



## Report to Policy Committee

**Author/Lead Officer of Report:** Richard Eyre,  
Director of Streetscene & Regulation

**Tel:** 0114 2734704

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**Report of:** Executive Director, Operational Services  
**Report to:** Waste and Streetscene Policy Committee  
**Date of Decision:** 28 September 2022  
**Subject:** Budget Proposals 2023/24

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? Currently being updated				
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 checked="" type="checkbox"/>	No	<input type="checkbox"/>
Part 2 of this Report is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)				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 Report:**

This report sets out the budget pressures and risks facing the services that are the responsibility of the Waste & Streetscene (WSS) Policy Committee and a budget action plan to mitigate these as far as possible in the 23/24 financial year.

It provides recommendations for approval which will allow our services to contribute to Sheffield City Council's ability to set a balanced budget.

## Recommendations:

It is recommended that the Waste and Streetscene Policy Committee: -

- 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 of the report
- 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:

None

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	<b>EMT member who approved submission:</b>	<i>Ajman Ali</i>
3	<b>Committee Chair consulted:</b>	<i>Cllr Joe Otten</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:**

*Richard Eyre*

**Job Title:**

*Director of Streetscene & Regulation*

**Date: 7<sup>th</sup> September 2022**

## 1. Proposal

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| <b>1.1 This paper asks Members to consider Streetscene &amp; Regulation General Fund savings options for 23/24</b> | The Council's Strategy and Resources Committee approved a Medium-Term Financial Analysis and Committee Budget Recommendations in July this year. This report includes an overview of the pressures and risks in relation to the Waste & Streetscene Committee's budget and identifies a set of actions within a Budget Action Plan to attempt to meet these pressures and mitigate financial risks, as far as possible for this Committee to consider. |
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## 2. Background

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| <b>2.1 The Council has an overall budget shortfall for 23/24</b> | The Strategy and Resources Committee considered the overall budget situation being faced by the Council in their report in July 2022. This identified an overall £53m budget shortfall for 23/34. These figures have been slightly revised following further increases in utility costs and on-going national pay discussions for Council staff. |
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| <b>2.2 The timetable was approved by S&amp;R on 31 May 2022</b> | <b>Throughout June 2022</b>  | Budget Monitoring and timetable Reports to <b>Policy Committees</b> at Month 1 2022/23.   |
|   | <b>5 July 2022</b>   | Medium Term Financial Analysis to <b>Strategy and Resources Committee</b> .   |
|   | <b>Strategy and Resources Committee</b> sets Policy Committee budget targets.                            |   |
|   | <b>July – September 2022</b>   | <b>Policy Committees</b> develop Revenue and Capital budget proposals to address any cost or demand pressures within the budget allocated by Strategy and Resources Committee.  |
|   | <b>Throughout September 2022</b>   | <b>Policy Committee</b> meetings to formally set out how they are going to deliver their budget – reporting the results of the work done over the summer.                       |
|   | <b>12 October 2022</b>   | Consolidated budget report based on individual Policy Committee work to <b>Strategy and Resources Committee</b> .   |
|   | <b>Throughout November 2022</b>  | <b>Policy Committee</b> meetings formally to sign-off budgets after any changes from Strategy and Resources Committee in October  |
|   | <b>5 December 2022</b>   | Overall budget formally signed off by <b>Strategy and Resources</b> including the Housing Revenue Account Rent setting report as part of the Housing Policy Committee's budget. |
|   | <b>24 January 2023</b>   | Budget report formally approved by <b>Strategy and Resources</b> with recommendations to Full Council   |
| <b>1<sup>st</sup> February 2023</b>                             | Housing Revenue Account budget approved at <b>Full Council</b> , together with the Rent Setting decision |   |
| <b>1<sup>st</sup> March 2023</b>                                | 2023/24 Revenue and Capital Budgets to <b>Full Council</b>   |   |

**2.3 S&R Committee have set a Streetscene & Regulation General Fund savings target of £11.7m for 23/24** The target saving set by Strategy and Resources Committee for the Waste & Streetscene Policy Committee is now £11.5m. Majority of this is due to the inflation costs of the Waste Contract at £2.875m and the Highways PFI contract at £4.1m. There is also additional pressure for pay award at £704k and energy costs particularly on electricity and street lighting estimated at circa £3.74m.

The total Streetscene & Regulation General Fund budget for 23/24 is £50.830m. The £11.5m target represents a 23% saving on the current 22/23 budget. However, £46.62m is committed to the Waste and Highways PFI contracts as well as much of the service having responsibility for regulatory and statutory functions (i.e., such as Trading Standards, Environmental Health etc).

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**2.4 There are a number of options for Cllr's to consider which have been developed by four Task & Finish Groups with officers, Chair, Vice Chair and Lead Spokesperson** Savings to be proposed for consideration fall into one of the following categories:

- Increase income via increased chargers and/or charging for services
- Doing things more efficiently
- Reducing some services
- Stopping some services

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**2.5 Impact on Waste and Streets Ahead PFI** Both contracts have had significant sums already taken as budget savings via previous Budget Improvement Plans (BIPS). For the Streets Ahead contract these total annual savings are £4.25m and for the Waste Contract £6.79m with an additional one year only saving in 2018 of £5.6m

These include:

