

SHEFFIELD CITY COUNCIL

Overview and Scrutiny Management Committee

Meeting held 11 February 2021

(NOTE: This meeting was held as a remote meeting in accordance with the provisions of The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.)

PRESENT: Councillors Mick Rooney (Chair), Ian Auckland, Steve Ayris, Ben Curran, Denise Fox, Tim Huggan, Douglas Johnson, Mike Levery, Cate McDonald, Sioned-Mair Richards, Jack Scott and Jim Steinke

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1. APOLOGIES FOR ABSENCE

1.1 No apologies for absence were received.

2. EXCLUSION OF PUBLIC AND PRESS

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

3. DECLARATIONS OF INTEREST

3.1 In relation to item 3 on the agenda - Revenue Budget 2021/22 and Capital Strategy 2021-26, Councillor Denise Fox declared a personal interest as partner of Councillor Terry Fox (Cabinet Member for Finance, Resources and Governance).

4. PUBLIC QUESTIONS AND PETITIONS

4.1 There were no questions raised or petitions submitted by members of the public.

5. REVENUE BUDGET 2021/22 AND CAPITAL STRATEGY 2021-2026

5.1 The Committee received a report of the Executive Director, Resources, attaching the Revenue Budget 2021/22 and Capital Strategy for 2021-26, which were to be considered by the Cabinet at its meeting to be held on 17th February 2021.

5.2 In attendance for this item were Councillor Terry Fox (Cabinet Member for Finance, Resources and Governance), Eugene Walker (Executive Director, Resources), Ryan Keyworth (Director of Finance and Commercial Services), Dave Phillips (Head of Strategic Finance) and Phil Moorcroft (Senior Construction Category Manager).

5.3 Revenue Budget 2021/22

5.3.1 The Committee received a presentation from Ryan Keyworth containing information on the 2020/21 budget position, the initial budget position for 2021/22,

the medium-term financial position up to 2025, the outstanding work still required and the timeline for the budget-setting process.

5.3.2 Councillor Terry Fox expressed his thanks and appreciation to all staff involved in the budget-setting process, particularly in such difficult circumstances presented by the Covid-19 pandemic. He stated that the Council was in a good, prudent financial position, and able to express investment in the city over the next few years.

5.3.3 Members of the Committee raised questions, and the following responses were provided:-

- It was disappointing that that was still no answers in terms of the future funding of adult social care, despite numerous promises from the Government on this issue. Whilst the Council had received funding from the Government, this had been on a one-off basis, with no certainty to any long-term commitment. In comparison with other core cities, the Council was in a relatively stronger position in terms of its budget due to the prudent decisions made in the past, whilst investing additional funding into social care. It was likely that more local authorities would face serious financial problems in the near future, mainly as a result of the lack of social care funding, which represented the largest outlay for them. The Council would still continue to plan for the long-term, and continue to work closely with colleagues in social care, as well as maintaining strong working relationships with its health partners, whilst awaiting news of a long-term solution to the funding of social care.
- A significant portion of the additional funding for local authorities, as referred to by the Government, was made up of authorities' ability to increase income from their own residents by increasing their Council Tax by 4.99%. The Council had increased its funding towards social care by 10% a year over the last four years, highlighting its commitment in this area, but which had resulted in budget pressures in other service areas. When the Council increased its adult social care precept, this raised less money than wealthier local authorities in the South.
- Income from Council Tax in 2020/21 totalled £208 million, which equated to approximately 50% of the Council's net revenue budget. The Council's gross budget was approximately £1.4 billion, so Council Tax income equated to approximately one seventh of that.
- Information on the impact on users of the increase in adult social care fees would be circulated to the Committee.
- In terms of future sustainability of the budget, there was around £12 million of one-off leisure funding required in 2021/22, and another £5/6 million of one-off funding used across a range of other services in 2021/22. The difference between one-off income and one-off costs was around £4 million.

