44,279)
33,076	Proceeds from the sale of property, plant and equipment, investment property, intangible assets and deferred capital receipts	17,992
182,000	Proceeds from short term and long term investments	170,000
75,424	Other receipts from investing activities	106,860
<b>(30,290)</b>	<b>Net cash flow from investing activities</b>	<b>(32,904)</b>

### 38. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2022/23 £000		2023/24 £000
10,000	Cash receipts of short and long term borrowing	10,000
(20,657)	Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	(18,614)
(18,399)	Repayment of short and long term borrowing	(66,578)
29,130	Other payments for financing activities	(4,460)
<b>74</b>	<b>Net cash flow from financing activities</b>	<b>(79,652)</b>

### 39. Pooled Budget Arrangements

Section 75 of the National Health Services Act 2006 allows partnership arrangements between NHS bodies, Local Authorities and other agencies in order to improve and co-ordinate services. Generally, each partner makes a contribution to a pooled budget, with the aim of focussing services and activities for a client group. Funds contributed are those normally used for the services represented in the pooled budget and allow the organisations involved to act in a more cohesive way.

The Better Care Fund was announced by the Government in the June 2013 spending round, to ensure a transformation in integrated health and social care. It creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their wellbeing as the focus of health and care services and shifting resources into social care and community services for the benefit of the people, communities and health and care systems. The Sheffield Better Care Fund pool was constructed around seven themes focussed around the different areas of integration.

NHS Sheffield Clinical Commissioning Group and Sheffield City Council entered into a Section 75 agreement covering the Better Care Fund with effect from 1st April 2015. On 1st July 2022 NHS Sheffield Clinical Commissioning Group became NHS South Yorkshire Integrated Care Board (ICB) / Sheffield Place (SPLC), and as a result the Section 75 agreement was updated to reflect the change to the NHS organisation in year.

The 2023/24 Sheffield City Council value has had £80.4m of income added back to the position reported in year. This adjustment more accurately shows the gross resources of the pooled budget.

The following table summarises the contributions made by Sheffield City Council and NHS South Yorkshire ICB Sheffield Place. Note that for 2022/23, contributions were made by NHS Sheffield Clinical Commissioning Group in Q1 and NHS South Yorkshire ICB Sheffield Place in Q2 to Q4.

NHS Sheffield CCG / NHS SY ICB SPLC	2022/23		Service Area	2023/24	
	Sheffield City Council	Total		NHS SY ICB SPLC	Sheffield City Council
£000	£000	£000		£000	£000
317,932	220,800	538,732	The Better Care Fund	344,286	225,116
<b>317,932</b>	<b>220,800</b>	<b>538,732</b>	<b>Total</b>	<b>344,286</b>	<b>225,116</b>
					<b>569,401</b>

The NHS net contribution to the Better Care Fund for 2023/24 shown above is included within the expenditure recorded in note 5 to the NHS accounts (Services from foundation trusts £226.8m; Costs to ICB/NHSE (£135k); Purchase of healthcare from non-NHS bodies £96.5m; GPMS/APMS and PCTMS £562k; Employees £123k; and Purchase of Social Care £20.4m).

The memorandum account for the pooled budget is:

### The Better Care Fund

2022/23 £000		2023/24 £000
<b>Income</b>		
317,932	NHS Sheffield CCG / South Yorkshire ICB SPLC	344,286
220,800	Sheffield City Council	225,116
<b>538,732</b>	<b>Total</b>	<b>569,402</b>
<b>Allocation of expenditure</b>		
(13,189)	Theme 1 - People Keeping Well in their Local Community	(13,271)
(60,249)	Theme 2 - Active Support and Recovery	(63,762)
(10,605)	Theme 3 - Independent Living Solutions	(11,515)
(228,822)	Theme 4 - Ongoing Care	(245,416)
(73,724)	Theme 5 - Adult inpatient Medical Emergency Admissions	(76,907)
(142,710)	Theme 6 - Mental Health	(145,576)
(8,064)	Theme 7 - Capital Grants	(5,783)
(1,369)	Additional Discharge Funded Schemes outside of Themes	(7,172)
<b>(538,732)</b>	<b>Total</b>	<b>(569,402)</b>

### 40. External Audit Fees and Additional Audit Fees (Non Statutory)

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

2022/23 £000		2023/24 £000
144	Fees payable with regard to external audit services carried out by the appointed auditor*	226
55	Fees payable for the certification of grant claims and returns	78
3	Fees payable in respect of any other services provided over and above those listed above	3
<b>202</b>	<b>Total</b>	<b>307</b>

\* Includes additional fees approved by the PSAA in relation to the 2018/19 and 2019/20 external audits by Ernst & Young. KPMG's in year fee is only 25% of the total for 2023/24 as per the PSAA's guidance for milestones achieved.

## 41. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Council.

For Sheffield City Council, the main categories of related parties are other public bodies, or those organisations over which a Sheffield City Council Member or Chief Officer holds a position of general control or management. Sheffield City Council’s material related party transactions in year 2022/23 amounted to net payments of £43.4m (£36.7m for 2022/23). All such material related party transactions are disclosed either individually or in aggregate below.

### Council Members

In respect of financial year 2023/24 a number of Council Members had a position of general control or management in organisations which generated related party transactions with the Council. Positions of general control or management can arise by way of ownership, or by acting as a director, trustee, board member, or partner of an organisation.

It may be noted that all members’ pecuniary and non-financial interests which could conflict with those of the Council are open to public inspection as required by the Local Authority (Members Interests) Regulations 1992 (SI 1992/618) laid under section 19 of the Local Government Housing Act 1989. In addition, all contracts are required to fully comply with the Council’s Standing Orders.

### Chief Officers

For the purpose of this disclosure the term ‘chief officer’ is defined as the Chief Executive and the Strategic Directors. The note also covers members of those officers’ close families or households. One of the Council’s chief officers declared a position of general control or management in a third-party organisation during the financial year as a Director for Learn Sheffield Ltd.

	Receipts	Payments	Net Payments	Receivables	Payables	Net Assets
Related Party	£000	£000	£000	£000	£000	£000
Total Related Parties	(633)	44,004	43,371	153	(5)	148



<b>2023/24</b>	<b>Notes</b>	<b>Receipts</b>	<b>Payments</b>	<b>Net Payments</b>	<b>Receivables</b>	<b>Payables</b>	<b>Net Assets</b>
<b>Related Party</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amy's House Respite	1	0	87	87	7	0	7
Archdale School	2	(14)	5	(9)	0	0	0
Autism Plus	3	(3)	213	210	1	(17)	(16)
Brightside Nursery Infant School	4	(1)	16	15	(0)	2	2
Carfield Primary School	5	(11)	25	14	1	0	1
City of Sanctuary Sheffield	6	(2)	161	159	0	0	0
Fir Vale Children Centre	7	0	172	172	0	0	0
Football Unites Racism Divides	8	0	12	12	0	0	0
Grimesthorpe Family Centre	9	(0)	2	2	0	2	2
Local Government Association	10	0	2	2	0	1	1
Sheffield City Centre BID	12	(75)	785	710	0	0	0
Sheffield City Trust	13	(36)	36,590	36,554	4	0	4
Sheffield Futures	14	(9)	99	90	(29)	9	(20)
Sheffield Galleries & Museums Trust	15	(196)	2,749	2,553	9	0	9
Sheffield Housing Company	16	(263)	0	(263)	146	0	146
Sheffield International Venues Ltd	17	(1)	109	108	1	0	1
Sheffield Parent & Carer Forum	18	0	49	49	(0)	0	(0)
Sheffield United Community Foundation	19	(2)	123	121	2	(1)	1
SOAR	20	(2)	1,062	1,060	1	0	1
STEP Development Trust	21	(6)	36	30	3	0	3
The River Stewardship Company	11	(0)	144	144	0	0	0
The Source (Meadowhall)	22	0	103	103	0	0	0
Tinsley Forum	23	(4)	38	34	0	0	0
Voluntary Action Sheffield	24	(8)	1,423	1,415	6	0	6

**Notes - relating to significant transactions**

- £86k Special Needs Inclusion Playcare Service Holiday & Saturday Clubs
- (£6.7k) Transport Provided, (£5.8k) Repairs work carried out, £5.5k Top-up funding
- £99k Care and Support, £47k Community Hub Specialist, £31k Pathways to Success, £14k UK Shared Prosperity Fund Project Sheffield
- £10k Special Educational Needs High Need Funding
- (£9.9k) Alternative Provision, £23k Special Educational Needs High Need Funding
- £100k Asylum Dispersal, £37k Core Service Grant, £23k Core Services Additional Contribution
- £172k Daycare Costs
- £7k Hiring of Youth Club Premises, £3.5k Hiring of Football Pitch
- £2k Cost of Living Grant, £0.3k Poll Station Hire
- £0.6k Annual Conference & Exhibition, £0.7k Place at Local Government Association
- £45k removal of vegetation from the Sheaf and Porter, £42k Ecological Survey, Monitoring and Data Recording of Badger Sett at Regents Court, £19k Flood Alleviation Scheme, £13k Trial Hole Clearances, £7k Hedge Planting Project
- (£40k) Fringe at Tramlines 2023 Business Improvement District funding, (£20k) 2023/24 Charge for Business Improvement District billing and collection service, (£6k) Contribution to Castlegate Festival, £773k Charge for Sheffield Business Improvement District, £11k Best Bar None Scheme
- (£8k) Commission for conference booked for Faraday Conference, (£7.8k) Rent for High Hazels Park Land, (£11.3k) Pest Control Contract, £17.32m SCT Bond Principal, £8.9m Repairs to SIV/SCT Venues, £8.8m Quarterly Sheffield City Trust Funding, £1.09m SCT Bond Interest

14. (£5.5k) Domestic Abuse Counselling Project, £42 European Social Fund, £18.3k Room Hire, £7.2k Staying Close Wellbeing Workshop
15. (£85k) Insurance for Sheffield Museum, (£54k) Services to Graves Art Gallery, (£16k) Half yearly charges for Sheffield Theatres Crucible, (£13.5k) Clear Channel digital plays, (£4.8k) Business Improvement District Second Term Year 3, £2.01m Galleries & Museums, £432k Sheffield Museum uplift payments, £120k Annual Lifecycle funding, £62k Grant funding, £25k Annual Grant for Shepherd Wheel, £9k Fire protection scheme
16. (£170k) Community Infrastructure Levy, (£40k) Skye Edge Fields boundary treatments, (£27k) Sheffield Housing Company Services undertaken by Sheffield City Council 2023/24, (£8.7k) Rent charge for the Sustainable Drainage Scheme
17. £90k Euro Para Table Tennis Hosting Fee, £8.8k City Futures all staff conference
18. £49k Engagement with parents of children with Special Educational Needs.
19. £69k Universal youth work grant, £25k City Wide Provider Summer Holiday, £12k Winter Holidays and Food
20. £330k Cold Weather Payments, £290k Holidays and Food, £100k Resilient Communities, £78k People Keeping Well Dementia, £56k Pathways to Success, £26k Library in Learning Zone, £26 UK Shared Prosperity Fund hosting, £21k Hiring of Learning Zone, £20k Local Area Committee project
21. (£5.6k) Half yearly service charges, £36k Premises costs
22. £88k Routeways Project, £15k Advancing Digital Project
23. £14k East Local Area Committee Community Infrastructure Levy, £12k UK Shared Prosperity Fund Project South, £9k Tinsley Library associate grant,
24. (£6.2k) Contribution to Project Officer Costs, £290k Voluntary Action Sheffield Grant agreement, £290k Homes for Ukraine Grant, £193k Healthwatch, £135 Core Grant, £100k Asylum Dispersal Grant, £82k UK Shared Prosperity funding, £65k Payment for training, £53k Funding for refugee provision, £33k Ambition Support, £25k Community Champions, £22k Payment for Capacity Building, £8k Ambition positive change contract.

2022/23 Comparative information	Notes	Receipts	Payments	Net Payments	Receivables	Payables	Net Assets
Related Party		£000	£000	£000	£000	£000	£000
Amy's House Respite	1	(1)	119	118	7	0	7
Aspiring Communities Together	2	(2)	192	190	1	0	1
Autism Plus	3	(1)	308	307	1	(19)	(18)
Brightside Nursery Infant School	4	(1)	7	6	(0)	0	(0)
City of Sanctuary Sheffield	5	(1)	37	36	0	0	0
Fir Vale Children Centre	6	0	114	114	0	0	0
Grimesthorpe Family Centre	7	(0)	1	1	0	0	0
Sheffield City Centre BID	8	(154)	807	653	1	495	496
Sheffield City Trust	9	(53)	30,666	30,613	18	0	18
Sheffield Futures	10	(1)	162	161	(29)	0	(29)
Sheffield Galleries & Museums Trust	11	(168)	2,263	2,095	78	6	84
Sheffield Housing Company	12	(98)	0	(98)	137	0	137
Sheffield International Venues	13	0	20	20	(0)	0	(0)
Sheffield Parent & Carer Forum	14	0	41	41	(0)	0	(0)
Sheffield United Community Foundation	15	(1)	117	116	1	(1)	0
SOAR	16	(3)	1,127	1,124	0	0	0
STEP Development Trust	17	(6)	36	30	3	0	3
The River Stewardship Company	18	(0)	161	161	0	0	0
The Source (Meadowhall)	19	0	92	92	0	0	0
Tinsley Forum	20	0	18	18	0	0	0
Voluntary Action Sheffield	21	(1)	876	875	0	0	0

**Notes - relating to significant transactions**

- £81k Special Needs Inclusion Playcare Service Contracted Holiday Club, £36k Grant Agreement for Works on Site.
- £78k Adult Education Budget, £30k Mix of Entry 1/2 Skills, £15k Grant for Universal Youth Work, £10k English for online learning.
- £193k Care & Support, £41k Pathways to Success, £27k Community Hub - Specialist.
- £5k Special Educational Needs High Need Block Funding, £2k Looked-after Children Additional Funding.
- £37k Core Grant.
- £114k Day-care costs.
- £0.5k Welcome Spaces Fund Grimesthorpe, £0.3k Polling Station Hire.
- (£100k) Fees & Charges for several bids, (£20k) Brickosaurs lamppost banners, (£20k) 22/23 Charge for Bid Billing and Collection Service, (£8k) Monthly Charges for Unit 1 Winter Gardens. £801k Charge for Bid Sheffield Business Improvement.
- (£20k) Don Valley Bowl Usage, (£12k) Rodent Control, (£5k) BID Second Term. £8.41m SCT Bond Principal, £8.15m MSF Financing Costs, £4.42m SIV Funding, £2.27m Repairs to SIV/SCT Venues, £1.88m SCT Bond Interest, £115k Pool Hire.
- £70k Star House Rent, £29k Pathways to Success, £39k European Social Fund Grant, £15k Grant for Universal Youth Work in the city.
- (£66k) Sheffield Museums Trust Insurance Recharge, (£16k) Norfolk St - The Crucible Ground Rent, (£5k) BID Second Term Year 2. £1.31m Galleries & Museums, £435k Sheffield Museums Trust, £100k Annual Lifecycle Funding, £21k Annual Grant for Shepherd Wheel, £10k Match Funding for Abbeydale Industrial Hamlet.
- (£50k) Maintenance & Repair of Woodthorpe Ravine Playground, (£22k) SHC Services, (£9k) Bulky Collections.
- £19k Hire of English Institute of Sport for Local Election Count.
- £41k Delivery of Engagement of parents of children and young people with Special Educational Needs and Disability.
- £65k Grant for Universal Youth Work, £25k City-Wide Provider Summer Holiday, £10k SUCF Easter, £7k Winter Holidays and Food.