- 2016 - £645k saving from refinancing, output spec reductions to Street Lighting, snow wardens and CDM requirements
- 2019 – 660k saving from Reductions to Street Cleansing & Grounds Maintenance standards
- 2020 - £260k saving from energy savings
- 2021 – 330k saving from response time & customer experience reductions, reclassification on urgent & cat 1 defects, revised approach to street trees and relief on output spec
- 2021 - £1.7m saving via overhaul on payment mechanism to stabilise the Contract's long-term performance.
- 2022 - £651k saving via refinancing

For the Waste contract:

- 2012 - £3m Chargeable Garden Waste Collection, Alternate Week Residual Collection, Reduction from 7 days a week opening at HWRC
- 2018 - £3.6m annual and £5.6m one off, fixed all income shares (no variables), new 2 bin recycling collection and extend contract for ERF to 2038
- 2021 - £190k annual extended all contract until 2038

There is significant pressure on both these contracts to maintain high quality standards and as such little room to make any more significant savings however with the nature of the challenge to balance the budget, officers have prepared proposals for consideration that will impact these two areas.

The net budget to Amey for the Streets Ahead contract is £18.7m and £27.92m for the Waste Contract.

<b>2.6 Policy Committee need to agree a balanced budget as far as possible</b>	The Committee are asked to agree recommendations for achieving a balanced Waste & Streetscene General Fund budget for 23/24. Officers will then develop the proposals for final agreement at the Policy Committee meeting in November. These recommendations will then be further considered by the following Strategy and Resources Committee in December as part of the overall Council budget setting process for 23/24.
<b>2.7 Initial savings options are presented in Part 2.</b>	Options for achieving the required Streetscene & Regulation General Fund savings are contained in Part 2 of this Report.  In addition to these savings proposals analysis of the existing budget and application of business planning assumptions suggests that pressures may also be mitigated by increases in existing income streams.

### **3. How does this decision contribute?**

<b>3.1 The proposals recognise the difficult financial situation</b>	The proposals in this report are aimed at maximising financial resources to deliver Waste & Streetscene outcomes to citizens in Sheffield considering developments in national policy especially with the impending Environmental Act, the current economic climate, and that rightly public expectations are still high on Sheffield's Waste and Streetscene services.
<b>3.2 Waste &amp; Streetscene General Fund services are part of the current One Year Plan</b>	The services within the scope of this policy committee listed have made significant contributions to the delivery of the One Year Plan on the themes of: <ul style="list-style-type: none"> <li>• Engaging, enabling and empowering our residents through Local Area Committees</li> <li>• Neighbourhoods that are clean, green, safe and thriving</li> <li>• Supporting communities as Covid restrictions ease</li> <li>• Set out our Pathway to Net Zero and take immediate steps to reduce carbon emissions in Sheffield</li> <li>• Supporting city and local centre recovery and regenerating high streets</li> <li>• Tackle harmful pollution and improve the safety of the air we breathe</li> <li>• Support our diverse communities in recovering from the impact of Covid by taking visible action to fight poverty and inequality</li> </ul>

- A city council that is well-run, connected to communities and committed to excellence
- A city council that is ready for the future

<b>3.3 Services will need to reflect the emerging Medium Term Corporate Plan</b>	The Council have developed a new set of strategic priorities for 2023/24 (Our Sheffield – administration priorities) with the intention for these priorities to form the basis of the new medium term Corporate Plan which is currently in development. As the new Corporate Plan emerges from these administration priorities, we will continue to ensure that our own priorities link and feed into to broader corporate priorities where relevant. In particular Goal 2 “strong and connected neighbourhoods which people are happy to call home”
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#### 4. Has there been any consultation?

<b>4.1 Consultation will be undertaken as proposals develop</b>	Four Budget Proposal Task & Finish Groups have been held with Cllr Otten, Cllr Chaplin & Cllr Dimond (Cllr Turpin covered two due to leave). Further consultation will be undertaken as proposals develop.
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#### 5. Risk analysis and implications of the decision

<b>5.1 Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.</b>	<b>Equality Implications</b> Each proposal has an associated EIA in draft. Further, more detailed impact assessments will be undertaken if an option is confirmed.
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<b>5.1 Each Committee is required to deliver a cash standstill budget for 2023/24, which requires them to find mitigations for any Service pressures over above 2022/23 budget</b>	<b>Financial and Commercial Implications</b> The purpose of this is to allow the Council to achieve a balanced position for 2023/24 by the time the Strategy and Resources meets on 12 October 2022. The pressures and savings proposals to address this are set out in this paper. Currently this Committee has a gap of £11.5m
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<b>5.3 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.</b>	<b>Legal Implications</b> 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.
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The recommendations in this Report contribute to the process of setting that budget but do not otherwise have any immediate legal implications.

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.

**5.4 Sheffield has adopted a Net Zero 2030 City target.**

**Climate Implications**

There are no direct climate implications arising from the recommendations in this report. That does not mean that individual proposals set out in Part 2 of the Report will definitely have no climate implications and it is expected that Committees will consider climate implications as they develop their budget proposals further in due course.

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. This is reflected in the initial indicative assessment made of each proposal as positive, negative or neutral. As proposals are developed further, more detailed impact assessments can be carried out where appropriate.

**6. Alternative options considered**

**6.1 No other options were considered**

The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

**7. Reasons for recommendations**

**7.1 Members are asked to note the challenging budget situation**

Members are asked to note the unsustainable financial position highlighted by the medium-term financial analysis presented to Strategy and Resources Committee in July 2022. This report and its recommendations, sets out the scale of the challenge ahead, the limited resources available and some of the difficult decisions that will need to be taken.