

[Type here]



Report to Policy Committee

Author/Lead Officer of Report: William Stewart –
Director of Investment, Climate Change and
Planning

Tel:

Report of: Kate Martin, Executive Director, City Futures

Report to: Transport, Regeneration and Climate Change
Policy Committee

Date of Decision: 21st September 2022

Subject: **Transport, Regeneration and Climate Change
Budget report: options for 23/24 budget**

Has an Equality Impact Assessment (EIA) been undertaken? Yes No

If YES, what EIA reference number has it been given?
1250, 1251, 1252, 1253, 1254

Has appropriate consultation taken place? Yes No

Has a Climate Impact Assessment (CIA) been undertaken? Yes No

Does the report contain confidential or exempt information? Yes No

If YES, give details as to whether the exemption applies to the full report / part of the
report and/or appendices and complete below:-

*“Part 2 of this Report is not for publication because it contains exempt information under
Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”*

Purpose of the report:

This report sets out the budget pressures and risks facing services that sit within
the responsibility of the Transport, Regeneration and Climate Change Policy
Committee (TRC Committee), and a budget action plan to mitigate these as far as
possible in the 23/24 financial year.

It provides savings recommendations which form part of Sheffield City Council’s
objectives around setting a balanced budget.

Recommendations:

The Transport, Regeneration and Climate Committee is recommended to:

- Acknowledge the recommendation approved at the Strategy and Resources Committee on 5 July 2022 that “Policy Committees will be asked to develop savings / additional income options that cover their own pressures – in effect cash standstill” and to “require Policy Committees to report at their meetings in September on how they can balance their budgets.”
- Note, as this Committee's initial response to the Strategy and Resources Committee's request, the set of budget proposals set out in this report, including part 2.
- Note that Officers will now work with Members to consult with relevant stakeholders (including with partners, trades unions and in respect of equalities and climate change) on the proposals in this report so as to inform final budget proposals.
- Note that Officers will work to develop any necessary detailed implementation plans for the proposals in this report so that the proposals, if ultimately approved, can be implemented as planned before or during the 2023/24 financial year.
- Ask to receive a further report in November that will set out the final budget for this Committee following consultation and any adjustments requested by the Strategy and Resources Committee.

Background Papers:

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

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: Kerry Darlow
		Legal: Sarah Bennett
		Equalities & Consultation: Ed Sexton
		Climate: Jessica Rick
	<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>(Insert name of relevant Executive Director)</i> Kate Martin

3	Committee Chair consulted:	<i>(Insert name of relevant Member)</i> <i>Cllr Mazher Iqbal</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: William Stewart		Job Title: Director of Investment, Climate Change and Planning
Date: 15/09/2022		

1.	PROPOSAL
1.1	<p>Background</p> <p>Sheffield City Council is facing a challenging financial position. The Strategy and Resources Committee held on 5th July recommended that all Committees stay within budgets allocated by Full Council. Strategy and Resources Committee also agreed that Committee budgets for 23/24 should have a ‘cash stand-still’ target, with committees asked to identify savings / additional income to absorb financial pressures within the Committee’s budget and bridge any pressure gap.</p> <p>This report includes an overview of the pressures and risks that sit within the Transport, Regeneration and Climate Change Policy Committee’s budget and identifies a set of actions within a Budget Action Plan to address pressures and mitigate financial risks, as far as is possible within service areas.</p>
1.2	<p>Committee Budget Overview</p> <p>The services and activities within this Committee are a mixture of statutory and non-statutory provision. Statutory services include most areas of the planning service, flood risk mitigation and various transport services. Many of the service areas that fall under the oversight of the TRC Committee are ‘traded’; i.e., officers are required to recover external (and in some cases internal) income to pay for the costs of staff and projects. Over half of the committee’s costs are recovered through income generation.</p> <p>Non-statutory services include the council’s climate change and sustainability team, regeneration team, transport project teams, road safety and planning advisory services. These services help to deliver SCC’s core corporate objectives, support economic activity in the city and help the council address the challenges linked to the ongoing climate emergency.</p> <p>Over half of TRC Committee’s costs come in the form of levies and precepts, paid to the Mayoral Combined Authority. These contributions are corporate obligations and are set through formulae based on population data in the South Yorkshire region.</p> <p>The council will agree a pay award for staff which adds additional pressure to committee budgets. Additional income will need to be found to cover pay award pressures in service areas.</p> <p>Importantly, Sheffield’s Clean Air Zone project costs and income targets sit within TRC Committee. The costs are covered by funding from central government, but income pressure currently sits within TRC committee. This pressure is £2.1m.</p>

1.3 Overview of Pressures and Risks for Transport, Regeneration and Climate Change Committee

The table below gives a high-level overview of the cash pressures and related risks. This represents the best assessment of the data and risks based on current information. However, as the pay award is confirmed and the employment establishment data is further refined, there may be further amendments to these figures.

