



Report to Overview and Scrutiny Management Committee

Report of: Eugene Walker - Executive Director of Resources

Subject: Revenue Budget 2021/22 and Capital Strategy 2021 to 2026

Author of Report: Dave Phillips, Head of Strategic Finance)
Tim Hardie, Head of Commercial Business Development

Summary:

This report set out the key contents of the 2021/22 Revenue Budget and 2021-26 Capital Strategy which are being presented to the Overview and Scrutiny Committee for review. These documents are due to be presented to Cabinet on 17th February 2021, and to be presented to Full Budget Council for formal approval (subject to any Amendments) on 3rd March 2021.

Type of item: The report author should tick the appropriate box

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|---|----------|
| Reviewing of existing policy | |
| Informing the development of new policy | |
| Statutory consultation | |
| Performance / budget monitoring report | |
| Cabinet request for scrutiny | |
| Full Council request for scrutiny | |
| Call-in of Cabinet decision | |
| Briefing paper for the Scrutiny Committee | |
| Other | X |

The Scrutiny Committee is being asked to:

Provide views and comments on the 2021/22 Revenue Budget and 2021 to 2026 Capital Strategy.

Background Papers:

The 2021/22 Revenue Budget

The 2021/26 Capital Strategy

Category of Report: OPEN

Report of the Director of Finance and Commercial Services

The Revenue Budget 2021/22 and Capital Strategy 2021 to 2026

1. Introduction

Every Local Authority must by law set a balanced revenue budget including setting its Council Tax annually. Setting the budget requires the calculation of the budget requirement including an allowance for contingencies, and consideration of the adequacy of reserves. These calculations must be completed before the 11th March preceding the financial year in question (i.e. before 11th March 2021 for the 2021/22 budget).

The Council's Revenue Budget includes all the relevant information and calculations necessary to complete this process.

Sections 3 of this report set out the contents of the Council's Capital Strategy.

Sections 4 and 5 summarise Consultation and Engagement, and assessment of equalities' implications.

2. Contents of the Revenue Budget

The Revenue Budget consists of the main report itself, which gives information on the background to the budget, the challenges faced, the development of the budget and the key figures. It ends with a number of recommendations, including the recommended Net Revenue Budget for 2021/22 and the recommended Council Tax (shown as the amount required for a Band D property).

The Revenue Budget also contains a number of Appendices covering:

- Portfolio pressures
- Portfolio savings
- Overall summary budget, and summary budgets by Portfolio
- Reserves
- Corporate risk register
- Council Tax Determination
- The annual Treasury Management Strategy
- Pay Policy and supporting information
- Equality Impact assessment
- Glossary of Terms

3. Contents of the Capital Strategy

The Capital Strategy first provides a succinct Executive Summary, setting out the broad budget position for next year and the following 5 years. It also sets out the brief background to each of the nine priority areas for investment.

Section 2 then provides greater background and key facts on the Capital Programme, including how it is funded, our investment strategies and programme governance.

Sections 3 – 11 then provide greater detail on each of the nine priority areas, setting out:

- Background and context
- Projects completed in 2020/21
- Key current projects already in delivery
- Potential priority areas / projects under consideration
- Key challenges and how we are addressing them.

The nine priority areas covered are:

- Economic Growth
- Transport
- Housing growth
- Housing investment
- Love where you live
- Green and open spaces
- People: capital and growth
- Heart of the City II
- Essential compliance and maintenance.

Appendix 1 provides information on the Corporate Investment Fund. Appendix 2 provides a full list of all projects, split by priority area.

4. Consultation and engagement

We are committed to representing the needs and views of Sheffielders across all the city's neighbourhoods and communities. The city continues to have major decisions to make both now and over the coming years, including:

- how we continue to deliver the range of services that Sheffielders need;
- how we can find solutions to the challenges facing some of our most vital public services, such as health and social care;
- how we manage the huge financial challenges faced by the Council due to the ongoing effect of a decade of funding reductions by Central Government which have impacted on the services used by every person in the city;

- how we invest to enable the city to grow in a way that works for all Sheffielders, so that people from every part of the city have the best life chances and opportunities.

As part of our approach to setting the budget, we have statutory duties to consult the business community and voluntary, community and faith sector on our proposals and also seek to engage Sheffielders in a wider conversation about how our budgets are spent.

Further, as specific budget proposals are developed, services and portfolios across the council 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.

5. What does this mean for the people of Sheffield?

Equality Impact Assessments (EIA) have been completed in relation to the elements of the budget already approved as part of the thematic approach and continue to be updated to reflect the impact upon Sheffield citizens. Any new savings / income generation proposals will be presented with accompanying EIA's when approved.

As set out above, we have a planned programme of engagement in autumn and winter 2020/21 which will create a range of opportunities for citizens and partners to engage in our budget decision making for both the medium term and the immediate.

In setting its budget for 2021/22, the Revenue Budget recommends an increase in council tax, in order to protect essential services whilst allowing a balanced budget to be set. The Council acknowledges the financial impacts this can have on the City's residents, and will therefore increase its Hardship Fund to support those least able to afford any increase.

6. Recommendations

The Committee is asked to:

- a) provide its views on the contents of the 2021/22 Revenue Budget and 2021 to 2026 Capital Strategy;

APPENDIX 1 Areas not covered by the 2021/22 Revenue Budget

The following financial areas are subject to separate arrangements for review and approval.

Capital

Alongside the Revenue Budget the Council has been developing its capital strategy and key priorities for the forthcoming years, and setting its Capital Strategy for 2021 to 2026. This Strategy is presented alongside the Revenue Budget.

Housing Revenue Account (HRA)

The HRA is a statutorily separate ring-fenced fund that accounts for the revenue income and expenditure relating to Council Housing. Its budget is therefore set separately to the Council's main Revenue Budget, and does not affect the setting of Council Tax.

Dedicated Schools Grant (DSG)

Funding for schools is ring-fenced and so it not included in the Council's main Revenue Budget or in the setting of Council Tax. Spending for the forthcoming year is discussed and agreed with the Schools Forum and with the relevant Cabinet Members.