



Report to Policy Committee

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

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Report of: *Philip Gregory*

Report to: *Strategy & Resources Committee*

Date of Decision: *21st February 2024*

Subject: *Budget Report for 2024/25*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? (2594)				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<p><i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

Purpose of Report:

The purpose of the Revenue Budget report is to:

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

Recommendations:

1. Recommends that Strategy and Resources Committee:
 - a) notes that the South Yorkshire Fire & Rescue Authority precepts have not yet been issued;
 - b) authorises the CFO to add the information to Full Council; and
 - c) recommends to Full Council the recommendations as set out in the Revenue Budget report, subject to the addition of the precept information.

Background Papers:

Medium Term Financial Analysis - [MTFA](#)

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

1. PROPOSAL

(Explain the proposal, current position and need for change, including any evidence considered, and indicate whether this is something the Council is legally required to do, or whether it is something it is choosing to do)

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

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

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

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

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

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

Through our 2024/25 Business Planning Process, Committees managed to identify £8m of savings to help deliver the balanced budget. Examples of the savings include, service redesigns including improved automation, reduced subsidies to leisure providers, person-centred reviews of care packages, to name a few. Delivery of these savings will require steadfast

commitment, and targeted resources from the Council to be successful. It is therefore imperative that robust action is taken to deliver planned savings and contain financial pressures over the next year.

Consequently, if overspends emerge, then the Strategic Leadership Team will be required to develop and implement plans to mitigate fully any overspend, within 2024/25, in consultation with elected members.

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

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

The Council does not take the decision to increase Council Tax lightly but the alternative to this, finding £16m more of savings within 2023/24, will have too great an impact on vital services in the city.

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

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

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

2. HOW DOES THIS DECISION CONTRIBUTE ?

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

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

Please refer to paragraph 185 of the main report for the recommendations.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 *Yes – please see paragraphs 124 -143 of the main report*

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

4.1.1 *See paragraphs 144 - 184 and Appendix 9 of the main report for details.*

4.2 Financial and Commercial Implications

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

4.3 Legal Implications

4.3.1 *See paragraphs 74-85 of the main report*

4.4 Climate Implications

4.4.1 *See paragraphs 108 -123 of the main report*

4.4 Other Implications

(Refer to the decision making guidance and provide details of all relevant implications, e.g. human resources, property, public health).

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

5. ALTERNATIVE OPTIONS CONSIDERED

(Outline any alternative options which were considered but rejected in the course of developing the proposal.)

5.1 *A number of alternative courses of action are considered as part of the Business Planning process undertaken by Officers before options are*

recommended to individual policy committees. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

6. REASONS FOR RECOMMENDATIONS

(Explain why this is the preferred option and outline the intended outcomes.)

- 6.1 *The City Council on 6 March 2024 meets to consider the Revenue Budget for 2024/25 and to determine the Council Tax for that year. The report provides information to enable the Council to set a budget and determine the Council Tax. The proposals set out in this report provide for a balanced budget to be recommended to Full Council.*