

# Cabinet

---

**Wednesday 21 August 2013 at 2.00 pm**

**To be held at the Town Hall,  
Pinstone Street, Sheffield, S1 2HH**

**The Press and Public are Welcome to Attend**

---

## **Membership**

---

Councillor Julie Dore	Chair/Leader of the Council
Councillor Isobel Bowler	Culture, Sport & Leisure
Councillor Leigh Bramall	Business, Skills & Development
Councillor Jackie Drayton	Children, Young People & Families
Councillor Harry Harpham	Deputy Leader/Homes & Neighbourhoods
Councillor Mazher Iqbal	Communities & Inclusion
Councillor Mary Lea	Health, Care & Independent Living
Councillor Bryan Lodge	Finance & Resources
Councillor Jack Scott	Environment, Recycling & Streetscene

---

---

## **PUBLIC ACCESS TO THE MEETING**

---

The Cabinet discusses and takes decisions on the most significant issues facing the City Council. These include issues about the direction of the Council, its policies and strategies, as well as city-wide decisions and those which affect more than one Council service. Meetings are chaired by the Leader of the Council, Councillor Julie Dore.

A copy of the agenda and reports is available on the Council's website at [www.sheffield.gov.uk](http://www.sheffield.gov.uk). You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday, or you can ring on telephone no. 2734552. You may not be allowed to see some reports because they contain confidential information. These items are usually marked \* on the agenda.

Members of the public have the right to ask questions or submit petitions to Cabinet meetings. Please see the website or contact Democratic Services for further information.

Cabinet meetings are normally open to the public but sometimes the Cabinet may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

Cabinet decisions are effective six working days after the meeting has taken place, unless called-in for scrutiny by the relevant Scrutiny Committee or referred to the City Council meeting, in which case the matter is normally resolved within the monthly cycle of meetings.

If you require any further information please contact Simon Hughes on 0114 273 4014 or email [simon.hughes@sheffield.gov.uk](mailto:simon.hughes@sheffield.gov.uk).

---

## **FACILITIES**

---

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

---

**CABINET AGENDA  
21 AUGUST 2013**

**Order of Business**

---

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**  
**Note:** The appendix to the report of the Executive Director, Place, on 3 St. Paul's Place (item 10) is not available to the public and press because it contains exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) relating to the financial or business affairs of any particular person.
- 4. Declarations of Interest** (Pages 1 - 4)  
Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting** (Pages 5 - 18)  
To approve the minutes of the meeting of the Cabinet held on 17 July 2013
- 6. Public Questions and Petitions**  
To receive any questions or petitions from members of the public
- 7. Items Called-In For Scrutiny**  
The Director of Legal and Governance will inform the Cabinet of any items called in for scrutiny since the last meeting of the Cabinet
- 8. Retirement of Staff** (Pages 19 - 22)  
Report of the Director of Legal and Governance
- 9. Revenue Budget Monitoring 2013/14 (Month 3) as at 30/6/13** (Pages 23 - 44)  
Report of the Executive Director, Resources
- 10. 3 St. Paul's Place** (Pages 45 - 62)  
Report of the Executive Director, Place

**NOTE: The next meeting of Cabinet will be held on  
Wednesday 18 September 2013 at 2.00 pm**

This page is intentionally left blank

---

## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

---

New standards arrangements were introduced by the Localism Act 2011. The new regime made changes to the way that members' interests are registered and declared.

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest** (DPI) relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period\* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

\*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -
  - under which goods or services are to be provided or works are to be executed; and
  - which has not been fully discharged.
- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) -
  - the landlord is your council or authority; and
  - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
  - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
  - (b) either
    - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Under the Council's Code of Conduct, members must act in accordance with the Seven Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership), including the principle of honesty, which says that 'holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest'.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life.

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously, and has been published on the Council's website as a downloadable document at [-http://councillors.sheffield.gov.uk/councillors/register-of-councillors-interests](http://councillors.sheffield.gov.uk/councillors/register-of-councillors-interests)

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Lynne Bird, Director of Legal Services on 0114 2734018 or email [lynne.bird@sheffield.gov.uk](mailto:lynne.bird@sheffield.gov.uk)

This page is intentionally left blank



Cabinet

Meeting held 17 July 2013

**PRESENT:** Councillors Julie Dore (Chair), Isobel Bowler, Leigh Bramall, Jackie Drayton, Harry Harpham (Deputy Chair), Mazher Iqbal, Mary Lea, Bryan Lodge and Jack Scott

.....