16. £329k Cold Weather Payments, £299k Holiday Activities and Food, £100k Resilient Communities, £68k People Keeping Well Dementia, £66k Pathways to Success, £57k Community Hub, £36k Summer Holiday, £35k Library Rent at Learning Zone, £24k Community Champions, £18k Half Term Healthy.
17. (£6k) Yearly Charges. £36k Premises.
18. £48k Shirebrook Valley County Park - Access Track, Ramp & Maintenance Platform, £46k Upper Don Valley Phase 1, £34k Shirebrook Nature Reserve Ochre Traps & Biological Barriers, £12k Various Design & Planning of Projects.
19. £28k European Social Fund Sector Routeways Project, £24k European Social Fund Advancing Digital Project, £14k Adult Education Budget Regulated Delivery.
20. £10k Associates Library Grant, £6k East Local Area Committee Grant, £2k Book Grant.
21. £192k Voluntary Action Sheffield Healthwatch, £142k Payment for Capacity Building, £132k Infra Grant, £57k Public Health Contribution, £50k Food Access Plan, £46k Covid Comp, £42k Payment for Training, £38k Funding for Food Development Worker, £34k Ambition: Support, £32k Capacity, £24k Rent Charge, £20k UK Shared Prosperity Fund Payment, £15k Venue Room Hire, £14k Core Grant.

### Transactions with Other Public Bodies

The UK Government exerts significant influence over Sheffield City Council through legislation and grant funding. Transactions with central government and precepts and levies raised on behalf of other public bodies are detailed in notes to the Consolidated Income and Expenditure Account and Collection Fund. However, the following table shows the significant transactions with public bodies in the area:

2023/24 Related Party	Notes	Receipts £000	Payments £000	Net Payments £000	Receivable £000	Payable £000	Net Assets £000
NHS	1	(3,054)	23,651	20,597	1,026	385	1,411
Other Local Authorities	2	(5,856)	44,875	39,019	645	39	684
Sheffield City Region Combined Authority	3	(48,309)	25,890	(22,419)	869	0	869
South Yorkshire Fire & Rescue Authority	4	(10)	13,951	13,941	5	0	5
South Yorkshire Pensions Authority	5	0	142,619	142,619	(0)	0	(0)
South Yorkshire Police and Crime Commissioner	6	(1,643)	34,967	33,324	45	6	51
SYPTA	7	(2,629)	0	(2,629)	19	0	19

### Notes - relating to significant transactions

1. (£522k) Transforming Care 23/24, (£304k) Salary Contributions, (£300k) Capacity Funding 23/24 Service Expansion, (£250k) Fees and Charges for Team Around the Person, (£185k) GP Medical Fees, (£147k) Moor Market Vaccine Clinics, (£144k) Front Door Response Team, (£141k) Agency Staff, (£113k) Contribution to Renal Services full year costs 2023/24, (£107k) Strategic Commissioning Manager, (£83k) TUPE contributions, (£72k) Assessment and Case Management, (£64k) Rent in Moorfoot (£60k) Suicide Prevention, (£56k) Clinical Placement Expansion, £3.81m Sexual Health Specialist, £1.65m Substance Misuse contract, £829k Sheffield Health and Social Care NHS Foundation Trust, £708k Assessment & Care Management Fee, £635k Smokefree Contract, £507k Sunshine Day Nursery, £450k Sheffield Children's Centre, £449k Clinical and Medical goods supplies and services, £360k IC beds, £275k Steps contract, £250k Sexual Health Service for PrEP, £200k Sheffield Health and Social Care NHS services, £174k Expansion of the Alcohol Care Team, £124k Buvidal treatment spend, £120k Oral Health, £119k Sheffield Flourish Recovery, £112k Health Care Partnership, £95k Purchase of FibroScan, £87k Alcohol Care Team, £80k Funding for Speech and Language, £75k Salary Recharges, £60k Funding for Smoking in Pregnancy, £60k Future in Mind.
2. (£1.14m) Furnishings for accommodation in Rotherham, (£1.10m) Accommodation at Aldine House, (£919k) Coroner's Services, (£422k) East Riding of Yorkshire fees, (£380k) European Social Fund Advancing Digital Project, (£236k) European Social Fund BEA, (£93k) Local Supported Employment, (£60k) Silverdale, Nether Green and Archdale school terms, (£58k) Parish elections, (£48k) South Yorkshire Intelligent Transport System, (£40k) Recharges for Salary Costs, (£38k) YORHub dividend, (£31k) Charges for in-house foster care, (£31k) South Yorkshire archives, (£30k) YORhub Chair fee, (£60k) South Yorkshire Archaeology Services, (£31k) Oral Health Survey, (£16k) Lincoln Legal Support, £875k European Social Fund Grant, £660k Council Tax Precept, £465k One Adoption South Yorkshire, £230k Emergency Planning Contributions, £185k Repaid Home Loans, £120k DBS Checks, £65k Low Carbon Claim, £55k Out of City transport for Looked After Children, £44k Core Cities annual contribution, £26k Mortuary costs, £55k Step Up to

- Social Work Bursary, £26k White Rose Children Placements and Joint Commissioning Programme, £24k Advanced Practitioners Fellows Scheme 23/24, £24k Strategic Procurement Group fees, £21k Annual Yorkshire Leader Board
3. (£9.29m) Transforming Cities Fund, (£7.56m) Grant Income, (£2.64m) Local and Neighbourhood Transport Complementary Programme, (£2.48m) UK Shared Prosperity Fund, (£1.01m) Low Carbon funding, £23.09m Integrated Transport Authority Levy, £928k EZ Growth, £756k Zero fare bus passes, £488k Transport Hub Subscription, £161k Tram stop improvements, £107k Bus shelters
  4. £12.04m Council Tax Precept inc Surplus Share, £1.91m National Non-Domestic Rates less Deficit Share.
  5. £6m Rechargeable Pensions Levy, £1.9m APR Approved costs, £240k Early Retirement Payments, £140k SYPA Levy
  6. (£466k) Sheffield Criminal Justice Integrated Teams and Arrest Funding, (£296k) Community Safety, (£233k) Youth Offending Team, (£107k) 2022-23 Sheffield Partnership Contribution, (£215k) Domestic Abuse Contract, (£100k) Violence Reduction Unit, (£79k) Recharge of salary costs, (£72k) Carver Street violent crime reduction, (£32k) Anti-social behaviour hotspot patrolling, (£25k) Funding for target hardening equipment. £34.72m Council Tax Precept inc Surplus Share, £63k Sheffield Tenancy Grant, £39k South Yorkshire Police Op Recover, £33k Recruitment Costs, £30k South Yorkshire Police Hate Crime Co-ordinator, £29k Integrated Offender Management Police Contract
  7. (£68k) Capital Delivery Service, (£50k) MOBO Awards 2024, (£14k) CCTV Maintenance

2022/23 Comparative Information Related Party	Notes	Receipts £000	Payments £000	Net Payments £000	Receivable £000	Payable £000	Net Assets £000
NHS	1	(2,437)	28,651	<b>26,214</b>	(526)	215	<b>(311)</b>
Other Local Authorities	2	(3,678)	4,496	<b>818</b>	(559)	98	<b>(461)</b>
Sheffield City Region Combined Authority	3	(18,036)	52,104	<b>34,068</b>	(710)	100	<b>(610)</b>
South Yorkshire Fire & Rescue Authority	4	(5)	12,867	<b>12,862</b>	(2)	0	<b>(2)</b>
South Yorkshire Pensions Authority	5	0	10,598	<b>10,598</b>	0	1	<b>1</b>
South Yorkshire Police and Crime Commissioner	6	(1,670)	33,391	<b>31,721</b>	(4)	0	<b>(4)</b>
SYPTC	7	(2,236)	9,963	<b>7,727</b>	(19)	0	<b>(19)</b>

#### Notes - relating to significant transactions

- (£779k) Transfer of Care Funding - Macmillan, (£513k) Recharge Costs, (£128k) Monthly Rent for Level 6 Moorfoot, (£92k) Lead Vaccine Coordinator, (£34k) Pest Control, (£28k) Cleaning. £5.2m Substance Misuse Program, £3.83m 2022-23 Specialist Sexual Health, £2.92m Halt Project, £2.18m SHSC Contract, £578k Smokefree Contract, £577k CCG Prescribing Contract, £562k Sheffield Health and Social Care NHS Foundation, £528k Sunshine Day Nursery, £485k Direct Payment audit reclaim, £475k Sexual Health Service for PrEP, £348k STEP, £316k Sheffield Children's Centre, £197k Building Successful Families, £120k Sheffield Oral Health (Dental) Contract, £162k To deliver the Integrated Practice, £107k Various Services provided to Children, £106k LD Case Register.
- (£1.56m) Rotherham Furnished Accommodation, (£318k) Coroner Service, (£235k) Consulting Fees, (£204k) REMEDI Contract, (£154k) Mortuary Costs, (£102k) Barnsley Childcare Legal Support, (£100k) European Social Fund Advancing Digital Project, (£89k) Barnsley Archives, (£70k) European Social Fund BEA Claim, (£68k) Salary Recharge, (£43k) YORHUB Rebate, (£38k) DFE Safeguarding Project, (£38k) SYAS Annual Contribution, (£34k) SOVA Appropriate Adult Contract, (£31k) SY Archives, (£30k) 2022 Joint Chairs Fee, (£30k) Contribution to works at Angram Bank Park. £1.025m European Social Fund Grant, £674k 2022/23 Council Tax Precept, £568k Step Up to Social Work, £423k One Adoption South Yorkshire Contract, £258k Repaid Home Loans, £230k 2022-2023 Contributions for the Emergency Planning Shared Service, £119k DBS Checks 2022-2023, £116k Out of City Transport, £89k GHEP Claim payment, £44k Core Cities 2022/2023, £42k Mortuary Costs of Coroners Service.
- (£1.86m) Sheffield Local Transport Plan Funding 22-23, (£132k) Legal & Professional Fees, (£18k) Partner Contribution towards the costs of the Advanced Manufacturing Innovation District Programme Director. £22.64m Integrated Transport Authority Levy, £683k EZ Growth, £413k Transport Hub Subscription, £75k BASE Subscription, £15k Growth Hub Enhancement Project Claim Payment.
- £11.49m Council Tax Precept inc Surplus Share, £1.37m NNDR1 Rates Share Less Deficit.
- £5.75m Rechargeable Pensions Levy, £4.21m AFR Costs Approved, £495k Early Retirement Costs, £137k SYPA Levy.
- (£575k) Sheffield Criminal Justice Integrated Teams and Arrest Funding, (£244k) Community Safety 21/22, (£172k) Domestic Abuse Contract, (£117k) Youth Offending Team, (£117k) Police and Crime Commissioner Funding 2022/23 50%, (£107k) 2022-23 Sheffield Partnership Contribution, (£98k) Safer Streets Fund, (£97k) Complex Needs Independent Domestic Violence Advocates 2122 Q1-4, (£85k) Salary Recharge, (£20k) Mount Pleasant Park Lighting. £33m Council Tax Precept inc Surplus Share, £184k Universal Grant Funding, £83k Integrated Offender Management Police Contract, £14k Building Successful Families Grant.
- (£166k) Safer Roads Partnership Claims, (£74k) Spruce Development for the Supertram Journey time Improvements, (£45k) CDS. £588k Zero fare bus passes for the academic, £395k S106 funds: Commuted Sums Transfer, £100k SCC Contribution to Woodbourn Road, £50k South Yorkshire Safety Camera Partnership Contribution, £24k Repairs and Maintenance - Broad Street West.

#### 42. Members' Allowances

The Council paid the following amounts to Council Members and Co-optees during 2023/24:

2022/23 £000		2023/24 £000
	<b>Councillors:</b>	
1,282	Basic Allowance	1,373
326	Special Responsibility Allowance	355
17	Expenses	17
<b>1,625</b>		<b>1,745</b>
	<b>Co-optees:</b>	
0	Basic Allowance	2
<b>1,625</b>	<b>Total</b>	<b>1,747</b>

Further details of this, including the amount paid to each Member, will be published separately as required by Government Regulations.

#### 43. Officers' Remuneration

Under the Accounts and Audit Regulations 2015, Local Authorities are required to disclose information on their employees' remuneration in two sections.

The first section must contain the details of those officers defined in the Regulations as senior employees whose salary is above £50,000 per annum. Senior employees are typically categorised as statutory chief officers or non-statutory chief officers. The latter category typically includes those officers who report directly to the Chief Executive (excluding those whose duties are solely secretarial). In addition, those senior officers whose salary is above £150,000 are required to be named in this section.

The second section must include a disclosure of the numbers of other staff whose total remuneration (i.e. salary plus overtime and allowances, etc.) is above £50,000.