Name	Description	£000
Pay Award	Pressure based on the union proposal of a flat rate increase for 22/23 then assumed uplift of 4% for 23/24.	£389
ITA Levy	£500k of additional corporate pressure for 23/24. Increase in MCA levy due to changes in population dynamics across SYorks region.	£500
Clough Dyke flooding	Obligation on SCC to ensure residential properties adjacent to Clough Dyke are protected against flooding.	£26
Ash die-back clearance on Public Rights of Way	Obligation on SCC to ensure that footways are kept free from obstruction/are kept safe from falling trees.	£10
Regeneration Team	The Regeneration Team is wholly traded i.e. income covers cost of staff. There is a £240k of income pressure which has been unresolved for 2 years.	£240
Climate Change and Sustainability Team	Due to unresolved financial pressures associated with reorganisation of the Climate Change team, there is a shortfall of 50% of the funding for the team's salaries.	£110
	Total Pressures 23/24	£1,275

1.4	<p>BUDGET ACTION PLAN – Proposals to address pressures for Transport, Regeneration and Climate Change Committee, 23/24.</p> <p>An overview of the budget savings proposals discussed with the Committee Members is contained within Part 2 of this Report. The Committee will consider the potential impact of service delivery to residents, businesses and city partners, alongside equalities impacts and climate impacts when it makes its decisions on which proposals to take forward. Part 2 of this Report makes recommendations against these proposals in line with the Committee’s advice to officers.</p>
1.5	<p>BUDGET ACTION PLAN: Managing Income and Financial Risks</p>
1.5.1	<p>CAZ income pressure and MCA levies – As the CAZ is a public health initiative directed by Government to address city wide air quality issues, and the contributions SCC makes to the MCA are a corporate responsibility, it is recommended that a discussion should be held at a senior level around how these costs are allocated across the authority. TRC committee has no control over how levies to the MCA are structured. It is recommended that an appropriate contingency sum be associated with higher risk pressures such as the CAZ income in order that SCC is able to manage risk more effectively.</p> <p>Income generation – As mentioned earlier in this report, the majority of activity carried out by officers where budgets are held in TRC committee is progressed through a traded model (income is generated to offset costs). As part of a longer-term review of budget pressures across the directorate, senior officers will work with finance colleagues to further optimise income recovery opportunities and review how costs associated with delivery of services are accounted for. This should lead to further opportunities for budget savings in the financial year 23/24.</p> <p>Planning budgets and resourcing over a 4-year council improvement journey – In order to be in the strongest position to deliver the project and programmes needed to support economic growth in Sheffield, SCC needs to maintain appropriate staff resource infrastructure to match the ambition shown in the One Year Plan, Delivery Plan, emerging Local Plan, the council’s pledges around Net Zero and its response to the climate emergency. Budget savings in 23/24 must be reviewed alongside a of a longer-term budget stabilisation exercise, so that the authority is able to respond to investment opportunities brought about by projects like Heart of the City, the City Centre Vision, new Local Plan, the emerging City Strategy and the city’s status as accelerator pilot.</p> <p>Maximising external funding opportunities – officers will continue to explore opportunities to secure external funding, from both regional and national sources. There is a need to strengthen the relationship with the new administration at the South Yorkshire Mayoral Combined Authority as the new team under Mayor Coppard beds in. Positively, funding continues to be secured from the MCA, with recent Project Feasibility Funding adding to the significant transport funding already secured. Officers will continue to work with Homes England colleagues to promote Sheffield as a city open and ready for investment, building on the work already done to secure accelerator pilot status.</p> <p>Communication and engagement - it is imperative that a robust and clear communications and engagement strategy is developed in tandem with service-based policies, projects and programmes. A core central narrative will assist in supporting TRC</p>