**1. APOLOGIES FOR ABSENCE**

1.1 There were no apologies for absence.

**2. EXCLUSION OF PUBLIC AND PRESS**

2.1 No items were identified where it was proposed to exclude the public and press.

**3. DECLARATIONS OF INTEREST**

3.1 There were no declarations of interest.

**4. MINUTES OF PREVIOUS MEETING**

4.1 The minutes of the meeting held on 19<sup>th</sup> June 2013 were approved as a correct record.

**5. PUBLIC QUESTIONS AND PETITIONS**

5.1 Petition in respect of Zero Hour Contracts

A petition, containing 2,158 signatures, was submitted which stated:-

‘We are calling on you to ensure that Council funded services do not employ people on zero hours contracts. Under these contracts workers have no guarantee of their working hours from one day to the next. Many care workers are being exploited by these contracts which are also undermining the quality of care they are able to provide to many vulnerable people.

Sheffield Council is putting in place a Fairness Framework, not using zero hour contracts must be part of this. In taking action Sheffield can set an example to other local authorities and central government to take action on this important issue.’

**RESOLVED:** That the petition be referred to the Cabinet Members for Finance and Resources and Health, Care and Independent Living for consideration.

5.2 Public Question in respect of the Streets Ahead Contract

Mr Nigel Slack referred to a previous question he had asked at the Cabinet

meeting held on 8 May in respect of the review of the Final Business case for the Streets Ahead Contract. At that meeting he was informed that a review needed to be undertaken in order to redact some information due to commercial sensitivity and that this would be completed by the end of June 2013. He therefore asked for a revised timescale for when this would be completed?

Councillor Bryan Lodge, Cabinet Member for Finance and Resources, stated that he could not currently provide a timescale for completion. Officers were working on this at the present time and the information would be released once this had been completed.

### 5.3 Public Question in respect of Zero Hours Contracts

Mr Nigel Slack referred to the 307,000 workers nationally who were currently employed on zero hours contracts. Those employed on these contracts had no guarantee of work and had to live in a state of constant uncertainty as well as suffering reduced levels of employees rights and difficulty in accessing benefits. The cuts currently taking place nationally incentivised the use of staff on zero hours contracts. He therefore asked if the City Council employed anyone on these contracts and, if so how many? He also asked if any contractors employed staff on zero hours contracts and questioned whether economics took precedence over ethics in these circumstances?

Councillor Julie Dore, Leader of the Council, responded that the Council was currently having to implement unprecedented Government cuts which would impact on all services. If these cuts continued by 2017 the Council would only have funding for statutory services such as care for adults and children.

Economics were not more important than ethical concerns but with the budget as it was the Council needed to provide the best services it could to meet the needs of people. Although they were opposed to the Government cuts, the Council was working with them to Stand up for Sheffield in respect of Integrated Health Care and had secured funding in that respect.

Councillor Dore stated that she was not aware of anyone being employed by the Council on zero hours contracts. Where the Council had control over who they employed, it paid the Living Wage and would endeavour to rule out the use of zero hours contracts. However, it was important that, when working with contractors, the Council worked to ensure the best service was provided with the money available.

Councillor Bryan Lodge also stated that he was not aware of anyone employed by the Council on zero hours contracts. When looking at tendering and contracting out services one of the criteria was to seek information from the company on their intentions to work towards paying a Living Wage to their employees.

Councillor Mary Lea, Cabinet Member for Health, Care and Independent Living, stated that she would provide Mr Slack with the number of those employed on zero hours contracts. This was clearly a national issue as well as a local one. The Council was working closely with Trade Unions and Providers to improve terms

and conditions for staff. Real Time Monitoring had been introduced to monitor care.

Councillor Lea added that value for money was key and the Council was working to see how this could be improved. Guaranteed hours was one of the incentives that the Council wanted contractors to work towards.

## **6. ITEMS CALLED-IN FOR SCRUTINY**

6.1 There were no items called-in for Scrutiny.

## **7. RETIREMENT OF STAFF**

The Chief Executive submitted a report on Council staff retirements.