The remuneration paid to the Council's senior employees is shown in the table below:

2023/24						
Post Holder Information	Notes	Salary – including Fees and Allowances £	Expenses Allowances £	Total Remuneration exc Pension Contributions £	Pension Contributions £	Total Remuneration inc Pension Contributions £
Chief Executive – Kate Josephs		213,454	0	213,454	40,556	254,010
Chief Operating Officer	1	119,638	0	119,638	22,731	142,369
Director of Public Health and Integrated Commissioning		135,027	128	135,155	19,362	154,517
Strategic Director of Adults' Care and Wellbeing		122,847	0	122,847	23,341	146,188
Executive Director of City Futures – Kate Martin		160,870	0	160,870	30,565	191,435
Executive Director of Neighbourhood Services – Ajman Ali		164,111	0	164,111	31,181	195,292
Strategic Director of Children's Services	2	126,921	0	126,921	24,115	151,036
Director of Finance and Commercial Services	3	86,090	0	86,090	16,357	102,447
General Counsel		94,399	0	94,399	18,389	112,788
Director of Policy and Democratic Engagement		97,396	0	97,396	18,505	115,901
<b>Total</b>		<b>1,320,753</b>	<b>128</b>	<b>1,320,881</b>	<b>245,102</b>	<b>1,565,983</b>

**Notes:**

1. The Chief Operating Officer joined the Council on 1 June 2023
2. The Strategic Director of Children's Services joined the Council on 19 June 2023
3. The Director of Finance and Commercial Services joined the Council on 31 July 2023



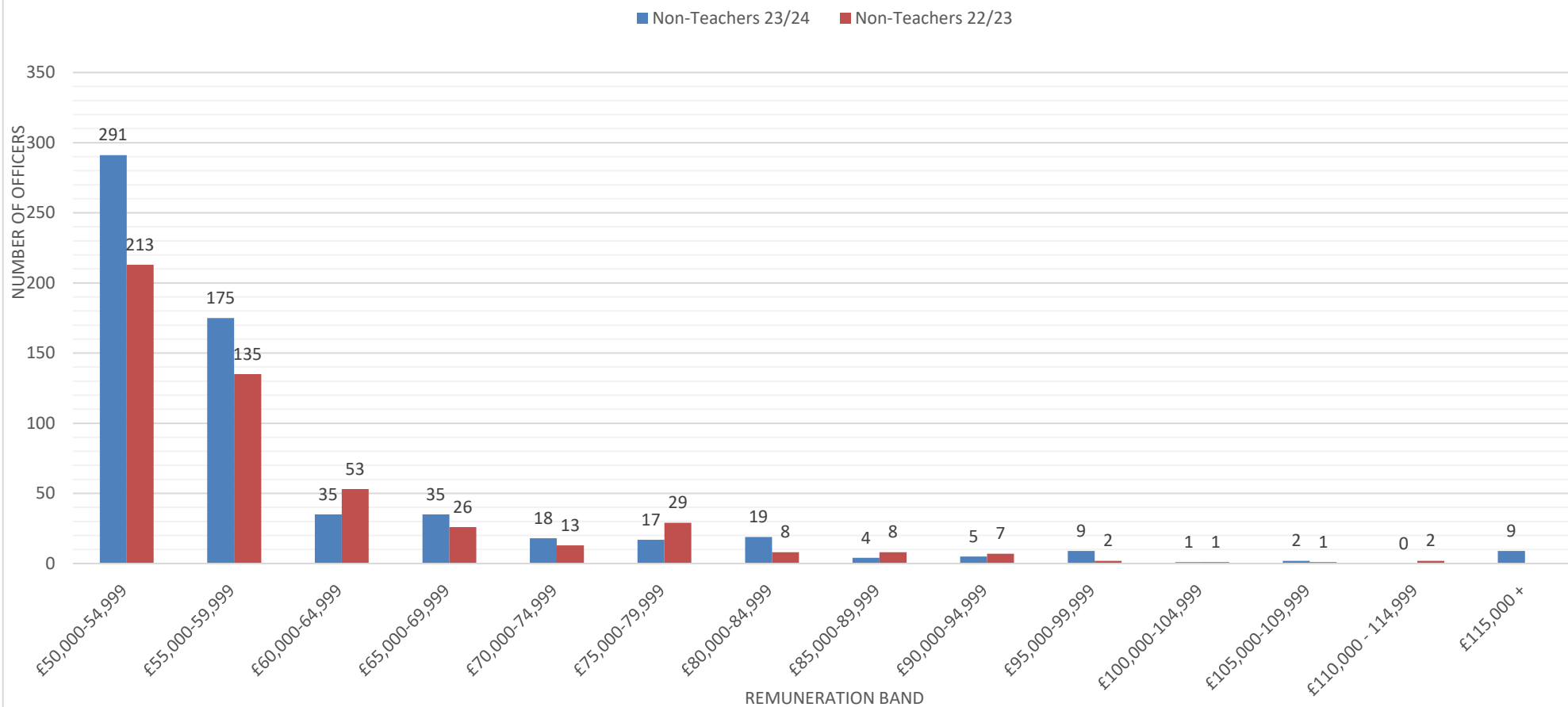
2022/23						
Post Holder Information	Notes	Salary – including Fees and Allowances	Expenses Allowances	Total Remuneration exc Pension Contributions	Pension Contributions	Total Remuneration inc Pension Contributions
		£	£	£	£	£
Chief Executive - Kate Josephs		202,391	0	202,391	38,454	240,846
Executive Director - People	1	65,215	0	65,215	12,391	77,606
Strategic Director - Adults' Care and Wellbeing	2	111,139	0	111,139	21,116	132,255
Interim Strategic Director - Children's Services	3	112,692	0	112,692	21,408	134,100
Executive Director - Operational Services - Ajman Ali		154,158	0	154,158	29,290	183,447
Executive Director - City Futures - Kate Martin		153,279	0	153,279	29,123	182,402
Director of Public Health		130,461	34	130,495	18,599	149,094
Executive Director - Resources - Eugene Walker	4	211,367	0	211,367	16,845	228,212
Director of Legal and Governance	5	50,606	0	50,606	9,640	60,246
Interim Director of Legal and Governance	6	87,245	0	87,245	15,674	102,919
Interim Director of Finance and Commercial Services	7	85,090	0	85,090	0	85,090
Director of Policy and Performance	8	99,850	0	99,850	18,972	118,822
<b>Total</b>		<b>1,463,493</b>	<b>34</b>	<b>1,463,528</b>	<b>231,511</b>	<b>1,695,039</b>

**Notes:**

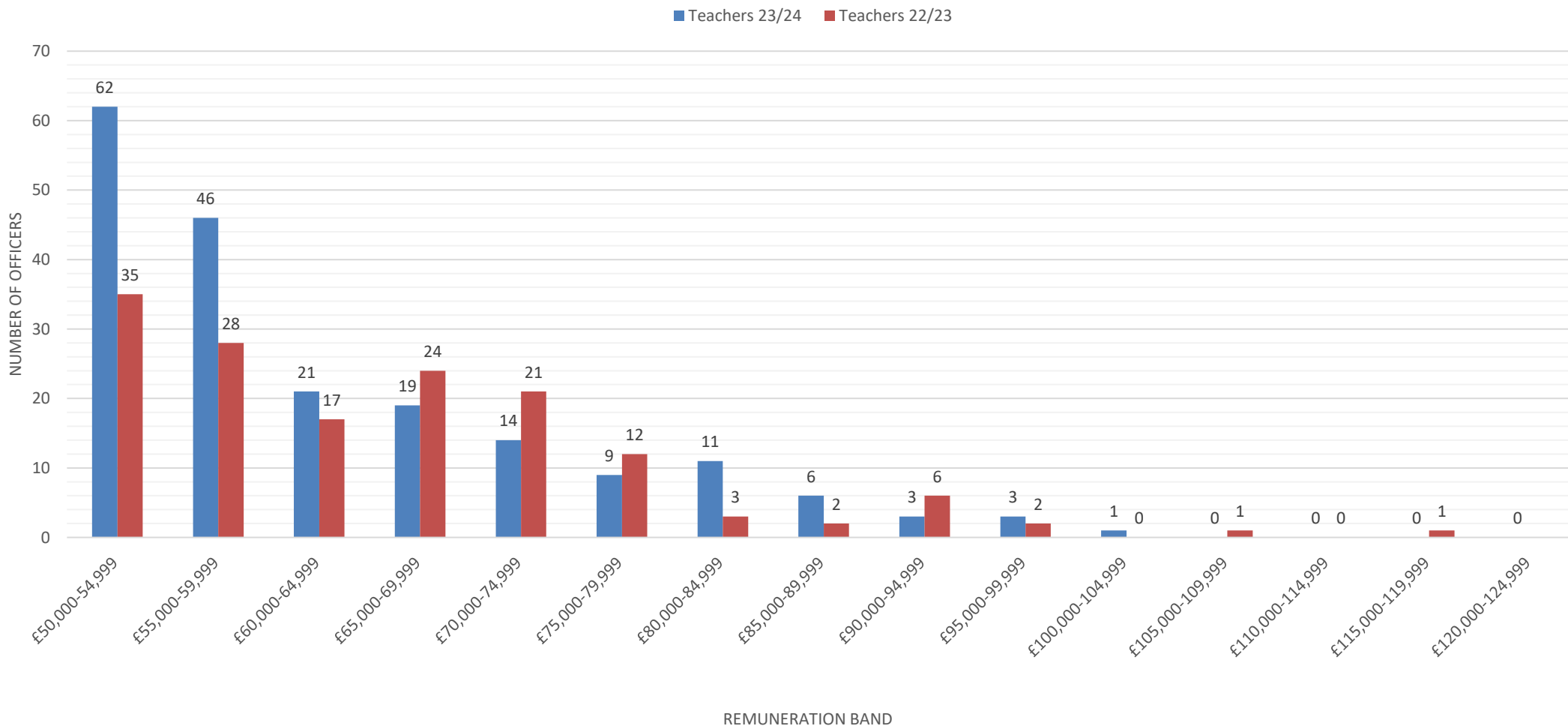
1. The Executive Director of People left their position on 29 August 2022.
2. The Strategic Director of Adults' Care and Wellbeing began reporting directly to the Chief Executive from 30 August 2022.
3. The Interim Strategic Director of Children's Services began reporting directly to the Chief Executive from 30 August 2022. Prior to taking up their current role on 18 August 2022, this individual was the Director of Education and Skills within the People Portfolio and their remuneration in this role is included in the table above.
4. The Executive Director of Resources took up the role of Acting Chief Executive from 16 February 2022. A Temporary Additional Responsibility Allowance (TARA) was paid during 2022/23 and is included in the salary figure above. This individual left their position on 30 November 2022. As a result, the remuneration in the table above also includes a Settlement Agreement payment and Pay in Lieu of Notice.
5. The Director of Legal and Governance in addition took up the role of Acting Executive Director of Resources on a job share basis from 16 February 2022. A TARA was paid during 2022/23 and is included in the salary figure above. This individual left their position on 25 September 2022.

6. Prior to taking up their current role on 26 September 2022, the Interim Director of Legal and Governance was the Assistant Director of Legal and Governance within the Resources Portfolio and their remuneration in this role is included in the table above. While in that role, this individual took up the role of Acting Director of Legal and Governance from 16 February 2022. A TARA was paid during 2022/23 and is included in the salary figure.
7. The Interim Director of Finance and Commercial Services joined the Council on 1 December 2022. This individual reports directly to the Chief Executive and assumes some of the responsibilities of the former Executive Director of Resources. This individual is employed via an agency and their employee costs are inclusive of agency fees, however no accommodation, travel or other expenses were paid during 2022/23. The remuneration in the table above does include Employer's National Insurance and the Apprenticeship Levy, but does not include VAT.
8. The Director of Policy and Performance in addition took up the role of Acting Executive Director of Resources on a job share basis from 16 February 2022. A TARA was paid during 2022/23 and is included in the salary figure.

## Officer Remuneration: Non-Teacher



## Officer Remuneration: Teacher



#### 44. Termination Benefits

The Council terminated the contracts of 19 employees in 2023/24 (142 in 2022/23), who were made redundant as part of its strategy to reduce the workforce to achieve budget savings, incurring liabilities of £660k (£4.4m in 2022/23). This includes redundancy and pension payments.

The numbers of exit packages with total cost per band are set out in the table below:

2022/23			2023/24		
Total number of exit packages by cost band	Total cost of exit packages in each band	Exit package cost band (including special payments)	Total number of exit packages by cost band	Total cost of exit packages in each band	
	£000			£000	
109	1,808	£0.01 - £40,000	13	87	
17	982	£40,001 - £80,000	3	199	
16	1,620	£80,001 - £200,000	3	374	
<b>142</b>	<b>4,410</b>	<b>Total</b>	<b>19</b>	<b>660</b>	

#### 45. Post-Employment Benefits

Refer to [section VIII](#) of the Accounting Policies for further information which supports this note.

As part of the terms and conditions of employment of its employees, the Council offers post-employment benefits in the form of three pension schemes, which provide members with defined benefits related to pay and service. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The City Council makes contributions to the following pension schemes in respect of its employees.

##### Teachers' Pension Scheme

In 2023/24 the Council paid £14.5m (£14.1m in 2022/23) to the Department for Education (DfE) in respect of Teachers' pension costs, which represented 23.68% of Teachers' pensionable pay over the year (23.68% in 2022/23).

In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2023/24 these amounted to £3.7m (£3.6m in 2022/23), representing 6.01% (6.05% in 2022/23) of pensionable pay.

The teachers' pension scheme is not the direct responsibility of the Local Education Authority. The teachers' pension scheme is an unfunded scheme with pension costs charged to the accounts based on a rate set by the DfE, supported by a five-year actuarial review. It is not possible to identify liabilities consistently and reliably between participant authorities.

### **NHS Pension Scheme**

During 2013/14 public health staff were transferred from Primary Care Trusts (PCTs) to Local Authorities. These staff have maintained their membership in the NHS pension scheme. In 2023/24 the Council paid £116k (£126k in 2022/23) to NHS Pensions in respect of NHS pension costs, which represented 14.38% (14.38% in 2022/23) of NHS pensionable pay.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying scheme assets and liabilities with sufficient reliability. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

### **Local Government Pension Scheme**

#### **Transactions Relating to Post-Employment Benefits**

The Council recognises the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

2022/23 £000		2023/24 £000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<i>Cost of Services:</i>	
125,424	Current service cost	61,177
0	(Gains) and Losses on Settlements	(1,839)
1,309	Past service cost including curtailments	2,705
<b>126,733</b>	<b>Charge to (Surplus) / Deficit on Continuing Operations</b>	<b>62,043</b>
	<i>Other Operating Expenditure:</i>	
1,352	Administration expenses	1,457
1,352		1,457
	<i>Financing and Investment Income and Expenditure:</i>	
106,822	Interest cost on pension liabilities	137,428
(86,124)	Interest on plan assets	(146,020)
20,698		(8,592)
<b>22,050</b>	<b>Charge to the (Surplus) / Deficit on the Provision of Services</b>	<b>(7,135)</b>
	<i>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement:</i>	
(980,464)	Re-measurements of the net defined benefit liability	93,222
0	Business Combinations	0
<b>(980,464)</b>		<b>93,022</b>
<b>(831,681)</b>	<b>Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>147,930</b>

2022/23 £000		2023/24 £000
	<b>Movement in Reserves Statement</b>	
(148,783)	Reversal of net charges made to the (Surplus) / Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(54,908)
	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	
53,062	Employer's contributions payable to scheme	56,228

The cumulative amount of actuarial (gains) and losses recognised in the Comprehensive Income and Expenditure Statement to the 31<sup>st</sup> March 2024 is a gain of £1,059m (£891m gain in 2022/23).