	<p>to deliver against its objectives and provide clarity of direction to Sheffield's residents, businesses and partner institutions.</p> <p>Projects delivered without a clear narrative on corporate and city objectives run the risk of being argued on local merit only, without the benefits that a strategic approach can bring. Officers have proposed that a significant City Futures communications and engagement budget is allocated as part of future budget planning so that officers and Members are supported in decision making.</p>
2.	HOW DOES THIS DECISION CONTRIBUTE ?
2.1	The proposed Budget Action Plan will deliver a saving of £831K towards delivering a balanced budget for the Council for 23/24. This saving exceeds the TRC committees Business as Usual (BAU) pressures and starts to address some of the corporate pressures held by the committee.
2.2	The recommendations in this report will also ensure that the Committee has a Budget Action Plan for 2023/24 that will further stabilise pressures and increase opportunities for income to be recovered.
2.3	Climate and equalities considerations addressed under relevant sections 4.1 and 4.4
3.	HAS THERE BEEN ANY CONSULTATION?
3.1	While none of the proposals within this report require statutory consultation, they have been developed as part of joint work with the full TRC Committee.
4.	RISK ANALYSIS AND IMPLICATIONS OF THE DECISION
4.1	<u>Equality Implications</u>
4.1.1	Initial Equality Impact Assessments have been completed for all of the budget proposals that is it proposed the committee approves. Further, more detailed impact assessments will be undertaken, as required, if an option is confirmed. Equality impact considerations formed part of the decision making process for those proposals it is recommended to reject.
4.2	<u>Financial and Commercial Implications</u>
4.2.1	Each Committee is required to deliver a cash standstill budget for 2023/24, which requires committee members to identify mitigations for Service pressures over above 2022/23 budget. The proposal is that a balanced budget position for 2023/24 is set out by the time the Strategy and Resources committee meets on 12 October 2022.
4.2.2	The pressures and savings proposals to address budget pressures are set out in this paper. Currently the TRC Committee has a gap of £444k to meet all pressures allocated, including the MCA levy Members propose is held corporately. The budget savings proposed cover BAU pressures and contribute £56k towards the MCA levy pressure. The £2.1m CAZ income pressure is not addressed by these budget savings proposals.

4.2.3	Further work will be required to address this gap and to ensure delivery plans are in place to secure savings.
4.2.4	All Committee savings proposals will be considered by the Strategy & Resources Committee before final sign off to ensure a balance 2023/24 budget for the Council as a whole.
4.3	<u>Legal Implications</u>
4.3.1	<p>By law, SCC must set and deliver a balanced budget, which is a financial plan based on sound assumptions. This can consider cost savings and/or local income growth strategies, as well as use of reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.</p> <p>The recommendations in this Report contribute to the process of setting a budget but do not otherwise have any immediate legal implications.</p> <p>Implementation of the specific proposals outlined in this report may require further decisions in due course, which will need to be made in accordance with the council Constitution. It is important to note that in making these decisions, full consideration of the Council's legal duties and contractual obligations will be needed.</p> <p>If there is a requirement to implement savings that affect statutory services, a thorough legal review of proposals will need to be carried out.</p>
4.4	<u>Climate Implications</u>
4.4.1	<p>Sheffield has adopted a Net Zero 2030 City target.</p> <p>While the focus of the proposed actions in this report are on meeting our budget challenges, climate impact assessments (initial) have been undertaken for all proposals and are contained within Part 2 of this Report.</p>
4.5	<u>Other Implications</u>
	HR
4.5.1	<p>Officers have initiated consultation with Union representatives on the outlined proposals and will continue to work with them as detail develops.</p> <p>The savings proposed in this Budget Action Plan will not lead to Compulsory Redundancy, however there is likely to be additional pressure on staff members to increase income recovered from external sources. There are risks associated with bidding for funding from third party organisations, particularly where funding requested is being used to cover staff salary pressures.</p> <p>If further cuts to service areas are requested, for example, if it is proposed that TRC committee holds corporate pressures around CAZ and MCA levies, it is likely that redundancies will be required.</p>
5.	ALTERNATIVE OPTIONS CONSIDERED
5.1	<p>Do nothing</p> <p>If none of the proposed actions are progressed, there is no likelihood of delivering a balanced budget.</p>

5.2	<p>Deliver Balanced Budget Make further savings by revisiting those options currently rejected by Committee Members.</p>
5.3	<p>Offer greater budget savings by stopping services Make further savings by stopping non statutory services</p>
6.	REASONS FOR RECOMMENDATIONS
6.1	<p>Committee Members and officers have sought to strike a balance between meeting budget challenges and continuing to deliver strategically important and statutory services to support Sheffield's corporate priorities around transport, climate change, regeneration, sustainability and planning.</p>
6.2	<p>It is critical that services are maintained to further support regeneration in the city and underpin game changing projects like Heart of the City, Sheffield's Levelling Up city centre pilots, Local Plan development and strategic transport improvements for the city. Added to this, there is a critical need to address Sheffield's commitments around Net Zero and the climate agenda.</p>
6.3	<p>Removal of services and budgets will dramatically reduce the City's ability to bid for and win external funding, which is critical to delivery of Member and corporate priorities.</p>
6.4	<p>The recommended proposals allow the TRC Committee to make a substantial contribution to the Council's budget challenges. Further options can be considered by Strategy and Resources Committee with the TRC committee, as the range of options proposed across all Committees are considered together.</p>

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank