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## 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  
Committee

**Date of Decision:** 15 November 2023

**Subject:** **Transport, Regeneration and Climate Change  
Committee Budget report: recommendations for  
24/25 budget**

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

If YES, what EIA reference number has it been given?  
2428, 2430

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

“Appendix 2 is not for publication because they contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”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 savings proposals that are the responsibility of the Transport, Regeneration and Climate Change Policy Committee (TRC).

It provides recommendations for savings which will support Sheffield City Council in setting a balanced budget in 2024/25. These recommendations have been subject to consultation with all political parties.

It requests approval for increases of fees and charges included in Appendix 1.

It also outlines challenges for future years.

**Recommendations:**

The Transport, Regeneration and Climate Change Policy Committee is recommended to:

1. Note the Council's challenging financial position
2. Note the pressures and risks identified in relation to the Transport, Regeneration and Climate Change Policy Committee budget for the 24/25 financial year and commit to work with officers to mitigate these risks where possible.
3. Note the recommended proposals to deliver savings of £300k for the financial year 2024/2025 for submission to the Strategy and Resources Policy Committee.

**Approval:**

4. Agree the increase in fees and charges based on inflation increase and/or the principle of fair cost recovery

**Background Papers:**

1. *Appendix 1: schedule of fees and charges*
2. *Appendix 2: closed*

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: <b>Natalia Govorukhina</b>
	Legal: <b>Robert Parkin</b>
	Equalities & Consultation: <b>Ed Sexton</b>
	Climate: William Stewart
	<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	<b>SLB member who approved submission:</b> <b>Kate Martin</b>
3	<b>Committee Chair consulted:</b> <b>Cllr Ben Miskell</b>
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 SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> William Stewart
	<b>Job Title:</b> Director of Investment, Climate Change and Planning
<b>Date: 15/11/2023</b>	