- Revenue Support Grant, which used to be a substantial element of the Council's income, was now being phased out, and the Government was moving towards a model whereby local authorities were basically funded by Council Tax, business rates and income from services or charges. Local authorities were therefore being asked to be self-sufficient, which resulted in issues of inequity across areas of the country. As with adult social care, there was a level of uncertainty from the Government in terms of business rates. The Council's current income from business rates amounted to approximately £100 million, with an additional Government top-up of £43 million, and the Council's Revenue Support Grant from the Government amounted to approximately £38 million. Between 2015 and 2020, the Revenue Support Grant had reduced by around £100 million. The Council's social care precept was budgeted to be around £26 million.
- Whilst it was not possible to predict future interest rates, the latest forecasts indicated that they were not likely to go negative, mainly due to the concerns expressed by the Bank of England. The present low interest rates resulted in the Council receiving very little or no interest. The rates also had an impact on the Council's borrowing strategy whereby borrowing more money would result in the Council having to hold more money in its bank account or short-term investments, which would attract very low interest rates, whilst the Council would still have to pay higher rates to borrow such money. However, there was always the risk that if the Council delayed borrowing, and the interest rates went up, it would result in the Council paying more in interest over a longer period. Officers would continue to monitor the market going forward to mitigate and balance these risks. The Council would generally only borrow money when investing in major regeneration projects, such as the Heart of the City 2 scheme.
- In terms of the Council's Ethical Procurement Policy, the Council measured a range of metrics on social value, not only on employment and skills, but across all service areas. The Council was looking to strengthen its Policy to attempt to increase the social value of its expenditure. The Council was spending approximately £0.5 billion within the 'S' post code area. The Economic and Environmental Wellbeing Scrutiny and Policy Development Committee would further scrutinise the Ethical Procurement Policy at a future meeting.
- The levy from the South Yorkshire Passenger Transport Executive (SYLTE) comprised a significant proportion of the Council's overall budget, and was used to support bus services across South Yorkshire. This represented another area which had been adversely affected by the pandemic, and where the Government was providing short-term financial support to assist the SYLTE's budget. Whilst there were no details with regard to specific savings, it was considered that the proposed merger between the SYLTE and the Sheffield City Region was a sensible move, which would hopefully result in some efficiencies.
- Local authorities had received bigger funding cuts than County Councils over the past few years, but County Councils did not have such a multi-functional

role as local authorities, meaning that local authorities were being more adversely affected as social care represented a much larger proportion of their budgets.

- The Council was very concerned that local authorities would not receive similar Government funding in 2022/23, therefore would have to plan for this going forward. There had also been issues regarding delays in the Government's Fair Funding Review, which made it difficult for the Council to plan ahead with any certainty. In those circumstances where local authorities had not been able to achieve a balanced budget, as had been highlighted recently, the Government would not offer additional funding to such local authorities, but would offer the ability to borrow more, which could create problems in the long-term. The Council had been very prudent so as not to get in this position.
- Over £100 million had been provided to businesses under the Covid Business Support Grant scheme. Whilst the process had proved very difficult, it had been considered that the Council had managed very well in the circumstances, particularly given the changing Government advice, often provided at very short notice. The Council had worked very closely with Business Sheffield throughout the process, which had not only included the provision of grants, but also the provision of support and advice to businesses during what had been a very difficult time for them. A Business Recovery Group had been established, which had helped to improve relationships further with the business sector. Whilst the Council was planning for recovery, it was proving difficult given the ongoing nature of the pandemic. The Council, working with the Sheffield City Region, had negotiated a significant funding package for South Yorkshire to be used to support businesses in the area. Whilst there was considerable Government funding to prop up businesses, including the furlough scheme, there would be a requirement for further funding to aid the longer-term recovery of businesses. The Council had learned considerably since the early stages of Lockdown 1 with regard to the provision of support for businesses, and had improved its processes for continuing such provision, which also included the payment of £500 to those people who had been requested to self-isolate for medical reasons.

5.4 Capital Strategy 2021-26

5.4.1 Phil Moorcroft (Senior Construction Category Manager) introduced the Capital Strategy 2021-26, referring to the strategic priorities for 2021/22, together with the longer-term priorities up to 2026.

5.4.2 Members of the Committee raised questions, and the following responses were provided:-

- The Council was focusing on sustainability and community wealth building as part of its Capital Strategy, with these two themes running through all capital schemes in all service areas and, in terms of priorities, was investing (a) further in the Grey to Green Project, (b) £9.5 million in the Upper Don Valley

water management scheme, (c) £5 million on the retrofitting of buses, (d) in electric lorries and vans as part of its transport fleet, (e) in more electric charging points across the City and (f) in the City Centre Clean Air Zone. The Council was also investing in the construction of 3,100 homes in the City, £21 million into older persons living, £4.3 million towards achieving the City's carbon reduction targets, waste management and community heating schemes and the Heart of the City 2 scheme, which included the city's first zero carbon office accommodation.

- The Council had invested considerably in its district energy network, and would continue to do so throughout 2021/22. The Council's recycling rates were good in comparison to other Core Cities, and the city had one of the lowest landfill rates in the country.
- Officers had been looking at the issue of technology, and it was accepted that action needed to be taken immediately to tackle some climate change issues. However, the cost of implementing such measures was very costly, such as retrofitting all the housing stock in order to make properties carbon neutral, therefore such work would have to be undertaken in stages as new technologies emerged. Apparently, simple solutions became more complex upon further investigation, for example, the installation of air source heat pumps appeared to be a simple solution, but the process actually required a "whole house" approach to insulation and ventilation, adding considerably to the cost and complexity of a scheme. The Council needs to keep track of the rapid changes in technology, by monitoring all the various technologies available, as well as emerging technologies. The Council would aim to strike a balance between implementing newer technologies now, whilst also evaluating how these perform in practice and how costs fall as solutions become more mainstream. The Council was also investing £5.8 million in community district heating schemes, £2.1 million into waste management and had secured £1.2 million to look at possible decarbonizing schemes in the city, such as installing ground source heat pumps and solar panels.

5.5 RESOLVED: That the Committee:-

- (a) notes the contents of the report of the Executive Director, Resources, now submitted, on the Revenue Budget 2021/22 and Capital Strategy 2021 to 2026, together with the comments now made and the responses provided to the questions raised;
- (b) expresses its thanks and appreciation to all those Council officers and Members involved in the budget-setting process for the excellent work undertaken by them in achieving a balanced budget, particularly in such difficult circumstances;
- (c) condemns the Government for its continued failure to deliver a sustainable funding solution for Local Government, particularly with regard to Adult Social Care; and
- (d) recommends that the report of the Executive Director, Resources, on the

Revenue Budget 2021/22 and Capital Strategy 2021 to 2026 be approved by the Cabinet without amendment.

6. SCRUTINY OVERVIEW - ISSUES TO RAISE FROM THE SCRUTINY COMMITTEES

- 6.1 Councillor Mick Rooney reported that the Children, Young People and Family Support Scrutiny and Policy Development Committee had recently held a very productive session with the Sheffield Youth Cabinet, where the Committee had listened to the views of the young people on the ongoing problems they were facing with their education due to the pandemic. Councillor Rooney stated that he was very pleased with the Committee's evolving working relationship with the Youth Cabinet, and hoped that it would continue. Councillor Jim Steinke added that, whilst appreciating that the issues discussed with the Youth Cabinet related mainly to the Children, Young People and Family Support Scrutiny and Policy Development Committee, he considered that the other scrutiny committees should give consideration to inviting members of the Youth Cabinet to future meetings to listen to their views.
- 6.2 Councillor Denise Fox stated that, further to a meeting of the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee, at which representatives of the bus operators attended, she had written, at the request of the Committee, to the representatives in attendance, expressing the thanks of the Committee for the excellent work undertaken in terms of maintaining a level of service during the pandemic.
- 6.3 Councillor Cate McDonald stated that the Healthier Communities and Adult Social Care Scrutiny and Policy Development Committee had met on 10th February, and had looked at dentistry and, further to a request from the Committee, she would be writing to the Secretary of State for Health, expressing the Committee's concerns at the fact that the current contract for primary dental care had not been reviewed since 2005. She added that the Committee had also considered the issue of the setting of fees for residential care at the same meeting, which had been highlighted as a very problematic area. Councillor McDonald also stated that the Scrutiny Food Poverty Working Group had recently met for the first time, which had been a very productive meeting.
- 6.4 The Committee noted the information now reported.

7. DATE OF NEXT MEETING

- 7.1 It was noted that the next meeting of the Committee would be held on Thursday 25th March 2021, at 10.00 am.