**RESOLVED:** That this Cabinet :-

(a) places on record its appreciation of the valuable services rendered to the City Council by the following staff in the Portfolios below:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<b><u>Children, Young People and Families</u></b>		
Angela Armytage	Executive Headteacher, Yewlands Technology College	28
Carol Bishop	Teacher, Nether Green Junior School	20
Jacqueline Brabham	Teacher, Bradfield Secondary School	20
June Dalton	Teaching Assistant Level 2, Phillimore Primary School	24
Carole Dawson	Whole School Assistant, Nether Green Infant School	24
Jacqueline Edley	School Administrator, Whiteways Primary School	31
Carol Exton	Teacher, Stannington Infant School	24
Andrea Foster	School Manager, Mossbrook School	20
Lindsey Green	Technician – Science, Bradfield Secondary School	42

Liz Hayden	Teacher, Athelstan Primary School	37
Beverley Minards	Teacher, Bradfield Secondary School	38
Tom Neil	Teacher, High Storrs School	35
Susan Parker	School Admin Officer, Lydgate Infant School	30
Gill Peacock	Headteacher, Broomhall Nursery School and Children's Centre	33
Rachel Renshaw	Teacher, Angram Bank Primary School	33
Pamela Slack	Teacher, Athelstan Primary School	23
Jane Wigley	Teacher, Nether Green Infant School	20
Carol Wilkie	Teacher, Greystones Primary School	26
Diane Wilkinson	Admin Officer, Carterknowle Junior School	23

**Communities**

Christine Ball	Team Manager	35
Wendy Burton	Team Manager	35

**Place**

Diane Cousins	Administrative Officer, Bereavement Services	29
---------------	--	----

(b) extends to them its best wishes for the future and a long and happy retirement; and

(c) directs that an appropriate extract of this resolution under the Common Seal of the Council be forwarded to them.

(At this point in the meeting the Chair left the room and the Deputy Chair, Councillor Harry Harpham, Chaired the meeting for the following 4 items)

## **8. MONTH 1 CAPITAL APPROVALS**

8.1 The Executive Director, Resources submitted a report outlining a number of schemes for approval in line with the Council's agreed capital approval process.

8.2 **RESOLVED:** That Cabinet:-

- (a) approves the proposed additions to the Capital Programme, listed in Appendix 1 of the report, including the procurement strategies and authority be delegated to the Director of Commercial Services or Delegated officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;
- (b) approves the proposed variations and other procurement strategies in appendix 1 of the report;
- (c) notes the variations approved under EMT and the Cabinet Member for Finance and Resources' delegated authority in Appendix 1 of the report; and
- (d) notes that no Directors have exercised their delegated authority to vary capital expenditure this month and there had been no emergency approvals since the previous report to Cabinet.

### **8.3 Reasons for Decision**

8.3.1 The proposed changes to the Capital Programme will improve the services to the people of Sheffield.

8.3.2 To formally record changes to the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the Capital Programme in line with latest information.

### **8.4 Alternatives Considered and Rejected**

8.4.1 A number of alternative courses of action were considered as part of the process undertaken by officers before decisions were recommended to Members. The recommendations made to Members represented what officers believed to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding was put within the Revenue Budget and Capital Programme.

## **9. SHEFFIELD MOORS PARTNERSHIP AND MASTERPLAN**

9.1 The Executive Director, Place submitted a report seeking support for the Sheffield Moors Partnership (SMP), a unique partnership with the purpose of leading an innovative approach to deliver the vision of the SMP area as the UK's leading model on how the uplands should be managed in the future and securing the long term sustainability of this wild and open landscape. The report also sought formal

support from the Council as a key land owner for the recently developed Sheffield Moors Masterplan.

9.2 **RESOLVED:** That Cabinet:-

- (a) supports the work of the Sheffield Moors Partnership and agrees that the City Council should continue its collaborative work within the Partnership;
- (b) endorses the Sheffield Moors Masterplan and as a major land owner and partner in the area agrees it as a statement of the City Council's vision for the Sheffield Moors; and
- (c) authorises the Director of Capital and Major Projects, provided the disposal has been advertised and no objections received, to negotiate a lease with the RSPB and National Trust for Burbage, Houndkirk and Hathersage Moors on terms that meet the requirements set out in the report and to instruct the Director of Legal and Governance to complete the necessary legal documentation.

9.3 **Reasons for Decision**

9.3.1 The recommendations were made to ensure the improved coordinated management of a locally, nationally and internationally important landscape. This partnership and masterplan provided the best opportunity for partnership working cross a landscape scale area of land that was fundamental to Sheffield's identity and success.

9.4 **Alternatives Considered and Rejected**

9.4.1 Alternative options for visioning work across the SMP area had been considered, including continuing with the current approach where individual land owners and managers continued to focus generally on their own land holdings, with a degree of partnership working with adjoining land managers/owners. This option was not considered appropriate going forward because of the missed opportunities to develop a much greater 'joined-up' approach to the landscape as a whole, whether it be to take up opportunities to improve access into and across the whole area in a strategic way for example, or to maximise the use of available resources and secure future funding streams to deliver conservation and access management.

**10. A NEW APPROACH TO ENGAGING AND INVOLVING COMMUNITIES**

10.1 The Executive Director, Communities submitted a report seeking to reshape the Council's current local partnership arrangements and community engagement work with our geographic communities. These replace the previous Community Assembly arrangements.

10.2 **RESOLVED:** That Cabinet:-

- (a) approves the creation of a Ward Pot Budget of £300,000 to be allocated

between the City's 28 electoral wards as described in paragraph 3.3 of the report;

- (b) notes that the appointment of the Lead Ward Member for each ward and their resulting appointments to sit on an appropriate Local Area Partnership, will be matters for the Full Council to determine, and that the Council had now appointed the 7 Local Area Partnership Chairs;
- (c) recommends to the Council that, in view of the role profile attached to the report now submitted, it confirms that the role of the Local Area Partnership Chair be established with a Special Responsibility Allowance included in the new Band C (old Band B2) of Schedule 1 to its Members' Allowances Scheme, and that the payment of this allowance be backdated to 16<sup>th</sup> May 2013 in recognition that the Chairs had been operating in shadow form since that date, helping to lay the foundations for the new ways of locality working;
- (d) requests that the Chief Executive establishes a pool of 14 senior officers and allocates them to an area/s to support the work of each Local Area Partnership;
- (e) authorises the Director of Community Services:-
  - (i) to determine how the Ward Pot Budget for each ward is spent, subject to the proviso that this authority must be exercised in close consultation with all the elected Members for the ward concerned with a view to wherever possible achieving consensus over the use of funds, and to determine the terms on which such expenditure is incurred including authorising the completion of any related funding agreement or other legal documentation, subject to compliance with Contracts Standing Orders and Financial Regulations;
  - (ii) to determine the composition of and settle the terms of reference and rules of procedure for the Local Area Partnerships, in consultation with the Cabinet Member for Communities and Inclusion;
  - (iii) agrees the detailed arrangements for the Local Area Team, subject to Council policies and procedures and due consideration of the outcome of any related consultations, and provided the arrangements were within the maximum available initial budget; and
- (g) requests that the Chief Executive make appropriate arrangements, in consultation with the Chair of the Scrutiny Management Committee and the Chair of the LAP Chairs' Group (or whatever its called) to facilitate the consideration of issues of local concern through the Council's scrutiny arrangements.

### 10.3 **Reasons for Decision**

10.3. The proposed model is recommended on the basis that it:

1

- targets support to communities where engagement and involvement was most needed and where capacity for self-support may be limited;
- develops the community leadership role of Councillors in working with communities to support their interests;
- makes the ward and neighbourhood the focus of most activity rather than the much larger former Community Assembly area/meetings which few residents identified with, while acknowledging that some partnership working was required at a wider area level;
- would enable the ward pot arrangements to be up and running before the summer to ensure that the small investments that make a big difference can enhance provision during the summer holidays. These proposals would establish the Ward Pot guidance and decision making process as soon as possible;
- has taken into account the consultation and equalities impact assessment; and
- is within the budget set by the Council.

#### 10.4 **Alternatives Considered and Rejected**

10.4. No alternative options were put forward for consideration.  
1

### 11. **ADULT AND COMMUNITY LEARNING FEES 2013/14**

11.1 The Executive Director, Children, Young People and Families submitted a report describing the fees policy for Adult and Community Learning, funded by the Skills Funding Agency (SfA) and organised by Lifelong Learning, Skills and Communities (LLSC).

11.2 **RESOLVED:** That Cabinet:-

- (a) notes the contents of the report now submitted; and
- (b) approves the fees policy set for LLSC for the academic year 2013/14.

#### 11.3 **Reasons for Decision**

11.3. The recommendations will allow the City to secure its adult learning funding and allow the engagement into learning of as many vulnerable adults as possible.  
1

#### 11.4 **Alternatives Considered and Rejected**

11.4. The option of halting the delivery of those courses for which the charging of fees



- 1 was now required was rejected as it would not allow equal access for those very vulnerable learners, particularly from the BME communities who needed language support to help them to play a positive role in their community and to contribute to the local economy.

## **12. COUNCIL RESPONSE TO FAIRNESS COMMISSION**

- 12.1 The Chief Executive submitted a report setting out the Council's response to the report of the Fairness Commission 'Making Sheffield Fairer'.

### **12.2 RESOLVED:** That Cabinet:-

- (a) notes the Fairness Commission's report 'Making Sheffield Fairer' and thanks Professor Alan Walker and all the other Commissioners for all their hard work in producing a comprehensive document;
- (b) agrees the response attached to the report; and
- (c) agrees to incorporate the 10 principles of the Sheffield Fairness Framework within the Council's next Corporate Plan.

### **12.3 Reasons for Decision**

- 12.3. The recommendations demonstrated the Council's commitment to fairness and tackling inequalities in the City. The proposed response included the action the Council was taking on each of the recommendations that were relevant to the organisation.

### **12.4 Alternatives Considered and Rejected**

- 12.4. An alternative option in responding to the Fairness Commission report would be to make fewer commitments on the Council's approach to implementing the Commission's recommendations. However, the Council wanted to make a real impact on unfairness in the City.

- 12.4. At the other end of the spectrum an option would be to commit to implementing all of the Fairness Commission's recommendations immediately. However, this option would have significant financial implications. The Fairness Commission recommendations were deliberately aspirational and some could only be achieved over the longer term.

- 12.4. The response provided a balance between beginning the implementation process and the financial implications. The Council will be feeding the Commission's work in to future budget planning discussions to ensure that the fairness agenda and the recommendations were part of those budget discussions.

### **13. DARNALL SHOP FRONT IMPROVEMENT SCHEME**

13.1 The Executive Director, Place submitted a report seeking approval for a proposed Shop Front Improvement Scheme to be delivered under the Successful Centres Programme. The Scheme formed an important part of a wider regeneration strategy for Darnall District Centre. The Scheme will contribute to the overall attraction and confidence of the area by improving the street scene, helping boost the image and reputation of the centre and encouraging private investment in shops and housing.

13.2 **RESOLVED:** That Cabinet:-

- (a) approves the proposed Shop Front Improvement Scheme detailed in this report and set out in the appendix to the report;
- (b) authorisation be given to the Head of City Regeneration to finalise the procurement process, evaluate tenders and select the contractor to deliver the works under the above scheme, in accordance with the Council procedures;
- (c) authorisation be given to the Head of City Regeneration, in consultation with the Director of Legal Services, Director of Commercial Services and the Director of Finance to negotiate and agree the terms of appointment with the Contractor selected to deliver the works for the scheme; and
- (d) authorisation be given to the Head of City Regeneration to amend the Designated Area under the Scheme.

#### **13.3 Reasons for Decision**

13.3. 1 The Successful Centres strategy approved by the East Community Assembly in 2012 identified that Darnall Centre was in great need of investment to improve the overall quality, appearance and environment with some buildings in disrepair and a high number of poorly maintained vacant units.

13.3. 2 The scheme will support independent traders and help to boost the confidence and image of the centre, and increase footfall to improve the local economy.

#### **13.4 Alternatives Considered and Rejected**

13.4. 1 Do nothing – This would mean leaving any improvement to the market. However, the current economic climate was not conducive to this, as there was already widespread market failure and there was a strong risk of Darnall District Centre falling into further decline.

13.4. 2 As proposed – The Scheme aimed to deliver a project that will deliver the agreed objectives for Darnall District Centre outlined in the Successful Centres Strategy to improve the viability, use and appearance of the centre.

13.4. Another option was a scheme providing loans to owners to carry out the shop front

- 3 improvements. In order for the scheme to be successful, the majority of independent traders need to participate so that a sufficient impact can be made on the street scene. In the current economic climate, owners will find it difficult to make substantial payments to fund the whole costs of shop front improvements.

**14. THE HILLSBOROUGH PARK CHARITABLE TRUST: FORMER PUBLIC CONVENIENCES, PARKSIDE ROAD**

14.1 The Executive Director, Place submitted a report seeking Cabinet approval to declare the redundant public conveniences within Hillsborough Park, facing on to Parkside Road, surplus to requirements. Hillsborough Park was held on charitable trust and therefore consent from Cabinet Members acting as Charity Trustees was required. This disposal, by way of a long lease for a term of 400 years via a private treaty sale and this disposal will generate a capital receipt. This will be reinvested by the Council, as Trustee of the Charity, back into the upkeep of Hillsborough Park subject to a Charity Commission approved scheme.

14.2 **RESOLVED:** That Cabinet acting as Charity Trustees and in accordance with the powers given to the Council as Trustee under the provisions contained in the Trusts of Land and Appointment of Trustees Act 1996:-

- (a) declares the former public convenience building on Parkside Road surplus to the Hillsborough Park Charity's requirements;
- (b) as Trustee of the Hillsborough Park Charitable Trust approves the disposal by long lease of the former public convenience building on Parkside Road. In accordance with the terms of the report and a Surveyor's Report in compliance with Section 119(1) Charities Act 2011;
- (c) authorises the Director of Capital & Major Projects to negotiate the terms of the lease and instructs the Director of Legal and Governance to prepare and complete all the necessary legal documentation in accordance with the agreed terms and Charity Commission requirements to conclude this disposal;
- (d) authorises the Director of Legal and Governance to contact the Charity Commission and take such steps and enter into such documents as required by the Charity Commission in order to give its consent to the disposal.

**14.3 Reasons for Decision**

14.3.1 The disposal of the surplus property will convert this current liability into an asset and will benefit the Charity and the local community by:-

- removing a long term maintenance liability/eyesore;
- providing a new local business opportunity;
- generating a capital receipt for reinvestment back into the Park; and
- obtaining the Best Price overall.

#### 14.4 **Alternatives Considered and Rejected**

- 14.4.1 The property is surplus to the Council's and Charity's requirements. Demolition would incur further costs to the Charity. The property had previously been advertised on the open market to attract expressions of interest and seek suitable alternative uses.

#### 15. **THE GRAVES PARK CHARITABLE TRUST: COBNAR ROAD COTTAGE**

- 15.1 The Executive Director, Place submitted a report seeking approval from Cabinet in their capacity as the Graves Park Charity's Trustees to declare Cobnar Cottage on Cobnar Road surplus to the Charity's requirements. It is proposed to dispose of the freehold interest in Cobnar Cottage on the open market to obtain best market price for the Charity. This will result in a capital receipt to be reinvested by the Council, as Trustee of the Charity, in Graves Park in accordance with the objects of the charity. This will allow for the continued use of the premises.

- 15.2 **RESOLVED:** That Cabinet acting as Charity Trustees in accordance with the powers given to the Council as Trustee under the provisions contained in the Trusts of Land and Appointment of Trustees Act 1996 resolve to:-

- (a) declare Cobnar Cottage on Cobnar Road surplus to the Graves Park Charity's requirements;
- (b) approve the freehold disposal of Cobnar Cottage;
- (c) authorises the Director of Capital and Major Projects to determine the best marketing strategy for the property in order to achieve the best price reasonably obtainable, having regard to the advice contained in the Surveyor's Report and to take all necessary steps to market the property in accordance with that strategy;
- (d) authorises the Director of Capital and Major Projects to negotiate the terms of any sale and instruct the Director of Legal and Governance to prepare and complete all the necessary legal documentation in accordance with the agreed terms and Charity Commission requirements to conclude this disposal;
- (e) authorises the Director of Legal and Governance to contact the Charity Commission and take such steps and enter into such documents as required by the Charity Commission in order to give its consent to the disposal; and
- (f) authorises the Director of Capital and Major Projects or the Director of Legal and Governance to give public notice in accordance with Section 121 Charities Act 2011, in the local press, to notify people within the beneficial area of the proposal to dispose of the freehold interest in Cobnar Cottage, Cobnar Road.

#### 15.3 **Reasons for Decision**

15.3. The disposal of this surplus property on the open market will convert a current  
1 liability into an asset for the benefit of the Charity and the local community. It will:

- provide an opportunity for an investor to bring the dwelling back into use;
- remove a long term maintenance liability in need of refurbishment;
- generate a capital receipt for reinvestment back into the Park; and
- achieve the best price reasonably obtainable.

#### 15.4 **Alternatives Considered and Rejected**

15.4. The empty property is now surplus to the Council's and Charity's requirements and  
1 is incurring on-going maintenance and rating liabilities to the Charity. It is no longer possible to let/habit the property without significant investment and a full refurbishment.