The employer's contributions payable to the scheme increased from £53.1m in 2022/23 to £56.2m in 2023/24.

This does not include the significant early payment of £89m for the planned future service rate in return for a substantial reduction in the amount due, which has been disclosed in long term debtors £44m (Note 17) and short-term debtors £45m (Note 16).

### Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2022/23 £000		2023/24 £000
(3,940,061)	Opening Balance at 1 April	(2,916,288)
(126,776)	Current service cost	(62,634)
(106,822)	Interest cost	(137,428)
(17,697)	Contributions by scheme participants	(18,914)
1,168,980	Re-measurements	62,083
107,397	Benefits Paid	125,644
(1,309)	Curtailments	(2,705)
0	Settlements	4,421
<b>(2,916,288)</b>	<b>Closing Balance at 31 March</b>	<b>(2,945,821)</b>

Reconciliation of fair value of the scheme (plan) assets:

2022/23 £000		2023/24 £000
3,195,634	Opening Balance at 1 April	3,056,604
86,124	Interest on plan assets	146,020
(188,516)	Re-measurements	94,608
53,062	Contributions by Employer	56,228
17,697	Contributions by scheme (plan) participants	18,914
(107,397)	Benefits paid	(125,644)
0	Settlements	(2,582)
<b>3,056,604</b>	<b>Closing Balance at 31 March</b>	<b>3,244,148</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a loss of £241m (£86.5m gain in 2022/23).



Local Government Pension Scheme assets comprised:

	31 March 2023	31 March 2024
	£000	£000
<b>Equity Securities:</b>		
Other - Quoted	205	196
Other - Unquoted	31	30
<b>Debt Securities:</b>		
Corporate Bonds (Non-Investment Grade) - Unquoted	61	0
UK Government - Unquoted	11,371	0
Other - Quoted	9,244	8,748
Other - Unquoted	168,757	177,100
<b>Private Equity:</b>		
All - Quoted	5,352	5,265
All - Unquoted	319,410	334,067
<b>Real Estate:</b>		
UK Property - Quoted	4,150	3,669
UK Property - Unquoted	250,835	251,633
Overseas Property - Unquoted	3,831	3,312
<b>Investment Funds and Unit Trusts:</b>		
Equities - Unquoted	1,380,739	1,491,562
Bonds - Unquoted	510,766	487,121
Infrastructure - Quoted	32,368	23,489
Infrastructure - Unquoted	274,302	301,668
Other - Quoted	0	5,853
Other - Unquoted	56,055	105,110
<b>Cash and Cash Equivalents:</b>		
All – Quoted	29,127	45,326

**Scheme History**

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Present value of liabilities	(3,305,385)	(3,883,967)	(3,940,061)	(2,916,288)	(2,945,821)
Fair value of scheme assets	2,364,311	2,882,853	3,195,634	3,056,604	3,244,148
<b>Surplus / (deficit) in the scheme</b>	<b>(941,074)</b>	<b>(1,001,114)</b>	<b>(744,427)</b>	<b>140,316</b>	<b>298,327</b>
Asset ceiling adjustment					(249,913)
<b>Adjusted Net Asset</b>					<b>48,414</b>

The liabilities show the underlying commitments that the Council has, in the long run, to pay post-employment benefits.

Accounting Standard IAS19 (Employee Benefits) states an entity shall recognise the net defined benefit liability/asset in the statement of financial position. In line with IAS19 and IFRIC14 (the standard that limits the recognition of the asset), the net defined benefit asset should be valued at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling has been calculated and is applicable in 2023/24, therefore, the net defined benefit asset has been adjusted to £48.4m, as presented in the table above.

The total asset of £48m (£140m asset 2022/23) has an impact on the net worth of the Council as recorded on the Balance Sheet, increasing the balance from £2.5bn to £2.6bn (£2.6bn to £2.7bn 2022/23). The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

### Basis for Estimating Assets and Liabilities

The pension fund liabilities have been assessed by the actuaries Hymans Robertson using the projected unit method. This involved making an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The main assumptions used in their calculations are as follows:

2022/23		2023/24
	<b>Mortality assumptions:</b>	
	Longevity at 65 for current pensioners:	
20.5 years	Men	20.6 years
23.7 years	Women	23.6 years
	Longevity at 65 for future pensioners:	
21.5 years	Men	21.4 years
25.2 years	Women	25.0 years
	<b>Financial assumptions:</b>	
3.0%	Rate of CPI inflation	2.8%
3.6%	Rate of increase in salaries	3.4%
3.0%	Rate of increase in pensions	2.8%
4.8%	Rate for discounting scheme liabilities	4.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The sensitivity analyses below have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2022/23.

Change in Assumptions at 31 March 2024	£000
Increase in life expectancy (1 year increase)	117,833
Rate of inflation (0.1% increase)	50,119
Rate of increase in salaries (0.1% increase)	2,286
Rate of discount (0.1% increase)	51,509

### History of Experience Gains and Losses

The actuarial gains and losses identified as movements on the Pension Reserves in 2022/23 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2024:

	2019/20	2020/21	2021/22	2022/23	2023/24
	%	%	%	%	%
Differences between the expected and actual return on assets	8.1	16.1	6.9	-6.2	2.9
Experience gains and losses on liabilities	-1.6	13.4	-4.6	-46.5	-4.5

## Housing Revenue Account (HRA)

The HRA Income and Expenditure Statement shows the economic cost in year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

### Housing Revenue Account Income and Expenditure Statement:

2022/23 £000		Notes	2023/24 £000
	<b>Expenditure:</b>		
51,739	Repairs and maintenance		56,789
57,885	Supervision and management		61,684
3,107	Rents, rates, taxes and other charges		3,265
134,698	Depreciation, impairment and revaluation losses / (gains) of non-current assets	8 / 9	107,199
200	Debt management costs		200
1,044	Movement in the allowance for Bad or Doubtful Debts		557
<b>248,673</b>	<b>Total Expenditure</b>		<b>229,693</b>
	<b>Income:</b>		
(151,601)	Dwelling rents	11	(162,657)
(1,306)	Non-dwelling rents - garages, garage sites, shops	11	(1,352)
(8,540)	Charges for services and facilities		(9,964)
(603)	Contributions towards expenditure		(579)
<b>(162,050)</b>	<b>Total Income</b>		<b>(174,553)</b>
<b>86,623</b>	Net (Income) / Cost of HRA Services as included in the whole Council's Comprehensive Income and Expenditure Statement		<b>55,140</b>
803	HRA share of Corporate and Democratic Core		803
<b>87,426</b>	<b>Net (Income) / Cost of HRA Services</b>		<b>55,943</b>
	<b>HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Account:</b>		
(4,513)	(Gain) or loss on sale of HRA non-current assets		(2,655)
12,749	Interest payable and similar charges		12,746
(640)	Interest and investment income		(4,805)
<b>95,022</b>	<b>(Surplus) / Deficit for the year on HRA services</b>		<b>61,229</b>

**Movement on the Housing Revenue Account Statement:**

2022/23 £000		Notes	2023/24 £000
<b>(8,023)</b>	<b>Balance as at 1 April</b>		<b>(8,661)</b>
95,022	(Surplus) / Deficit on the HRA Income and Expenditure Statement		61,229
0	Other Comprehensive Income and Expenditure	1	0
(105,426)	Adjustments between accounting basis and funding basis under regulation	2	(78,158)
<b>(10,404)</b>	<b>Net (increase) / decrease before transfers to reserves</b>		<b>(16,929)</b>
9,766	Transfer to / from reserves	3	11,271
<b>(638)</b>	<b>(Increase) / decrease in year on the HRA</b>		<b>(5,658)</b>
<b>(8,661)</b>	<b>Balance as at 31 March</b>		<b>(14,319)</b>

**Notes to the Housing Revenue Account**

**01. Other Comprehensive Income and Expenditure**

In 2023/24 and 2022/23 there were no other items.

**02. Adjustments Between Accounting Basis and Funding Basis Under Regulation**

2022/23 £000		2023/24 £000
(109,966)	Net Impairment and revaluation gains / (losses) on HRA non-current assets	(80,840)
4,513	Net gain / (loss) on sale of HRA non-current assets	2,655
27	Difference between any other item of income and expenditure determined in accordance with the Code and those determined in accordance with statutory HRA requirements	27
<b>(105,426)</b>	<b>Total</b>	<b>(78,158)</b>

**03. Transfer to / (from) Reserves**

This note sets out the amounts set aside from the HRA balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to the HRA to meet expenditure in 2023/24.

2022/23 £000		2023/24 £000
9,353	Transfer to / (from) the Major Repairs Reserve	12,632
411	Transfer to / (from) the HRA Earmarked Reserve	(1,361)
<b>9,764</b>	<b>Total</b>	<b>11,271</b>

#### 04. Housing Stock

The Council was responsible for managing, on average 38,310 dwellings during 2022/23 (38,475 for 2022/23). The movement in stock can be summarised as follows:

2022/23		2023/24
38,553	Housing Stock as at 1 April	38,397
(410)	Less: Sales	(249)
(1)	Less: Demolitions and other deductions	0
225	Add: New build and acquisitions	74
<b>38,397</b>	<b>Housing Stock as at 31 March</b>	<b>38,222</b>

The housing stock can be analysed by type as follows:

2023/24	Flats and Maisonettes	Houses and Bungalows	Total
1 Bedroom	11,912	1,695	13,607
2 Bedrooms	5,379	8,225	13,604
3 Bedrooms	796	9,419	10,215
4 Bedrooms	15	408	423
5 Bedrooms	1	20	21
6 Bedrooms or more	1	2	3
Bedsits	347	2	349
<b>Total</b>	<b>18,451</b>	<b>19,771</b>	<b>38,222</b>

2022/23 – Comparative Information	Flats and Maisonettes	Houses and Bungalows	Total
1 Bedroom	11,925	1,695	13,620
2 Bedrooms	5,408	8,286	13,694
3 Bedrooms	804	9,486	10,290
4 Bedrooms	13	392	405
5 Bedrooms	1	19	20
6 Bedrooms or more	1	2	3
Bedsits	363	2	365
<b>Total</b>	<b>18,515</b>	<b>19,882</b>	<b>38,397</b>

The opening and closing balances of HRA fixed assets are as follows:

2022/23 Value at 1 April £000	Value at 31 March £000		2023/24 Value at 1 April £000	Value at 31 March £000
1,524,752	1,634,626	Council Dwellings	1,634,626	1,710,745
22,076	27,184	Other Land and Buildings	27,184	28,259
41,251	46,495	Surplus Assets	46,495	53,346
7,469	5,796	Assets Held for Sale	5,796	952
0	0	Community Assets	0	30
44,098	28,089	Assets Under Construction	28,089	20,496
15	161	Vehicles, Plant and Equipment	161	155
<b>1,639,661</b>	<b>1,742,351</b>	<b>Total</b>	<b>1,742,351</b>	<b>1,813,983</b>

#### 05. Vacant Possession

The vacant possession value of Council Dwellings as at 31<sup>st</sup> March 2024 was £4.17bn (£3.99bn as at 31<sup>st</sup> March 2023). The difference between the vacant possession value of dwellings and the Balance Sheet value represents the economic cost to government of providing council housing at less than open market rents.

#### 06. Major Repairs Reserve

The Major Repairs Reserve was created on 1 April 2002 in accordance with the statutory provision (Section 3 Local Authorities Capital Finance and Accounts England Regulations 2000). This reserve is held to provide funding for the substantial future planned HRA Capital Investment Programme.

The table below shows the movement on the reserve:

2022/23 £000		2023/24 £000
(98,141)	Balance at 1 April	(84,829)
(24,733)	Transfers from the Capital Adjustment Account (re. Depreciation)	(26,359)
(9,353)	Transfers from the HRA (re. Additional Revenue Contribution)	(12,632)
47,398	Expenditure on capital assets	44,723
<b>(84,829)</b>	<b>Balance at 31 March</b>	<b>(79,097)</b>



## 07. Capital Expenditure

During the financial year total capital expenditure was £53.3m, (£58.4m in 2022/23) split between houses £45.2m (£53.1m in 2022/23) and other property and land within the Housing Revenue Account £8.1m (£5.3m in 2022/23).

The table below provides details of how this expenditure was financed:

2022/23		2023/24
£000		£000
47,398	Major Repairs Reserve	44,723
5,112	Usable Capital Receipts Reserve	3,205
5,851	Capital Grants and Other Contributions	5,405
<b>58,361</b>	<b>Total</b>	<b>53,333</b>

Capital receipts amounting to £14m (£23m in 2022/23) were generated in the financial year from the disposal of land, houses and other property within the authority's HRA.

## 08. Depreciation

A depreciation charge of £26.4m (£24.7m in 2022/23) was made to the HRA during the financial year. The split of the depreciation charge is detailed below:

2022/23		2023/24
£000		£000
23,797	Council Dwellings	25,330
887	Other Land and Buildings	955
47	Surplus Assets	44
2	Vehicles, Plant and Equipment	30
<b>24,733</b>	<b>Total</b>	<b>26,359</b>

## 09. Impairment and Valuations

There were no impairment charges in 2023/24 or 2022/23. However, there are reversals of previous impairments of £23.8m (£53.9m in 2022/23).

## 10. Rent Arrears

Rent arrears (excluding amounts collectable on behalf of other agencies) as at 31<sup>st</sup> March 2024 amounted to £13.5m (£13.8m as at 31<sup>st</sup> March 2023).

The provision for doubtful debts in respect of these rent arrears is £9.8m (£10.5m as at 31<sup>st</sup> March 2023).

## 11. Rent Income

The total rent income due for the year after allowance has been made for vacant property is as follows:

2022/23		Total £000		2023/24		Total £000
Dwellings £000	Non-Dwellings £000			Dwellings £000	Non-Dwellings £000	
(157,018)	(2,221)	<b>(159,239)</b>	Gross rent income before allowances	(167,323)	(2,354)	<b>(169,677)</b>
5,417	915	<b>6,332</b>	Less vacant properties	4,665	1,002	<b>5,667</b>
<b>(151,601)</b>	<b>(1,306)</b>	<b>(152,907)</b>	<b>Gross rent income after allowances</b>	<b>(162,658)</b>	<b>(1,352)</b>	<b>(164,010)</b>

## 12. Dwellings Rents

This represents rent income due from tenants. The average rent per week at 31<sup>st</sup> March 2024 was £87.51 (50 week basis) compared with £81.61 per week at 31<sup>st</sup> March 2023, an increase of £5.90 or 7.2%.

## 13. Rebates

Rent rebates are available through the Housing Benefits scheme. As at 31<sup>st</sup> March 2024, 35% (38% as at 31<sup>st</sup> March 2023) of Council tenants were receiving assistance from the scheme.

## Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non-domestic Rates (NNDR).

Non-Domestic Rates £000	2022/23 Council Tax £000	Total £000		Notes	Non-Domestic rates £000	2023/24 Council Tax £000	Total £000
0	(304,269)	<b>(304,269)</b>	<b>Income:</b>				
(199,397)	0	<b>(199,397)</b>	Council Tax Receivable	1	0	(326,906)	<b>(326,906)</b>
<b>(199,397)</b>	<b>(304,269)</b>	<b>(503,666)</b>	NNDR Receivable	2	(185,663)	0	<b>(185,663)</b>
			<b>Total Income</b>		<b>(185,663)</b>	<b>(326,906)</b>	<b>(512,569)</b>
			<b>Expenditure:</b>				
			<b>Precepts and Demands:</b>				
89,291	251,911	<b>341,202</b>	- Sheffield City Council		90,134	268,462	<b>358,596</b>
<b>0</b>	31,964	<b>31,964</b>	- SY Police Authority		0	34,632	<b>34,632</b>
1,822	11,118	<b>12,940</b>	- SY Fire and Rescue Authority		1,840	12,015	<b>13,855</b>
91,113	0	<b>91,113</b>	- Central Government share of NNDR		91,974	0	<b>91,974</b>
<b>182,226</b>	<b>294,994</b>	<b>477,219</b>			<b>183,948</b>	<b>315,109</b>	<b>499,057</b>
			<b>Apportionment of Previous Years' Surplus/(Deficit):</b>				
(22,050)	8,167	<b>(13,883)</b>	- Sheffield City Council		3,687	616	<b>4,303</b>
0	1,025	<b>1,025</b>	- SY Police Authority		0	89	<b>89</b>
(450)	362	<b>(88)</b>	- SY Fire and Rescue Authority		75	25	<b>100</b>
(22,500)	0	<b>(22,500)</b>	- Central Government share of NNDR		3,762	0	<b>3,762</b>
<b>(45,000)</b>	<b>9,554</b>	<b>(35,446)</b>			<b>7,524</b>	<b>730</b>	<b>8,254</b>
			<b>Charges to Collection Fund:</b>				
2,907	0	<b>2,907</b>	Non-domestic Transitional Protection Payments		(9,449)	0	<b>(9,449)</b>
0	0	<b>0</b>	Interest payable to ratepayers		129	0	<b>129</b>
			Impairment of debts:				
0	1,550	<b>1,550</b>	- Bad debt written off	1	0	1,824	<b>1,824</b>
4,030	4,643	<b>8,673</b>	- Allowance for bad debt		3,352	6,500	<b>9,852</b>
(10,804)	0	<b>(10,804)</b>	Appeals provision		(1,624)	0	<b>(1,624)</b>
5	0	<b>5</b>	Opening balance correction (22/23 only)		0	0	<b>0</b>
741	0	<b>741</b>	Cost of Collection		725	0	<b>725</b>
1,580	0	<b>1,580</b>	Renewable Energy Disregarded		1,697	0	<b>1,697</b>
673	0	<b>673</b>	Enterprise Zone Growth		266	0	<b>266</b>
1,194	0	<b>1,194</b>	New Development Deal Growth		1,221	0	<b>1,221</b>
<b>137,552</b>	<b>310,740</b>	<b>448,287</b>	<b>Total Expenditure</b>		<b>187,789</b>	<b>324,163</b>	<b>511,952</b>
<b>(61,850)</b>	<b>6,471</b>	<b>(55,374)</b>	<b>Movement on the Fund</b>		<b>2,126</b>	<b>(2,743)</b>	<b>(617)</b>
<b>44,605</b>	<b>(9,673)</b>	<b>34,932</b>	<b>Opening Fund Balance</b>		<b>(17,240)</b>	<b>(3,202)</b>	<b>(20,442)</b>
<b>(17,240)</b>	<b>(3,202)</b>	<b>(20,442)</b>	<b>Closing Fund Balance</b>		<b>(15,114)</b>	<b>(5,945)</b>	<b>(21,059)</b>

## Notes to the Collection Fund

### 01. Council Tax

There are an estimated 256,203 residential properties (253,970 for 2021/22) in the City Council area, and each is placed into one of eight valuation bands (A to H) by the Inland Revenue Valuation Office Agency based on its assessed capital value at 1 April 1991. The totals for each band are converted and expressed in terms of a number of Band D dwellings to give the tax base for the city of 150,062.56 for 2022/23 (146,849.15 for 2021/22). After allowing for non-collection, the calculation of Council Tax at Band D is made so as to be sufficient to generate the estimated income required to be taken from the Collection Fund by the City Council and the South Yorkshire Joint Authorities. The amount of Council Tax set at Band D is £2,053.83 for 2022/23 (£1,991.42 for 2021/22). This excludes parish precepts but includes the precepts from the other South Yorkshire Joint Authorities and is converted to determine the level of Council Tax for the other eight bands.

Council Tax bills were based on the following proportions for Bands A to H:

2023/24 Band	Number of Properties in Band	Exemptions and Reliefs	Chargeable Dwellings	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Band D Equivalent Dwellings
Disabled Band A		274	274	(32)	5/9	134
A	151,114	(35,158)	115,956	(17,488)	6/9	65,645
B	41,236	(3,662)	37,574	(3,400)	7/9	26,580
C	32,516	(3,167)	29,349	(2,150)	8/9	24,177
D	16,778	(1,430)	15,348	(952)	9/9	14,396
E	9,625	(426)	9,199	(480)	11/9	10,657
F	4,376	(23)	4,353	(201)	13/9	5,997
G	2,873	(86)	2,787	(122)	15/9	4,442
H	211	(44)	167	(11)	18/9	312
	<b>258,729</b>	<b>(43,722)</b>	<b>215,007</b>	<b>(24,836)</b>		<b>152,340</b>
Less: Allowance for non-collection						(6,855)
Add: Defence-exempt properties						5
<b>Tax Base for the calculation of 2023/24 Council Tax</b>						<b>145,489.56</b>

Those properties qualifying for Council Tax support are no longer included in the tax base figures from 2014/15. Defence-exempt properties are properties owned by the Ministry of Defence for use by armed forces personnel. These can include barracks or other living accommodation on military bases.

2022/23 Band	Number of Properties in Band	Exemptions and Reliefs	Chargeable Dwellings	Adjusted Chargeable Dwellings	Proportion of Band D Tax	Band D Equivalent Dwellings
Disabled Band A		270	270	(31)	5/9	133
A	150,473	(37,830)	112,644	(16,318)	6/9	64,218
B	40,903	(4,120)	36,783	(3,176)	7/9	26,139
C	32,393	(3,440)	28,953	(2,023)	8/9	23,938
D	15,419	(1,534)	15,184	(888)	9/9	14,296
E	9,596	(438)	9,157	(459)	11/9	10,631
F	4,347	(72)	4,274	(185)	13/9	5,906
G	2,863	(52)	2,811	(116)	15/9	4,490
H	208	(43)	166	(10)	18/9	312
	<b>256,202</b>	<b>(47,259)</b>	<b>210,242</b>	<b>(23,206)</b>		<b>150,063</b>
Less: Allowance for non-collection						(6,753)
Add: Defence-exempt properties						3
<b>Tax Base for the calculation of 2022/23 Council Tax</b>						<b>143,312.61</b>

The income of £325.1m for 2023/24 (£302.7m 2022/23), which is net of write offs, is broken down as follows:

2022/23 £000		2023/24 £000
(304,269)	Billed to Council Tax Payers	(326,907)
1,550	Write Offs	1,824
<b>(302,719)</b>	<b>Total</b>	<b>(325,083)</b>

## 02. National Non-Domestic Rates (NNDR)

Under statutory arrangements, NNDR is collected locally on the basis of a nationally determined rate in the pound charged on the rateable value of the property. The multiplier is set nationally by Central Government and local rateable values are provided by the Valuation Office Agency (VOA). In 2023/24 the Standard Rate was 51.2p (unchanged from 2022/23) and the Small Business Rate was 49.9p in 2023/24 (unchanged from 2022/23). Subject to the effects of transitional arrangements, local businesses pay rates are calculated by multiplying the rateable value of relevant premises by these amounts. The Council is responsible for collecting rates due from the ratepayers in its area but pays 50% to Government and 1% to South Yorkshire Fire and Rescue Authority, after accounting for disregarded amounts. The NNDR income of £185.7m for 2023/24 (£199.4m in 2022/23) was based on a total rateable value for the Council's area of £537.5m for the year 2023/24 (£540.3m for 2022/23).

## Accounting Policies

### I. General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31<sup>st</sup> March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ('the Code') and the CIPFA Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2015 Regulations.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### II. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet.
- Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- Payments for utilities, such as gas and electricity, are charged at the date of the meter reading rather than being apportioned between years, therefore this policy is applied consistently each year.
- Car parking penalty charge notices – a prudent approach is taken, and the income is recognised at the point of actual receipt rather than when the invoice is raised.
- Materiality levels were set to determine the accruals to be taken at the end of the financial year for certain low value revenue transactions. In these instances, the change from year to year is recurring in nature and the sums involved have been deemed not to be material compared with total income and expenditure.

### III. Acquisitions and Discontinued Operations

#### Acquired Operations

All operations acquired in year will be treated in line with the Council's accounting policies and disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

#### Discontinued Operations

Any discontinued operations are disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

### IV. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. All deposits placed within instant access call accounts, money market funds and the Council's instant access call account should be classified in the accounts as cash equivalents due to these being highly liquid investments which offer instant access to the funds and are therefore deposited to meet the Council's short term cash requirements. All fixed term investments are not classified as cash equivalents as at the point of making the deposit the Council is unable to convert these to cash until the maturity date of the investment.

The balances of third-party funds and bank accounts are not included in the Council's financial statements.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts.



## V. Exceptional Items / Material Items of Income or Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts. Where they are disclosed is dependent on how significant the items are to an understanding of the Council's financial performance.

## VI. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively if material (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## VII. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision) by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## VIII. Employee Benefits

### Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is calculated using the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to '(Surplus) / Deficit on the Provision of Services', but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### Post-Employment Benefits

Employees of the Council are members of the following pension schemes:

- The Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Pensions on behalf of the Department of Health & Social Care (DHSC).
- The Local Government Pension Scheme, administered by South Yorkshire Pensions Authority on behalf of Sheffield City Council and the other local authorities in South Yorkshire.

These Pension Schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the Teachers' Pension Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as defined contribution schemes and no liability for future payments of benefits is recognised on the Balance Sheet. The Children's line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. Directorates are charged with the employer's contributions payable to NHS Pensions in the year for the Public Health staff working in their directorate. This will be across various lines within the Comprehensive Income and Expenditure Statement.

### The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Council are included on the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings for current employees etc.
- Liabilities are discounted to their value at current prices, using a discount rate. Details of the rates used and assumptions made are included in Note 45 to the core financial statements.
- The assets of the pension fund attributable to the Council are included on the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into the following components:
  - Service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked,

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement,
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure,
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

No adjustments have been made within the Housing Revenue Account for Retirement Benefits. This is because it is not possible to identify the Housing Revenue Account’s share of assets and liabilities on a consistent and reliable basis and because it would be incompatible with legislative requirements to show items within the Housing Revenue Account not specified as statutory debits and credits.

Superannuation Fund Accounts are available from the South Yorkshire Pensions Authority, PO Box 18, Regent Street, Barnsley, S70 2HG.

## IX. Events After the Reporting Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## X. Fair Value Measurement

The Council measures some of its non-financial assets, such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

## XI. Financial Instruments

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented on the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of re-purchase / settlement. However, where re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account (an unusable reserve), in the Movement in Reserves Statement.

The Council does not guarantee any external organisations' debt instruments and as a result has no financial guarantees which need to be included within the accounts.

## Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial asset measured at:

- Amortised cost,
- Fair value through profit or loss (FVPL), and
- Fair value through Other comprehensive income

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those assets whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council become a party to the contractual provisions of the financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument. This results in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan on the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Expected credit losses will be calculated on individual assets where reasonable to do so. Where the authority cannot gather reasonable and supporting information without undue cost or effort to support expected credit losses on an individual basis, it will assess losses on a collective basis.

## Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.



## Instruments Entered Into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

## XII. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate as at 31<sup>st</sup> March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## XIII. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **Business Improvement Districts**

Business Improvement District (BID) schemes are funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

## **Community Infrastructure Levy**

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

The meaningful proportion of the CIL is received without outstanding conditions, it is therefore recognised when received in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

## **XIV. Heritage Assets**

### **Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as Heritage Assets)**

Heritage Assets are assets held principally for their contribution to the knowledge, understanding and appreciation of the Council's culture, history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets and these are detailed below. The accounting policies in relation to Heritage Assets that are deemed to include elements of intangible Heritage Assets are also presented below. For the purposes of the accounts, the Council has grouped its Heritage Assets into four main areas, which are accounted for as follows:

#### **Museums and Galleries**

The collections include fine and decorative art, natural sciences, human history and industrial heritage. The assets are reported on the Council's Balance Sheet at insurance valuation, which is updated on an annual basis. The policy insures the collections as a whole and includes assets managed by Sheffield Museums Trust, formed in 2021 through the merger of Museums Sheffield and Sheffield Industrial Museums Trust. High value works are valued annually, either through external valuation or with reference to auction guides. Variations are made to the insurance schedule on an annual basis or sooner as appropriate.

Land and buildings assets have been reported on the Council's Balance Sheet at cost. Only assets with a determinable life have been depreciated.