<p><b>1.</b></p> <p><b>1.1</b></p>	<p><b>PROPOSAL</b></p> <p><b>Background</b></p> <p>An updated medium term financial analysis (MTFA) was presented to Strategy &amp; Resources committee in September. This gave Members an early view of the forecast financial position for the Council for the next 4 years and set the financial constraints within which the budgeting and business planning process will need to work to achieve a balanced budget position over the medium term.</p> <p><a href="#">MTFA &amp; Committee Budget Savings Targets</a></p> <p>Over the 4 year period the forecast budget gap for the Council is estimated to be £61m. For 2024/25 the forecast budget gap is £18m and that will need to be bridged by service savings in order to set a balanced budget for 2024/25.</p> <p>For this committee, the following assumptions had been made for 2024/25 within the MTFA.</p> <p><b>Committee Budget Overview</b></p> <p><i>Transport Regeneration &amp; Climate</i></p> <ul style="list-style-type: none"> <li>• Pressures of £0.9m, the most significant of which include the ITA levy increase and pay awards</li> <li>• Offset by <ul style="list-style-type: none"> <li>○ Funding allocated, as per the MTFA, to fund the 2024/5 pay award, £0.3m</li> <li>○ Assumed uplift by inflation of fees and charges £0.1m</li> <li>○ Share of remaining available funding as per the MTFA, £0.2m</li> </ul> </li> <li>• This leaves a gap to find of £0.3m</li> </ul> <table border="1" data-bbox="359 1171 1321 1332"> <thead> <tr> <th></th> <th>2023/24</th> <th>2024/25</th> <th>2025/26</th> <th>2026/27</th> <th>2027/28</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Savings Target</td> <td></td> <td>0.3</td> <td>0.7</td> <td>0</td> <td>0.4</td> </tr> <tr> <td>Net Revenue Budget</td> <td>25.4</td> <td>25.9</td> <td>26.1</td> <td>26.8</td> <td>27.2</td> </tr> </tbody> </table> <p>Since the MTFA was presented, the following changes to pressures/ assumptions have been made:</p> <p>The assumed uplift of 0.1m by inflation of fees and charges is not currently a deliverable target based on application activity levels. Note that fee increases will still be applied – on the basis non statutory services should not be subsidised – but current activity levels do not support increasing the overall income target.</p> <p>The longer term outlook for the Committee budget is as follows:</p> <p>TRC committee will continue to need to find an additional £500,000 a year, every year, to meet SCC’s obligation to contribute to the ITA transport levy. This is the contribution SCC makes to SYMCA to fund regional transport. The recent turbulence in the economic picture for the UK means that a number of sources of income (e.g. planning fees, building control fees, transport fees) are less stable than in previous years. This means that there is a likelihood that additional savings will need to be found in futures years.</p> <p>There is a necessity for SCC to discharge its statutory and non-statutory duties and a stable workforce with sufficient capacity to deliver is essential. Officers will continue to</p>		2023/24	2024/25	2025/26	2026/27	2027/28		£m	£m	£m	£m	£m	Savings Target		0.3	0.7	0	0.4	Net Revenue Budget	25.4	25.9	26.1	26.8	27.2
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	<p>look at ways to secure a sustainable financial base for our services through full cost recovery and income generation where permitted. However, some services within TRC's remit cannot charge or cost recover and we must work to ensure sufficient revenue remains available to deliver these important outputs.</p>
<p><b>1.2</b></p>	<p><b>TRC services context</b></p> <p>This report includes an overview of the pressures and risks in relation to the Transport, Regeneration and Climate Change Policy Committee's budget and identifies a set of actions within a Budget Action Plan to meet these pressures and mitigate financial risks, as far as is possible.</p> <p>The services and activities that sit as the responsibility of 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 responsibility of 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 functions include: climate change, regeneration, transport projects, road safety and planning advisory services. Although non-statutory 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 South Yorkshire Mayoral Combined Authority. These contributions are corporate obligations and are set through formulae based on population data in the South Yorkshire region. It should be noted holding this pressure within the TRC budget represents a risk to the future of non-statutory services.</p> <p>As SCC further develops the strategies, policies and programmes necessary to deliver the homes, jobs and infrastructure that Sheffield needs, it is hoped that this will provide the necessary stability to attract additional investment, further public sector funding packages (including those that may arrive as part of the next Devolution Deal) and an increase in the authority's ability to generate revenue.</p>

**1.4 BUDGET ACTION PLAN – Recommendation to off-set pressures for Transport, Regeneration and Climate Change Committee 24/25.**

The Committee is asked to note these recommendations for the Transport, Regeneration and Climate Change budget for 24/25. These recommendations will then be further considered by the Strategy and Resources Committee in December as part of the overall Council budget setting process for 24/25. It should be noted that this Committee will continue to work to identify additional savings where it is possible.

The recommendations for 2024-25 are:

Name	Description	Estimated Saving / Mitigation	EIA rating	CIA rating
1.Surplus revenue Surplus revenue from road traffic schemes	Road traffic schemes such as bus gates have been introduced to increase public transport priority, to ease congestion and support faster journey times. Any surplus revenue remaining after deduction of operations costs has to go towards funding measures to improve public transport or other highway associated improvements. It is appropriate to use this to offset the £500k ITA Levy pressure.	300k mitigation (one off)	Neutral	Neutral
	<b>Total</b>	<b>£ 300k</b>		

£300k is a one-off saving, therefore a permanent saving of £300k will be required for 2025-26, in addition to 2025-26 ITA Levy increase of £500k.

**1.4.1 Surplus revenue from road traffic schemes**

Road traffic schemes such as bus gate enforcement have been introduced to increase public transport priority, to ease congestion and support faster journey times. Any surplus remaining after deduction of operational costs has to go towards funding measures to improve public transport or other highway associated improvements.

Using the surplus to directly cover the increased costs of the ITA Levy is therefore a valid use.

If we were not able to use this surplus, the only means of meeting our budget pressure in 2024/2025 would be a reduction in service provision. The committee is recommended to 1. note this proposal for 2024/25 and 2. commit to working with officers and other committees to develop longer terms plans for the governance of transport schemes, to ensure surplus is spent in line with permitted criteria and aligned to transport objectives.

**1.4.2 Increasing service and permit fees**

	<p>Officers have worked with finance colleagues to determine where there is potential to increase fees and permit charges across service areas to bring charges in line with other core cities and to reflect inflationary pressures and/or adhere to the principles of cost recovery. Finance colleagues indicate inflationary increase will be 6.7% (in line with September 2023's CPI) across traded services.</p> <p>Where we work in partnership with Amey and charge a fee which is inclusive of an element of their work e.g. painting requested H-markings, we will ensure an uplift of their fee to recover full costs. This fee uplift will not be known until early 2024 but is linked to inflation.</p> <p>For a small number of services, e.g. building control, we provide work on an hourly rate to external organisations such as the Building Safety Regulator. The committee is recommended to grant approval to uplift such hourly rates charged to external partners on a cost recovery basis.</p> <p>It should be noted that a significant proportion of TRC income is dependent on market activity and in some sectors, this is becoming increasingly uncertain. Uplifts took place in 2023 from 1 April 2023 and we would look to implement again from 1 April 2024. Additional income would be generated by a small uplift on a large volume of applications. It is right that we seek to cost recover fully, so as not to subsidise non statutory services. However, activity levels do not currently support increasing income targets.</p> <p>See appendix one for details.</p>
1.5	<p><b>Budget challenges 2025-2027</b></p> <p>Longer term, the committee should note that there will continue to be challenging budgetary environment in the years ahead. The cumulative impact of the ITA Levy sitting within the TRC budget could, if not mitigated, erode the provision of non-statutory services.</p>
1.5.1	<p><b>CAZ income pressure and MCA levies</b> – 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><b>ITS – Highways IT systems</b> – systems which support highways network management require investment to keep pace with developments, demands and opportunities. Early work is commencing to understand how this investment might be covered.</p> <p><b>Public rights of way condition / flood damage</b> There are approximately 45 PROW path surfaces currently considered to be 'Out Of Repair' in Sheffield and no budget to repair them. These issues have been exacerbated by recent flooding and require a survey as first step in understanding the extent of the damage.</p> <p><b>Transport planning</b> – more revenue is needed for strategy development and pipeline work.</p> <p><b>Climate change team</b> – as the challenge and urgency around the need to address the climate emergency grows, the team resource will need to be reviewed. The current Climate Change and Sustainability team in Sheffield is small in comparison to other similar sized core cities.</p> <p><b>Surplus revenue from road traffic schemes</b> – this is an opportunity but expenditure needs to align with the city's strategic transport aims and allocation of funds will need a review of appropriate governance structures.</p>

	<p><b>Income generation</b> – 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 may lead to further opportunities for budget savings in the financial year 25/26.</p> <p><b>Planning budgets and resourcing over a 4-year council improvement journey</b> – 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 Delivery Plan, emerging Corporate Plan, Local Plan, the council’s pledges around Net Zero and its response to the climate emergency. Budget savings in 24/25 must be reviewed alongside 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 II, the City Centre Vision, City Goals and new Local Plan.</p> <p><b>Maximising external funding opportunities</b> – officers will continue to explore opportunities to secure external funding, from both regional and national sources. Positively, funding continues to be secured from the MCA, and we are actively engaged on the Devolution Deal from 2025. 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><b>Communication and engagement</b> - 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 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. A Growth Plan to help the council strongly articulate our position, ambition and potential is in development.</p>
<b>2.</b>	<b>HOW DOES THIS DECISION CONTRIBUTE ?</b>
2.1	The proposed Budget Action Plan will deliver a saving of £300K towards delivering a balanced budget for the Council for 24/25. This meets the required committee pressure this year, but it must be noted this is via a one off contribution.
2.2	The recommendations in this report will also ensure that the Committee has a robust Budget Action Plan for 2024/25.
2.3	Climate and equalities considerations addressed under relevant sections 4.1 and 4.4
<b>3.</b>	<b>HAS THERE BEEN ANY CONSULTATION?</b>
3.1	While none of the elements within this report require statutory consultation, they are being proposed following discussion and development as part of joint work with the full Transport, Regeneration and Climate Change Committee.

	The proposals being recommended for Transport, Regeneration and Climate Change Committee endorsement as those which have political backing from all parties.
<b>4.</b>	<b>RISK ANALYSIS AND IMPLICATIONS OF THE DECISION</b>
4.1	<u>Equality Implications</u>
4.1.1	Equality Impact Assessments have been completed for all of the budget proposals and informed the consultation process.
4.2	<u>Financial and Commercial Implications</u>
4.2.1	Each Committee is required to deliver savings against Committee pressures for 2024/25, which requires them to find mitigations for any Service pressures over above 2023/24 budget. The purpose of this is to allow the Council to achieve a balanced position for 2024/25 by the time the Strategy and Resources meets in December 2023.
4.2.2	The pressures and savings proposals to address this are set out in this paper.  All Committees savings proposals will be considered by the Strategy & Resources Committee before final sign off to ensure a balance 2024/25 budget for the Council as a whole.
4.3	<u>Legal Implications</u>
4.3.1	By the law the Council must set and deliver 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 can 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 and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.  The recommendations in this Report contribute to the process of setting that budget but do not otherwise have any immediate legal implications.  In reviewing fees and charges each service has been mindful of legislation specific to its area.  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 Constitution. It is important to note that in making these decisions, there will have to be full consideration of all the relevant issues such as the Council's legal duties and contractual obligations. However, there are no legal concerns to draw to the attention of the Committee at this time.
4.4	<u>Climate Implications</u>
4.4.1	Sheffield has adopted a Net Zero 2030 City target.  While the focus of the proposed actions in this report are on meeting our budget challenges, we have been mindful of climate impact in our decision making. Climate impact assessments have been undertaken for all recommendations.

4.4	<b><u>Other Implications</u></b>
	HR
4.4.1	The mitigations and actions proposed in this Budget Action Plan have no impact on staff within 2024/2025.
<b>5.</b>	<b>ALTERNATIVE OPTIONS CONSIDERED</b>
5.1	<b>Do nothing</b> By undertaking none of the proposed actions, TRC committee would not be in a position to contribute to delivering a balanced budget.
5.2	<b>Deliver Balanced Budget</b> With the use of some of the surplus revenue from road traffic schemes, we would be able to deliver a balanced budget.
5.3	<b>Offer greater budget savings by stopping services</b> Make further savings by stopping non statutory services. As above, additional proposals which propose cuts to services have been rejected by Committee.
<b>6.</b>	<b>REASONS FOR RECOMMENDATIONS</b>
6.1	<p>The proposals recommended for endorsement have cross party support following the initial committee consultation.</p> <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 II, 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> <p>The use of the surplus income from road traffic schemes to alleviate the pressure of the ITA Levy is a considered choice. The alternative is reduction in service provision.</p> <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 political and corporate priorities.</p> <p>The recommended proposals allow the TRC Committee to deliver a balanced budget in response to the Council's budget challenges.</p>

Appendix 1 – schedule of fees and charges proposed to be increased

<b>Activity</b>	<b>Increase</b>	<b>Rationale</b>
Building control fees	6.7% on chargeable services	Application of 6.7% per finance recommendation in line with September 2023's CPI
Increase Skip Permit and Road Space Closure fees	£3 per application for 1 April 2024	Cost recovery
Advisory markings e.g. H lines, disabled bays	Application costs: 6.7% Lining costs: Recovery of Amey charge, this was 12.6% in 2023/24.	Application: 6.7% per finance recommendation in line with September 2023's CPI Lining costs, cost recovery based on recharging Amey contract increases. Service not notified of Amey costs until early 2024.