This page is intentionally left blank



## SHEFFIELD CITY COUNCIL Cabinet Report

---

**Report of:** Chief Executive

---

**Date:** 21<sup>st</sup> August 2013

---

**Subject:** Staff Retirements

---

**Author of Report:** Simon Hughes, Democratic Services

---

**Summary:** To report the retirement of staff across the Council's various Portfolios

---

### Recommendations:

Cabinet is recommended to:-

- (a) place on record its appreciation of the valuable services rendered to the City Council by members of staff in the various Council Portfolios and referred to in the attached list;
  - (b) extend to them its best wishes for the future and a long and happy retirement; and
  - (c) direct that an appropriate extract of the resolution now made under the Common Seal of the Council be forwarded to those staff above with over twenty years service.
- 

**Background Papers:** None

---

**Category of Report:** OPEN

---

**RETIREMENT OF STAFF**

1. To report the retirement of the following staff from the Council's Service and to convey the Council's thanks for their work:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<b><u>Children, Young People and Families</u></b>		
Karen Archer	Teacher, Birley Federation	29
Nicholas Archer	Teacher, Stocksbridge High School	28
Maria Atkinson	Supervisory Assistant, Stocksbridge High School	27
Petar Bavelja	Teacher, King Edward VII School	27
Mary Callaghan	Teacher, Newfield School	30
Mark Crossley	Teacher, Newfield School	32
Alison Dallman	Teacher, Stocksbridge High School	27
Hazel Deakin	Curriculum Specialist, Woodthorpe Primary School	28
Kathryn Drew	Teacher, Forge Valley Community School	23
Colin Fleetwood	Headteacher, Grenoside Primary School	32
Denise Harrison	Deputy Headteacher, Broomhall Nursery and Children's Centre	38
Shirley Hetherington	Senior Teaching Assistant Level 3, Beck Primary School	24
June Marie Holman	Teacher, Dobcroft Junior School	29
Susan Kitson	Primary School Assistant, Greenlands Junior School	27
Mary Lynes	Headteacher, Nether Edge Primary School	35
Helen Tempest	Teacher, King Edward VII School	23
Fran Wells	Teacher, King Edward VII School	33



<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
Christine Whittaker	Senior Teaching Assistant Level 3, Mossbrook Primary School	23

**Resources**

David Fox	Workshop/Depot Operative	34
-----------	--------------------------	----

2. To recommend that Cabinet:-

- (a) place on record its appreciation of the valuable services rendered to the City Council by the above – mentioned members of staff in the Portfolios stated :-
- (b) extend to them its best wishes for the future and a long and happy retirement; and
- (c) direct that an appropriate extract of the resolution now made under the Common Seal of the Council be forwarded to those staff above with over twenty years service.

This page is intentionally left blank



## SHEFFIELD CITY COUNCIL Cabinet Report

---

**Report of:** Executive Director, Resources

---

**Date:** 21 August 2013

---

**Subject:** Revenue Budget Monitoring 2013/14 – As at 30 June 2013

---

**Author of Report:** Allan Rainford; 35108

---

**Summary:** This report provides the month 3 monitoring statement on the City Council's Revenue Budget for 2013/14.

---

**Reasons for Recommendations** To formally record changes to the Revenue Budget and gain Member approval for changes in line with Financial Regulations.

**Recommendations:**

Please refer to paragraph 63 of the main report for the recommendations.

---

**Category of Report:** OPEN/CLOSED

## Statutory and Council Policy Checklist

<b>Financial implications</b>
YES/NO      Cleared by: Eugene Walker
<b>Legal implications</b>
YES/NO      Cleared by:
<b>Equality of Opportunity implications</b>
YES/NO      Cleared by:
<b>Tackling Health Inequalities implications</b>
YES/NO
<b>Human rights implications</b>
YES/NO      :
<b>Environmental and Sustainability implications</b>
YES/NO
<b>Economic impact</b>
YES/NO
<b>Community safety implications</b>
YES/NO
<b>Human resources implications</b>
YES/NO
<b>Property implications</b>
YES/NO
<b>Area(s) affected</b>
<b>Relevant Scrutiny Board if decision called in</b>
Overview and Scrutiny Management Committee
<b>Is the item a matter which is reserved for approval by the City Council? NO</b>
<b>Press release</b>
YES/NO

## REVENUE BUDGET MONITORING 2013/14 AS AT 30 JUNE 2013

### Purpose of the Report

1. This report provides the Month 3 monitoring statement on the City Council's Revenue Budget.

### Summary

2. The budget monitoring position at month 3 shows a forecast overspend of £8.3m to the year end. This is summarised in the table below:

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
CYPF	90,422	89,675	747
PLACE	146,743	144,692	2,051
COMMUNITIES	182,551	171,039	11,512
CHIEF EXECUTIVE	3,204	3,120	84
RESOURCES	63,692	64,355	(663)
CORPORATE	(478,301)	(472,881)	(5,420)
<b>GRAND TOTAL</b>	<b>8,311</b>	<b>-</b>	<b>8,311</b>

