BUDGET EVENT

19 November 2015
WELCOME

COUNCILLOR JULIE DORE,
Leader, Sheffield City Council
What are we going to cover this evening?

CONTEXT
Councillor Ben Curran,
Cabinet Member for Finance & Resources

DETAILS AND OUR APPROACH
John Mothersole, Chief Executive

QUESTIONS AND ANSWERS
CONTEXT...

COUNCILLOR BEN CURRAN,
Cabinet Member for Finance & Resources
Scale of the challenge...

We need to find savings of around £50 million for 2016/17.
We still don’t know exactly how much our budget will be next year

> “We will phase out…local government grant altogether” George Osborne

> We won’t know more until after the Spending Review with full details later in December…

… but we think our planning assumptions are about right
But we know Councils have been affected more than many areas of Government

Change in Government departmental spending*

NHS
Defence
Business
Communities & Local Government
Work and Pensions
Transport

Source: Resolution foundation

* Relates to Revenue Departmental Expenditure Limit (RDEL)

Source: Resolution foundation
Budget cuts have affected different places differently

Changes to Spending Power between 2013-14 and 2015-16 (in percent)

* SHEFFIELD is the 16th most affected Local Authority* in terms of reduced spending power

* Compared to Metropolitan Districts and Unitary Authorities

Source: DCLG
We’ve already made significant savings. The £50m comes on top of around £300m worth of savings over the last 5 years.

- £80m 2011 - 12
- £50m 2012 - 13
- £50m 2013 - 14
- £60m 2014 - 15
- £50m 2015 - 16
- £50m 2016 - 17

Total savings: £300m
What this has meant for our services?

Savings agreed over the last 3 years

Each year we have made many smaller decisions to **minimise the impact** of the cuts on any one service

<table>
<thead>
<tr>
<th>Year</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
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</table>
Reviewing Social Care support (over two years) to make sure it meets current needs, is fair, equitable and cost effective.

Removing Community Assemblies

Targeting youth support to young people who are most at risk

Refinancing the Streets Ahead contract and changing our contributions to the city’s bus partnership

Working with local people and communities to change how many of our libraries are run
We have been elected to deliver bold ambitions for Sheffield.
Because of our values we have protected important services for Sheffield

- Focusing on **people** with the greatest need
- Taking **early action** because we know prevention is better than cure
- Developing **solutions for the long-term**
- Working with our **communities** to deliver services in a different way
- Operating efficiently as an **organisation**
We will continue to put our values at the heart of what we do.

Protecting key areas, as much as we can, such as:
- Child Safeguarding
- Adult Care
- Council House Building
- Best Start Programme
- Apprenticeships
- and our Living Wage Commitment

But we can’t under-estimate the impact of future cuts to our grants.
Budget VIDEO
DETAILS AND OUR APPROACH...

JOHN MOTHERSOLE,
Chief Executive
How our budget is constructed...

Sheffield City Council total revenue income, 2015-16 in £million

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>2015 - 16</th>
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<tbody>
<tr>
<td>Dedicated Schools Grant</td>
<td>17%</td>
</tr>
<tr>
<td>Other Specific Government Grants</td>
<td>27%</td>
</tr>
<tr>
<td>Council House Rents</td>
<td>11%</td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>14%</td>
</tr>
<tr>
<td>Central Government Grants</td>
<td>10%</td>
</tr>
<tr>
<td>Locally Retained Business Rates</td>
<td>8%</td>
</tr>
<tr>
<td>Council Tax</td>
<td>12%</td>
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</tbody>
</table>

Total revenue income: £1,391m

Only some of these elements make up our ‘net income’. This is £424 million and refers to those elements of our budget where we have more choice about how the money is spent.

Areas where we have choices over how the money is spent £424m
Sheffield City Council budget, 2015-16 in £million

- **Education**: 27%
- **Housing**: 14%
- **Central Costs and other Services**: 5%
- **Emptying your bins**: 2%
- **Planning, Highways and Transport**: 8%
- **Adult Social Care**: 14%
- **Children’s Social Care**: 6%
- **Leisure and Culture**: 2%
- **Leisure and Culture**: 2%
- **Environmental Health**: 1%
- **Public Health**: 4%
- **Cost of Borrowing**: 2%
- **Housing Benefit**: 4%
- **Housing**: 2%
- **14%**: 8%
- **27%**: 2%
- **13%**: 2%
- **14%**: 2%
- **13%**: 2%
- **13%**: 2%

- **Schools money** goes straight through our accounts to schools
- **Council House Rents, and the ‘Housing Revenue Account’** has to be spent on Council Homes
- In addition, we have other existing contracts and finance commitments
How our budget has changed...