While the collections in their entirety have significant historic value, the majority of items have a relatively low market value. In many cases the costs of conservation exceed market values and investment in the assets is determined on the basis of its unique national and local historic significance.

The collections develop through a combination of acquisition through purchase and donation. Acquisitions are initially recognised at cost and then subsequently recognised at valuation. Donations are recognised at valuation ascertained by the museum's curators.

Sheffield Museums Trust works to the Collections Agreement between the Trust and the Council and a Collections Development Policy that is revised as part of the Arts Council England Accreditation Scheme and is approved by Sheffield Museums Board of Trustees and the Council.

Standards of care are governed by the requirements of the National Museum Accreditation Scheme, with which Sheffield Museums has achieved accreditation.

### **Civic Collections**

The Civic Collections include gifts of silverware and paintings given to the city and examples of products manufactured by Sheffield's industries. The collection of silverware is reported on the Balance Sheet at insurance valuation, which is based on a specialist valuation report commissioned in 2009. The other artefacts have not been valued because of the diverse nature of the assets and in the Council's opinion, conventional valuation approaches lack sufficient reliability. The assets are deemed to have indeterminate lives hence the Council does not consider it appropriate to charge depreciation.

### **Archives and Libraries**

Sheffield Archives collect and preserve original historic records and printed material relating to Sheffield and the surrounding area. The collection is reported on the Balance Sheet at insurance valuation, which is based on an estimate of restorative costs, as it is unlikely market value could be derived given the diverse nature and size of the collections. The assets are deemed to have indeterminate lives hence the Council does not consider it appropriate to charge depreciation.

There are around 80,000 boxes of records. The public access policy is available at all sites for original documents, microform, CD-ROM and online libraries. Acquisitions occur throughout the year, deposited by other government departments and agencies, local Dioceses and private records on loan or donated to the Council.

### **Public Realm**

Heritage Assets in the Public Realm include statues and monuments, war memorials, public art and archaeological sites. The Council does not consider that reliable valuation information can be obtained for the items held in the public realm. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the Balance Sheet. However, cost information is included where available.

Acquisitions, commissions for new items and disposals are dealt with on an individual basis.

### General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

## XV. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **XVI. Inventories and Long Term Contracts**

Inventories are included on the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the (Surplus) / Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## **XVII. Investment Property**

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **XVIII. Leases**

Leases are classified as finance leases where the terms of the lease substantially transfer all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

## The Council as Lessee

### Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment, applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

## The Council as Lessor

### Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset on the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset on the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

### Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **XIX. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

## **XX. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs are capitalised for capital projects that take a substantial period of time to get ready for intended use, determined as a construction / development period of two years or more and until the construction is complete. This policy does not apply to projects that are predominantly grant funded.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.



Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried on the Balance Sheet using the following measurement bases:

- assets under construction – historical cost.
- community assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), where practicable, otherwise depreciated historical cost, if this information is available.
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Community assets are measured at current value, where sufficient market-based evidence exists, or where the assets generate an income and this provides a reliable basis for estimating the current value. However, the income generating capacity of a community asset is deemed to be incidental to the authority's intention to hold the asset in perpetuity for the benefit of the community.

Assets included on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on a straight line basis, over the useful life of the asset following the year of construction or acquisition, determined as follows:

- Buildings are based upon individual asset lives, assessed as part of the rolling programme of revaluations.
- Vehicles, plant, furniture and equipment between 5 and 10 years, with the exception of the incinerator plant under the Veolia Public Private Partnership (PPP) contract, which has a useful economic life of 19 years and the District Heating Network of 23 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. A framework for identifying components has been agreed with the Council's internal valuers. Components are also recognised where capital investment for replacement or enhancement of the asset establishes a material component.

Recognition is applied as follows:

- Assets with a value in excess of £2m are considered for componentisation.
- Components of an asset are recognised and depreciated separately to the main asset, where the value of the component is at least 20% and the difference in useful life is 20% or higher.

A further policy for Council Dwellings is in development, where it is necessary to recognise lower value and a greater number of components, to more accurately reflect replacement and asset life cycles. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) / Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also

as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals, net of statutory deductions and allowances, is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **XXI. Infrastructure Assets**

Infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

### **Recognition**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

### **Measurement**

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

### **Depreciation**

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are as follows:

Infrastructure Assets	Useful Life
Carriageways	40
Footways and cycle tracks	40
Structures (bridges, tunnels and underpasses)	40
Street lighting	40
Street furniture	20
Traffic management systems	20

### Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

### XXII. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- **Finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease).
- **Lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

In the case of contracts that receive Central Government PFI Grant Support through PFI credits, the amount receivable in respect of the financial year is shown in the Comprehensive Income and Expenditure Account.

## XXIII. Provisions and Contingent Liabilities

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

## Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised on the Balance Sheet but disclosed in a note to the accounts.

## XXIV. Redemption of Debt

The Council is required to set aside from revenue each year a minimum amount for the redemption of debt. This sum is referred to as the Minimum Revenue Provision (MRP).

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

For all Unsupported Borrowing, after adjusting for schemes to be deferred for MRP purposes, the MRP policy will be the Asset Life Method, which means that the provision made will be spread over the useful life of the asset created. The Asset Life Method must also be applied for any expenditure capitalised under a Capitalisation Directive.

Interest on external loans is charged direct to the Comprehensive Income and Expenditure Account.

## XXV. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to report against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

## **XXVI. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset that has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## **XXVII. Schools**

Accordingly, in line with the guidance currently available, the Council has adopted the following policy:

Where a school is under the Council's control (i.e. under the responsibility of the Council's Section 151 Officer) its income, expenditure, current assets, liabilities and reserves are consolidated into the Council's accounts and are, therefore, included within the figures disclosed in the Statement of Accounts. Any reserves attributable to the school are earmarked and disclosed separately. As a result, Community schools, Community Special schools, Voluntary Aided schools, Voluntary Controlled schools and Foundation schools are all consolidated into the Council's accounts. However, once a school transfers to Academy status it is no longer under the control of the Council and, therefore, its income, expenditure, assets, liabilities and reserves are no longer consolidated into the Council's accounts.

In respect of any non-current assets associated with schools the Council has determined that Community schools, Community Special schools and Foundation schools should be on balance sheet, but that Voluntary Aided schools, Voluntary Controlled schools and Academy schools should not. Voluntary Aided schools and Voluntary Controlled schools' non-current assets are not included as ownership and control of the assets lies with the diocese. Non-current assets relating to schools that gain Academy status are derecognised from the Council's balance sheet when the contract is complete and signed and the specific assets have been handed over / transferred.

## **XXVIII. Tax Income (Council Tax, National Non-Domestic Rates and Residual Community Charge)**

The Council is a Council Tax billing authority, collecting Council Tax on behalf of other authorities as well as itself. The collection of Council Tax on behalf of other authorities is treated as being on an agency basis, and thus only the elements of Council Tax collection that relate to the Council's own income are included in its main financial statements.

The Council is a Business Rates billing authority, collecting Business Rates on behalf of the South Yorkshire Fire and Rescue Authority and Central Government as well as itself. The collection of Business Rates on behalf of other authorities is treated as being on an agency basis, and thus only the elements of Business Rates collection that relate to the Council's own income (49%) are included in its main financial statements.



The Collection Fund account covers all local taxation collected by the Council on behalf of itself, local parish councils, Fire, Police and the Government. The cost of collection allowance and costs in respect of recovery action are the Council's income and appear in the Income and Expenditure Account. The Collection Fund account reflects the statutory requirement of the Local Government Finance Act 1988 (as amended by the 1992 Act).

#### **XXIX. Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

## Notes to the Policies and Standards

### 01. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code) will introduce new accounting standards and/or amendments to existing standards. The Council is required to disclose information relating to the impact of standards that have been issued but not yet adopted. If these had been adopted by the 2023/24 Code and applied in the Statement of Accounts, the changes would be as detailed below:

#### **IFRS 16 Leases**

In 2024/25, the Council will apply IFRS 16 Leases as adopted by the Code. IFRS 16 will mean that the majority of leases where the Council act as lessee will come onto the Balance Sheet. Lessor accounting is effectively unchanged.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right-of-use asset and a lease liability are to be brought onto the Balance Sheet as at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 will be applied retrospectively, but with the cumulative effect recognised as at 1 April 2024. This means that right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

As a lessee, the Council has previously classified leases as operating or finance leases, based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are “on Balance Sheet”.

The Council will apply recognition exemptions to short-term leases and will not recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council will continue to recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

It is anticipated that the application of the Code’s adaptation of IFRS 16 will result in the following additions to the Balance Sheet:

- £1.7m Property, Plant and Equipment – land and buildings (right-of-use assets)
- £1.7m Lease Liabilities

### **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)**

In September 2022, the IASB published 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' which added subsequent measurement requirements for sale and leaseback transactions.

The Council has not entered and does not routinely enter into sale and leaseback transactions.

### **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)**

In January 2020, the IASB published 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' to clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

As per the invitation to comment on the 2024/25 Code, CIPFA is of the view that the material in the Code seems to clearly cover all relevant circumstances both under the extant IAS 1 and after amendment and therefore no change to the Code is proposed. The Council agrees with this view and therefore the amendments to IAS 1 will not have a significant impact on the amounts anticipated to be reported in the Statement of Accounts.

### **Non-current Liabilities with Covenants (Amendments to IAS 1)**

In October 2022, the IASB published 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants.

There is limited context within which the Council's non-current liabilities might be expected to be reclassified to current. Therefore, any additional disclosure requirements in the Code would be unlikely to enhance the reader's understanding of the Statement of Accounts. The Council has a dedicated Treasury team who are responsible for ensuring that conditions / covenants of loan agreements are complied with.

### **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)**

In May 2023, the IASB published 'International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)' to introduce a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also introduced targeted disclosure requirements for affected entities.

The new rules and related accounting requirements do not currently apply to the Council, and it is unlikely that they will in the future.

### **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)**

In May 2023, the IASB published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to require an entity to provide additional disclosures about its supplier finance arrangements.

The Council has not entered and is unlikely to enter into any Supplier Finance Arrangements.

## **02. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The CIPFA Code requires the Council to produce group accounts to reflect significant activities provided to Council taxpayers by other organisations in which the Council has an interest. The group is identified as comprising the City Council and South Yorkshire Property Investment Limited (Local Housing Company). However, when consolidating the value of these entities the result is not material and therefore the production of all the required statements would not assist the reader.
- Sheffield City Trust (SCT) is an independent charity. The Council has contracts with SCT that contains a shortfall agreement, which is where the Council agrees to provide funding in the event of any budget shortfall so that the leisure services provided by SCT; through its subsidiary Sheffield International Venues, can continue to be provided to the citizens of Sheffield, but is not involved in operational decision making. The shortfall agreement includes putting SCT in the provision of funds to pay the construction costs of the Major Sporting Facilities (MSF) when they are due to be fully repaid in 2024, giving the Council the reversionary interest in the assets. At that time, SCT has the option to either purchase the assets, or transfer them to the Council in exchange for the debt. On this basis SCT is not considered to be under the control of the Council.
- Contracts with partners and providers have been considered for embedded leases; the outcome of this review is not to recognise any assets on the Council balance sheet.
- The Council has a number of historic European Union (EU) grants that potentially could be subject to further EU audits in the future. It remains a possibility that the available evidence for these grants may not meet the requirements of the grant conditions and so a provision has been made based on managerial judgements. There are as yet no further details on timescales for any future EU audits.

**03. Assumptions made about the future and other major sources of estimation uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future that are otherwise uncertain. Such estimates take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the authority's Balance Sheet at 31<sup>st</sup> March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment Depreciation (Note 23)	Assets are depreciated over useful lives which are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the current level of repairs and maintenance is not sustained it would bring into doubt the useful lives assigned to the assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the total annual depreciation charge for buildings would increase by £921k for every year that useful lives had to be reduced.
Infrastructure Assets Depreciation (Note 23A)	Highways Infrastructure Assets are depreciated at 40 years, which is in line with our expectations of the life under the PFI contractual agreement with Amey. In 2021/22 CIPFA produced information that suggested a more suitable life for footways and carriageways, which would be as low as 25 years.	If the useful life of Highways Infrastructure Assets was reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the difference in the annual depreciation charge would be an increase of £4m if the CIPFA useful life was adopted.
Property, Plant and Equipment, HRA valuation (Note 23)	The value of the Council's housing dwellings stock is determined using beacon properties, assuming vacant possession. These valuations are then adjusted to Existing Use Value – Social Housing (EUV-SH), to reflect their occupation by secure tenants. This adjustment is considered to reflect the additional risk and liability that public sector landlords undertake when compared with private sector investors.	The EUV-SH of the Council's housing dwellings stock as at 31 <sup>st</sup> March 2024 has been determined by adjusting the vacant possession value using DLUHC's Social Housing adjustment factor for Yorkshire and Humber of 41%. A 1% decrease in this adjustment factor would have resulted in an additional revaluation loss of £42m in 2023/24.

<p>Fair Value Measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs or commissions relevant experts to identify the most appropriate valuation techniques to determine fair value (e.g. for Surplus Assets, the Council's chief valuation officer or for loans and investments, the Council's Treasury advisors).</p> <p>Information about valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 14, 23 and 26.</p>	<p>Non-Financial Assets: The Council uses the market approach and income approach models to measure the fair value of its Surplus Assets and Investment Properties.</p> <p>The significant observable inputs used in the fair value measurement include using current market conditions, recent sale prices / rentals achieved and other relevant information for similar assets within the local authority area.</p> <p>Financial Assets and liabilities: The Council assesses fair value by calculating the net present value (NPV) of the cash flows that take place over the remaining life of the instruments.</p> <p>Significant changes in any of the inputs would result in a significantly lower or higher fair value measurement for the Council's assets and liabilities valued at fair value.</p>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>See Note 45 for further details.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £51.5m. However, the assumptions interact in complex ways.</p>

Arrears	At 31 <sup>st</sup> March 2024, the Council had a balance for sundry debtors of £38.8m. An impairment of doubtful debts of £4.8m (12.5%) was considered appropriate, based on analysis of collection rates. However, it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an additional impairment of doubtful debts would be required to cover some of the £34.0m of sundry debts currently not provided for.
Business Rates - Appeals	<p>The provision for appeals is based on assumptions about the likely level of appeals raised against the ratings list in the future and the likely success of outstanding appeals.</p> <p>The provision stands at £19.1m which is reasonable given available data sources and historical analysis. However, further information from the Valuation Office Agency (VOA) may lead to a revision of these assumptions and could materially change the required level of provision.</p>	If more up to date information from the Valuation Office Agency stimulates a reduction to the provision, the release of the provision creates a credit to the collection fund. Conversely, an increase in the required provision creates a debit.
Expected Credit Loss (ECL)	Estimating ECL involves forecasting future economic conditions over a number of years. These longer-term forecasts are subject to management judgement and those judgements may be sources of measurement uncertainty that have a significant risk of resulting in a material adjustment to a carrying amount within the next financial year.	Significant changes in any of the assumptions used in forecasting the future economic conditions would result in a material adjustment to a carrying amount within the next financial year.

#### 04. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the basis of going concern.

In carrying out the assessment that this basis is appropriate, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves and cashflow forecasting for the period to 31st March 2025.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period and no expectation of external borrowing, other than to support the capital programme, which is consistent to our plans and normal practice.

Our [Medium Term Financial Analysis](#) approved in September 2023 set out the planning assumptions applied for the years 2024/25 to 2027/28 and predicted a funding gap of approximately £61.2m over this 4 year period. The MTFA included a detailed review of the pressures facing the Council for the financial year 2024/25, along with the assumptions on local taxation and expected Government income. The [2024/25 Revenue Budget](#) approved by full Council on 6th March details savings, service efficiencies and increased income that will have to be delivered in order to achieve a balanced budget. The Council anticipate the budget gap identified in the MTFA is based on sound assumptions and can be achieved through delivering the proposed budget. The Council has faced difficulties in delivering savings within services in previous years and draws from reserves have been required to support overspends. The Council requires delivery of £7.5m of savings schemes to balance the 2024/25 budget. It is imperative that robust action is taken to deliver planned savings and contain pressures and overspends that may arise in 2024/25. At this time, the level of reserves remains adequate and at an appropriate level to support the delivery of the budget over the next year.

On this basis, the Council have a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.



Annual Governance Statement



# Annual Governance Statement 2023/2024 (INITIAL DRAFT – Subject to Approval by Audit and Standards Committee)



Draft May 2024

# Introduction

Under the Accounts and Audit (England) Regulations 2015, local authorities in the UK are required to publish an Annual Governance Statement (AGS) along with their Statement of Accounts. The AGS reports publicly on an authority's compliance with its own Code of Corporate Governance. The Delivering Good Governance in Local Government Framework (2016), published by CIPFA and Solace, sets out the good governance principles on which the Code of Corporate Governance should be based, and provides guidelines for the content of the AGS.

The purpose of this AGS is to:

1. Explain to our community and stakeholders how the Council's governance arrangements operate and the controls the Council has in place to manage the risk of failure to deliver planned outcomes.
2. Set out how the Council has monitored and evaluated the effectiveness of its governance arrangements.

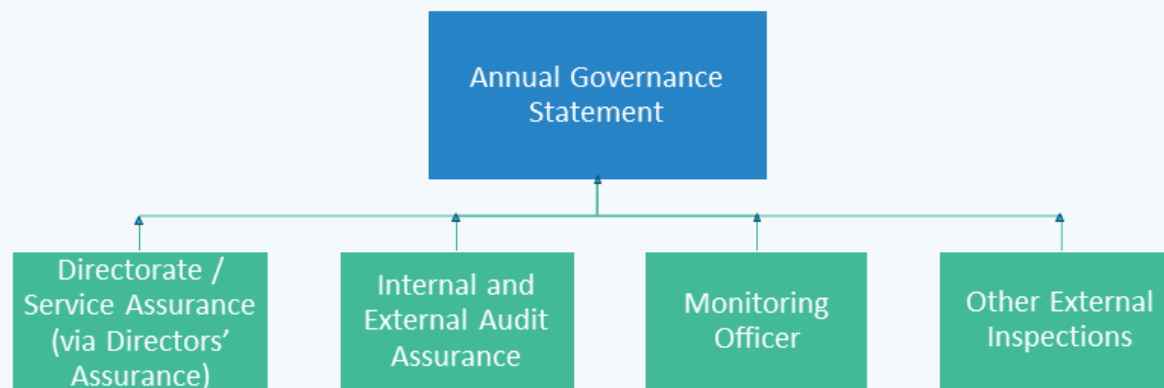
Draft May 2024

# Effective governance and internal control

The Council is responsible for ensuring that it has a sound system of governance and internal control. This is underpinned by the Council's [Code of Corporate Governance](#).

The Council has a duty to review the effectiveness of its governance framework on an annual basis. This review is informed and supported by the work of internal auditors and senior managers, as well as external auditors and other review agencies and inspectorates. This review informs the production of the AGS.

There is a process of positive verification in place, which is summarised below.



Draft May 2024

# Inputs to the Annual Governance Statement



- **Internal Audit** provides an independent review of the Council's internal control systems and works closely with the Council's external auditors, Ernst & Young.
- The **Monitoring Officer** monitors and reviews the operation of the Constitution.
- **Full Council** is responsible for setting the Council's overall objectives, setting the budget, and setting the level of Council Tax.
- **Directors** give written assurance that they are achieving compliance in key required areas. The Council is enhancing its performance reporting, in conjunction with a new Accountability Framework, to develop a means by which services can more easily monitor adherence to our required Areas of Compliance, throughout the year

Draft May 2024

# Inputs to the Annual Governance Statement



- The **Performance and Delivery Board** oversees improvement actions.
- The **Audit and Standards Committee** scrutinises the work undertaken by Internal Audit. The Committee is also responsible for promoting high standards of conduct by Members, overseeing the Members' Code of Conduct, and considering complaints where a Member may have breached the Code.
- During the year, the Council has been inspected by several **external agencies**, including an ICO Audit. Their reports have been scrutinised to identify issues to ensure that appropriate corrective action is implemented.

Draft May 2024

# Key elements of the Council's governance arrangements

## Council, Leader, Committee System

The Council represents the views of the community, and makes decisions through meetings of the Full Council, its various committees, and officers acting on authority delegated to them. The Leader acts as the principal political spokesperson for the Council, and develops the vision for the city, working with chief officers, committee chairs, and group leaders. The Strategy and Resources Policy Committee comprises 13 members and is chaired by the Leader of the council. It is responsible for taking decisions on corporate, strategic, and cross-cutting matters. Individual committees have responsibility for decisions within the ambit of their themed scope, and the Chairs are members of Strategy and Resources.

## Scheme of Delegation

The Council's constitution sets out decision-making authorities across the Council. It reserves some decisions to the Council or Committees and sets out the level at which officer decisions are made.

## Strategic Leadership Board

SLB deals with key corporate issues and strategic service issues. It supports the Council's political leadership, providing a steer on policy issues where necessary. SLB is supported by a series of underpinning corporate departmental and thematic management groups.

## Risk management and internal control

The Council's risk management and internal control arrangements support the monitoring of risks and evaluation of the effectiveness of the Council's governance arrangements.

## Scrutiny and Audit

The Committee governance structure does not require an Overview and Scrutiny function as decisions made in Committee are on a cross-party basis, but formal scrutiny remains in place for Health. Policy Committees agree performance priorities and undertake performance reviews.

The Audit and Standards Committee oversees the Council's risk management, control and corporate governance arrangements.

A Governance Committee considers constitutional arrangements and how the Council engages with its citizens.

## Core principles of good governance

Draft May 2024

The **CIPFA/Solace Governance Framework** sets out 7 core principles of good governance. The arrangements the Council has in place to meet these core principles are set out below.

More detail on how the Council complies with the core principles is set out in its [Code of Corporate Governance](#).


<p><b>PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical value, and respecting the rule of law</b></p>	<p>The Council has in place appropriate policies and procedures to ensure compliance with laws and regulations, including in relation to anti-bribery and whistleblowing. The Constitution sets out the framework for behaviour, including codes of conduct for officers and members, and the statutory roles of the Section 151 Officer and the Monitoring Officer.</p>
<p><b>PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement</b></p>	<p>The Council actively engages with its stakeholders through formal and informal partnerships and feedback gathering exercises. It publishes decisions, including clear reasoning and explanations for those decisions. It also responds in a transparent manner to requests for information and allows public questions at its meetings.</p>
<p><b>PRINCIPLE C: Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p>	<p>The Council’s vision reflects its purpose and intended outcomes, and this provides the basis of the Council’s strategy and planning. It takes a long-term view in decision making, taking into account the sustainability of available resources, and factoring economic, social and environmental impacts into decision making.</p>

Draft May 2024

<p><b>PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>	<p>The Council considers rigorously analysed options before making decisions to ensure that outcomes are achieved, and best value is achieved. It also engages with external stakeholders to ensure that plans have the required impact. The Council ensures that arrangements are flexible to allow it to respond agilely.</p>
<p><b>PRINCIPLE E: Developing the Council’s capacity, including the capability of its leadership and the individuals within it</b></p>	<p>The Council has established clear decision-making frameworks, including its delegations. There is clarity on roles and responsibilities for members and officers. The Council also ensures that members and officers have appropriate skills and experience to support those roles and responsibilities.</p>
<p><b>PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management</b></p>	<p>The Council recognises risk management as an integral part of all its activities. It maintains a risk management framework and monitors and evaluates risk management and internal control regularly. Scrutiny is also a central part of the Council’s decision making.</p>
<p><b>PRINCIPLE G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p>	<p>The Council is committed to communicating with the public in a transparent manner to enhance public scrutiny. It acts on recommendations made by internal and external audit and welcomes peer challenge.</p>



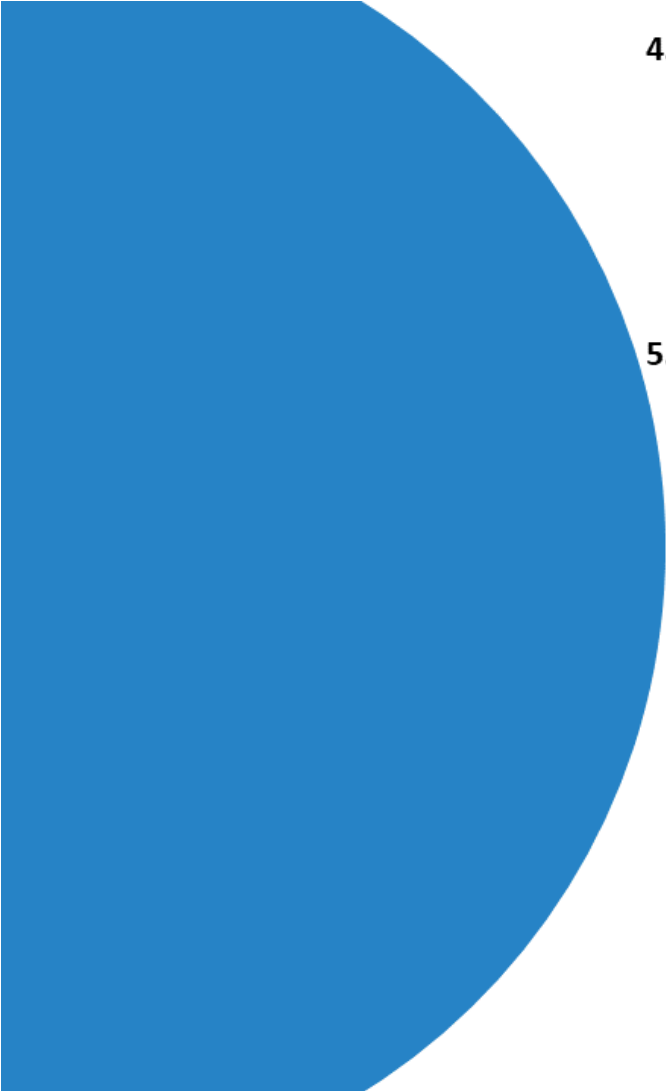
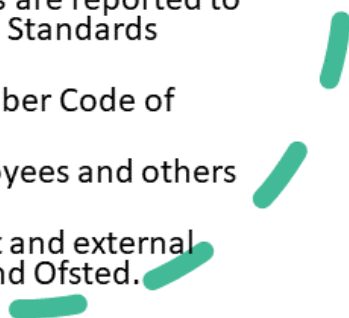
Draft May 2024



The key aims of the Council's internal control environment are:

- 1. Establishing and monitoring the achievement of the Council's business.** The Council has a business planning process that aligns Service Plans with Council priorities contained in the Our Sheffield Delivery Plan and the new Council Plan 'Together we get things done'.
- 2. Facilitation of policy and decision-making.** Policy Committees take appropriate decisions within the Council's budget and policy framework. The Council is no longer required to have an Overview and Scrutiny function; however, elements of formal scrutiny continue in relation to Health via a sub-committee of the Adult Health and Social Policy Committee. The Scheme of delegation is documented in the Constitution.
- 3. Ensuring the efficient, economic and effective use of resources.** The Council needs to make well informed decisions through business intelligence to enable it to make changes to the right things, in the right way. It acknowledges that it is more important than ever to make the best use of public money and continues to ensure that it prioritises its efforts and resources for the greatest impact, by having a Corporate Delivery Plan and Council Plan setting out the vision and priorities to achieve its goals.

Draft May 2024

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- 4. Financial management of the Council.** The effectiveness of the system of financial management is informed by:
- The work of Internal Audit.
  - The external auditor's Annual Audit Letter and other reports
  - It's Finance Committee monitors in year spend across the organisation..
  - The role carried out by the Director of Finance and Commercial Services under s151 Local Government Act 1972 responsibilities.
- 5. Ensuring compliance with established policies, procedures, laws and regulations.** The Council has the following in place to achieve this objective:
- Procedures are set out in the Council's Constitution, including Standing Orders, Financial Regulations and Protocol, and procurement guidelines.
  - The Monitoring Officer has overall responsibility for ensuring the lawfulness and fairness of decision-making and supporting and advising the Audit and Standards Committee.
  - Overall responsibility for financial matters sits with the Director of Finance and Commercial Services.
  - A Risk Management Framework is in place and risks are reported to the Performance and Delivery Board and Audit and Standards Committee.
  - Audit and Standards Committee oversees the Member Code of Conduct.
  - A Whistleblowing Policy is in place to enable employees and others to raise concerns about the Council's work.
  - Services are reviewed periodically by Internal Audit and external agencies, including the Care Quality Commission and Ofsted.
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## 6. Performance management and reporting.

- The Council's performance reporting process ensures that managers and Members have a clear picture of how the Council is performing against its objectives and targets, and whether specific projects are on track.
- Risks to delivery are escalated and reviewed.
- The Human Resources Service supports directorates to ensure that employee matters are central to the performance management of our organisation and a Board at a corporate level was established to ensure that there is clear governance.
- The Council has development programmes for managers and employees that provide a consistent approach to managing resources, including its people, and to develop employee knowledge and skills across a range of subjects.
- The Council also has a training programme in place, which is specifically tailored to the needs of elected Members in fulfilling their roles and responsibilities, including an induction and training programme for newly elected Members.

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## Developments in the Council's governance arrangements in 23/24

The Council's Governance Framework needs to evolve to consider the changes that are taking place across the organisation. During the year 2023/24, several initiatives have had an impact on the control assurance mechanisms in place.

- In 2024, a Corporate Governance Project was completed to evaluate the governance of the council's internal boards and the role of senior officers, their decision-making processes, and effectiveness in terms of both business as usual operations and the oversight of change. The project aimed to identify and address opportunities, issues and challenges within Council's governance systems and provided recommendations for future improvements. Recommendations included the establishment of a new Corporate Assurance Board to be stood up during 2024/25 pulling together the oversight of the corporate governance system of control and strengthened change governance through the Future Sheffield Programme.
- Extensive collaborative efforts were made to develop the new Council Plan for 2024 and beyond. This plan articulates a clear and positive vision of the Council's goals and how it will contribute to the City Goals, guided by high-level policy direction and implemented through key strategies and service plans. It outlines strategic outcomes to prioritise the Council's work, projects, and programmes, and supports budget structuring and the performance framework, thereby enhancing accountability. The plan was agreed by Council in February 2024.

Draft May 2024

- In late 2022, Sheffield City Council underwent a Corporate Peer Challenge conducted by the Local Government Association. The focus of the assessment was on the Council's corporate governance and leadership. As a result, ten recommendations were made and accepted by the Council and include efforts to strengthen the implementation and functioning of its committee system by incorporating more public engagement and empowerment. Additionally, the Council will work on establishing transparent processes, protocols, and guidance to support these objectives. In 2023 the Peer Challenge Team returned and identified good progress against all ten recommendations.
- During 2023 a fundamental revision and refresh of the council's performance management framework has taken place to align with development of a new council plan and strategic outcomes. Acting as a companion to the Council Plan, the Performance Framework provides the structure and approach for how Sheffield City Council will provide effective performance management against delivery of the Council Plan outcomes, our contribution to the City Goals, major programmes of work, and areas identified for improvement. 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 fiscal management.
- During 2023/2024 the Council provided greater assurance on its Business Improvement Plan delivery. It recognised that the role of its Finance Committee needs to be strengthened to support delivery against the Budget and to ensure robust progress against the Performance Framework. Governance Committee will make recommendations in early 2024/2025 for the necessary constitutional changes.

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- The Council agreed to a consensual Information Commissioners Office audit this year. <https://ico.org.uk/action-weve-taken/audits-and-overview-reports/sheffield-city-council/> The follow in May 2024 concluded that some outstanding actions exist, but meaningful progress is being made with the remaining actions to mitigate the risk of non-compliance.
- The Sheffield Street Trees Inquiry chaired by Sir Mark Lowcock concluded in March 2023 and put forward a set of recommendations regarding the Council's overall culture and governance that it has adopted. The outcomes and proposals were considered at a meeting of Strategy and Resources Committee on 19 June 2023 and an update report was taken on 21 December 2023.  
<https://democracy.sheffield.gov.uk/ieListDocuments.aspx?CId=641&MIId=8779&Ver=4>  
<https://democracy.sheffield.gov.uk/ieListDocuments.aspx?CId=641&MIId=9071&Ver=4>

## No Assurance Internal Audits

Draft May 2024

The Council's Internal Audit department concluded there were a number of No Assurance Audits during 2023/24.



**Fargate Containers (issued Sept 2023)** identified failures to follow governance controls and procedures, recommendations made to ensure processes are followed. Considered by Audit and Standards in 2023/2024.



**Establishment Controls (issued December 2023)** identified there was improvement required between system interoperability to help identify variances. To be considered by Audit and Standards in 2024/25.



**Council Tax – Main Financial Systems - Care Leavers (issued March 2024)** identified policy and process improvements to dealing with Council Tax liabilities for care leavers. To be considered by Audit and Standards in 2024/25.



**Alternative Recruitment Channels – (issued March 2024)** identified that additional procedures and guidance should be in place to support service management with this area of work. To be considered by Audit and Standards in 2024/25.

## Governance issues 2023/24 identified by Directors Assurance Draft May 2024

Governance issues identified **two** main themes for **2023/24**, and the proposed actions to address them, are set out below.

THEME 1: INFORMATION GOVERNANCE		
Governance issue	Details of risk	Proposed action
<b>Retention and Disposal Schedules are not present or not routinely applied</b>	Despite significant work on the Corporate Retention Schedule, many older electronic systems and storage solutions only offer manual destruction functionality, if at all. The issue is exacerbated by the Council holding a significant volume of paper records and resources to manage and dispose of these has not been available. The Council has looked to automate retention policies for its electronic records within M365, but capacity to implement these arrangements remains an issue.	To be updated in final AGS
Governance issue	Details of risk	Proposed action
<b>The ROPA is not kept up to date</b>	The Council has not adequately documented its data processing activities, lacks comprehensive records, and has insufficient resources to ensure compliance with this GDPR mandate.	To be updated in final AGS



Draft May 2024

Governance issue	Details of risk	Proposed action
<b>Not processing data requests (FOI and SARs) within legal timescales</b>	<p>The ability to respond to SARs within timescales was impacted by the lasting effects of the pandemic, resulting in a substantial backlog. In addition to the backlog, there has been a 270% increase in demand which has not been met by an increase in either technology or staff.</p> <p>Whilst there has not been a significant increase in FOI requests, there has been an increase in their complexity. With limited resource and inadequate technology to case manage requests, there remains a backlog. Services are not actively publishing datasets and other recorded information, which would reduce demand. As such, the 95% target set by IGB has not been met.</p>	To be updated in final AGS

Governance issue	Details of risk	Proposed action
<b>Updating Data Processing and the International Data Transfer Agreement (IDTA) since BREXIT.</b>	<p>All new contracts have the relevant IDTA attached, if applicable. However, a piece of work is ongoing to locate any contracts pre-dating September 2022 where personal data is processed outside of a country of adequacy, so that an IDTA can be completed.</p>	To be updated in final AGS

Draft May 2024

THEME 2: HUMAN RESOURCING		
Governance issue	Details of risk	Proposed action
<b>Completion of PDRs, Supervisions, Mandatory e-learning and Code of Conduct forms is low</b>	Despite attempts to streamline the process over the years, there remains lack of evidence to support returns on Conflicts of Interest, Gifts and Hospitality and mandatory learning (inc. Fraud Awareness training). Additionally, PDR and routine supervisory conversations with staff are not evidenced.	To be updated in final AGS

Governance issue	Details of risk	Proposed action
<b>Establishment Controls are not consistently applied and there is poor Workforce Development Planning.</b>	Due to system incompatibility (HR and Payroll), inconsistencies in completing tasks, including lack of managers meeting with staff has resulted in a inadequate understanding of the establishment at any given time and gaps in current and future skills, knowledge, and capabilities now exist.	To be updated in final AGS

Draft May 2024

Governance issue	Details of risk	Proposed action
<p><b>Human Resources Policy and Practice</b>  <b>Many of the council's HR policies need updating, streamlining and review to ensure they are in line with best practice and meet the needs of a modern workforce and employer</b></p>	<p>. The scope of the required review is broad given the number of policies in place and the interdependencies between them. Policy review should be an ongoing process and the department will need to allocate resources to ensure policy review, implementation and management retraining on new/updated policies is undertaken. Likewise, HR colleagues will need to be supported through professional development to implement modernised practices resulting from new policy. Where appropriate TU consultation and workforce engagement will also be required.</p>	<p>To be updated in final AGS</p>

Draft May 2024

## Opinion on the level of assurance provided by the Council's governance arrangements



The outcome of the review of the Council's governance arrangements is an opinion on the effectiveness of those arrangements. The Council has considered the findings of the review to assess whether its governance arrangements are fit for purpose in accordance with the governance framework. While the Council's governance arrangements are adequate, there is more that the Council can do to ensure it delivers its planned outcomes effectively.



The 2023/2024 review has highlighted some governance issues, and the Council is developing a plan to better identify and resolve weaknesses in its internal control systems. The Council is also committed to continuous improvement of its governance framework. To support this, the Code of Corporate Governance is due to be reviewed in 2024. The Council is also being supported by CIPFA to review the process for producing the Annual Governance Statement in 2024/2025.

Draft May 2024

# Conclusion

The Council is satisfied that it has adequate governance arrangements in place. However, we have identified some actions that need to be taken in order to address some weaknesses identified in the review. We will monitor and review the implementation and operation of these actions as part of our annual review.



**Cllr Tom Hunt**  
Leader  
[SIGNATURE]



**Kate Josephs CB**  
Chief Executive  
[SIGNATURE]

**Trade Union (Facility Time Publication Requirements) Regulations 2017 - (Not subject to audit)**

Please note the information required under Trade Union Regulations 2017 is not subject to audit.

To be included in the final audited Statement of Accounts.

## Glossary

### 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.

### Accounting Period

The period of time covered by the Council's accounts. Normally 12 months, beginning on 1 April. Also known as the Financial Year.

### Accounting Policies

These are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

### Accruals Concept

Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.

### Active Market

A market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

### Added Years

A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers must exercise this discretion in accordance with the national regulations and the City Council's own policies.

### Agent

The Council can be deemed an "agent", (rather than a "principal"), when it is acting as an intermediary in a transaction. Where the Council is acting as an agent, transactions shall not be reflected in the Council's financial statements, (with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position, and the net cash position is included in financing activities in the Cash Flow Statement.).

### Amortisation

An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years

rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.

### Beacon

A group of Council dwellings / properties with similar characteristics, such as design, age, type and construction. A sample property, "the beacon" is selected, which is representative of the group, and a detailed inspection and valuation carried out.

### Borrowing Costs

Interest and other costs that the Council incurs in connection with the borrowing of funds.

### Capital Expenditure

Expenditure that is incurred to acquire, create or add value to a non-current asset.

### Capital Financing Requirement

It measures the Council'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.

### Carrying Amount

The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

### Cash

Comprises cash on hand and demand deposits.

### Cash Equivalents

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Cash Flows

Inflows and outflows of cash and cash equivalents.

### Co-optees

Individuals appointed to serve as members of committees of the Council, but who are not Members of the Council (i.e. not Councillors).

### Collection Fund

A fund administered by the Council recording receipts from Council Tax, National Non-Domestic Rates and payments to the General Fund.

### Community Assets

Non-current assets that the Council intends to hold forever, and which may have some restrictions on their disposal, e.g. parks and historic buildings.

### Contract Assets

The Council's right to consideration in exchange for goods or services that the Council has transferred to a service recipient when that right is conditioned on something other than the passage of time (for example, the Council's future performance).

### Consistency Concept

The consistency concept requires that there should be a consistent method of accounting treatment of like items within each accounting period and from one period to the next.

### 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 1 April 1991.

### 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.

### Creditors

Amounts owed by the Council for work done, goods received, or services rendered, for which no payment has been made at the date of the Balance Sheet.

### Debtors

Amounts owed to the Council for work done, goods received, or services rendered, for which no payment has been received at the date of the Balance Sheet.

### Defined Benefit Scheme

A pension or other retirement benefit scheme, other than a Defined Contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

### Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### Depreciation

The measure of the wearing out, consumption or other reduction in a non-current asset either as a result of its use, ageing or obsolescence.

### Donated Assets

Donated assets are assets (including heritage assets) transferred at nil value or acquired at less than fair value.

### Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Finance Lease

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

### Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivable (debtors) and trade payables (creditors) and the most complex ones such as derivatives.



### 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.

### Goodwill

The difference between the aggregate fair value of the net assets of a business and the value of the business as a whole. Goodwill can be internally developed or purchased.

### Grants and contributions

Assistance in the form of transfers of resources to the Council in return for past or future compliance with certain conditions relating to the operation of activities. They exclude those forms of assistance that cannot reasonably have a value placed upon them and transactions with organisations that cannot be distinguished from the normal service transactions of the Council.

### Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### Impairment

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

### Intangible Assets

Non-financial assets that do not have physical substance but are identified and are controlled by the Council through custody or legal rights. The two broad types of intangible non-current assets applicable to local authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.

### International Financial Reporting Standards (IFRS)

Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of the Council's accounting records.

### Inventories

Inventories are assets:

- in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services
- held for sale or distribution in the ordinary course of operations
- in the process of production for sale or distribution

### Investment Property

Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.

### Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

### Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

### Net Book Value

The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

### Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.

### Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses incurred in realising the asset.

### National Non-Domestic Rates (NNDR)

These are often referred to as Business Rates 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 Council and paid into their collection fund, this amount is then distributed 49% to the Council's 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 the Council through Revenue Support Grant.

### Orderly Transaction

A transaction that assumes exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction (e.g. a forced liquidation or distress sale).

### Operating Lease

A lease other than a Finance Lease. An agreement in which the Council derives the use of an asset in exchange for rental payments, though the risks and rewards of ownership of the asset are not substantially transferred to the Council.

### Precepts

The amount levied by another body such as the South Yorkshire Police Authority that is collected by the Council on their behalf.

### Principal

The Council can be deemed a "principal", (rather than an "agent"), when the Council is acting on its own behalf during a transaction. All Principal transactions shall be included in the Council's financial statements.

### 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.

### Property, Plant and Equipment

Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

### Provisions

Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.

### Prudence Concept

Requires that revenue is not anticipated until realisation can be assessed. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.

### Public Works Loan Board (PWLB)

A government agency, which provides loans to authorities at favourable rates.

### Related Party

The definition of a related party is:

A person or a close member of that person's family related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

### 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, surpluses, decisions causing anticipated expenditure to have been 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 in order to provide a standard level of service.

### Service concession arrangement

A contractual arrangement (or other arrangement that confers similar rights) between the Council and an operator in which:

- a) the operator uses the service concession asset to provide a public service on behalf of the Council for a specified period of time, and
- b) the operator is compensated for its services over the period of the service concession arrangement.

### Specific Government Grants

These are designed to aid particular 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.

### Termination Benefits

These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

### 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.

### Unusable Reserves

Those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### Usable Reserves

Those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory

limitations on their use. For example, the capital receipts reserve may only be used to fund capital expenditure or repay debt.

## Independent Auditor's Report

To be included in the final audited Statement of Accounts.