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2011-12</td>
<td>£80m</td>
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<tr>
<td>2012-13</td>
<td>£50m</td>
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<tr>
<td>2016-17</td>
<td>£300m</td>
</tr>
<tr>
<td>2016-18</td>
<td>£50m</td>
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</tbody>
</table>
Costs and demand for services is increasing

A growing population, increasing by 5% over the coming decade means increased demand for our services.

People are living longer healthier lives, but some are living longer with significant health needs. This is one of the reasons we have seen demand for nursing home places increase by 40% over the last five years. We will do more to help people live independently, safely and well in their homes, however we expect demand to continue increasing as the number of people aged 85+ is predicted to rise by nearly 40% over the coming decade.

Other pressures include:
- **Government policies** such as schools becoming academies and the new national minimum wage
- **Ending of grants** for areas and services that the Council want to protects (e.g., the Local Assistance Scheme for people in severe financial hardship)
- **Increasing costs** for goods and services

Source: ONS
We’ve already made huge reductions - what’s different now?

Some examples of what’s changed over the last five years:

- Services – e.g., our Youth Service – are increasingly focused on people with the greatest need
- Negotiating savings on our major contracts; such as Streets Ahead
- Many libraries are now community-run
- We now run an alternate weekly waste and recycling collection service
- We no longer have community assemblies
- Making best use of the community services and reablement to help people regain independence
- We’ve reviewed hundreds of social care packages and are now paying for unmet social care needs in the most cost effective way
- Developing Woodburn Road facilities and using the Don Valley site for a new Technology College and the new Advanced Wellbeing Research Centre
We’ve already made huge reductions - effectively losing around a quarter of jobs in 4 years.
We remain ambitious for Sheffield and its future.

- **A proposed Devolution Deal with Government**
  - **BUT:**
    - This isn’t new money.
    - It doesn’t come to Sheffield City Council.
    - It can’t be used to pay for existing Council services.
  - It therefore doesn’t change the need to find £50m savings for next year.
Growth of the city is increasingly important for us and for our services.

In coming years we will retain 100% of business rates collected in the city, and under our devolution deal, we retain 100% of business rate growth.

This means as Sheffield’s economy grows, these rates can be used to directly fund services for local people.

Gives Sheffield more financial stability as we will be less reliant on Government funding.
Even optimistic forecasts for business rate growth do not compensate for phasing out of the Local Government Grant.

Current forecasts of business rate growth will not cover the overall loss in core government grants from 2015/16 going forward.
SO, WHERE DOES THIS ALL LEAVE US?
So, where does this all leave us?

We have a £50 million challenge

Less income; and pressures that we need to address

Further change is inevitable... but next year we are proposing not to change things like: Alternative weekly bin collections, Our support to libraries, The 101 non-emergency service...

Where we need to make changes next year... we may already be talking to those affected, or this will start in coming months...

Go to www.sheffield.gov.uk/budget to keep informed on the latest consultations

We need to work together to think about longer term changes for the city and its citizens
We want to hear from you...

What do we want?
> Everyone living in Sheffield to be informed about the budget, our overall approach, and the scale of the challenge.

> People will have the opportunity to:
  • Comment on those areas we believe should be given the most protection
  • Suggest how we could find savings
  • Explain how the cuts have affected them so far

How can you find out more and have your say?
> Information about the budget including data on how our budget has changed will be on our website: www.sheffield.gov.uk/budget

> Set up alerts for upcoming consultations at: www.sheffield.gov.uk/register-for-alerts.html

> ‘Twitter hours’ with Cllr Ben Curran

How can you get in touch?
> Email address: budget@sheffield.gov.uk
> You can fill in our online survey at www.sheffield.gov.uk/budget
NEXT STEPS...

Setting out the scale of the Challenge and our approach

Communicating and consulting about budget proposals

Town Hall event to share the latest budget position

Cabinet meeting to propose the 2016/17 budget

Council meeting to set the budget
Q&A