3. The position at month 3 is unsustainable when set against the unearmarked revenue reserves of £11.2m and requires urgent management action to bring forecast expenditure into line with budget. This action includes Children Young People and Families and Place portfolios achieving a balanced position and Communities significantly reducing the current forecast overspend. The Council has been required to deliver approximately £182m of savings in the last 3 years and this current position will reflect the difficulty in implementing service delivery reductions of this scale. Nevertheless, EMT is focussed on delivering a set of actions to bring expenditure within budget.
4. The position on corporate budgets has partially offset the forecast overspending in Portfolios. The corporate budget position reflects additional income as a result of late grant adjustments that were not known at the time the Council budget for 2013/14 was agreed. They are available for use because there are no spending commitments attached to them. However, it should be noted that this is effectively a temporary solution because these grants can only be used once, and it does not

address the on-going nature of the cost pressures which are causing the forecast overspend.

5. Whilst it is not anticipated that there will be any further grants that were not included in the budget, It is proposed that should any become available that they are held corporately, providing that they are not ring-fenced, until such point that EMT agrees otherwise. If a Portfolio wishes to commit to use any such grants, they will need to submit a request via monthly budget monitoring to EMT. Until EMT approves such requests, any spending commitments made by the portfolios would be at their risk.
6. In terms of the month 3 overall forecast position of £8.3m overspend, the key reasons are:
  - Children Young People and Families (CYPF) are showing a forecast overspend of £747k, due to increased costs relating to free travel passes £435k and £807k across a number of areas within Children and Families, most significantly £319k on children's residential homes. These overspends are partly offset by £277k savings on the City Skills Fund and a £214k underspend as a result of additional Education Services Grant (ESG).
  - Place are showing a forecast overspend of £2.1m due to risks associated with contract negotiations to deliver waste management savings (£1.1m) and slippage on planned staffing efficiencies from the re-design of the former Housing / Regeneration and Development Service teams of £912k.
  - Communities are showing a overspend of £11.5m, due predominately to a £9.1m overspend in Care and Support relating to Learning Disability Services and the purchase of Older People's care and a £2.5m overspend on Mental Health purchasing budgets.
  - Resources are showing a forecast reduction in spending of £663k, due to £946k savings on the housing benefits subsidy and £1m of insurance fund savings. These savings are partly offset by a £701k overspend in Business Information Solutions ICT costs, £169k unfunded E-Business project costs, £182k income shortfall on procurement savings targets and £211k within HR in relation to a delay in implementation of savings targets on supplies and services.
  - Corporate budgets are showing a forecast reduction in spending of £5.4m, due mainly to savings of £2m against the redundancy budget and the receipt of the aforementioned additional grant income totalling £3.4m.

- **Public Health** - From April 2013 certain functions of Public Health activity transferred to the City Council. The total budget for the year 2013/14 is £29.6m. As at month 3 the forecast position is £1.1m reduction in spending due to a number of vacancies within the Service and a decision by Cabinet on the 8<sup>th</sup> May not to fully allocate the grant in 2013/14, as there are still some risks and uncertainties around the contract negotiations and the finer detail around the DoH settlement. This forecast reduction in spending is not currently reflected within the overall outturn position but may need reviewing in light of the overall Council position.

## Individual Portfolio Positions

### Children Young People and Families (CYPF)

#### Summary

7. As at month 3 the Portfolio is forecasting a full year outturn of an overspend of £747k on cash limit (shown in the table below), and DSG is forecast to overspend by £134k. The key reasons for the forecast outturn position are:
  - **Business Strategy:** £214k forecast reduction in spending, due to a £243k forecast overspend in Children's Public Health, offset by increased income of £480k on the Education Services Grant (ESG).
  - **Children and Families:** £804k forecast overspend, due to £144k forecast overspend in legal fees, £95k forecast overspend in adoption, £180k in Fieldwork Services, £319k forecast overspend on residential homes and £108k forecast overspend on safeguarding children.
  - **Inclusion and Learning Services:** £435k forecast overspend, due to £148k forecast overspend on faith travel passes, £255k forecast overspend on travel passes due to an increase in demand and £70k overspend on Learning Support.
  - **Lifelong Learning, Skills & Communities:** £277k forecast reduction in spending, due to savings on the City Skills Fund.

## Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
BUSINESS STRATEGY	4,728	4,942	(214)
CHILDREN & FAMILIES	67,881	67,077	804
INCLUSION & LEARNING SERVICES	5,257	4,822	435
LIFELONG LEARN, SKILL & COMMUN	12,557	12,834	(277)
<b>GRAND TOTAL</b>	<b>90,422</b>	<b>89,675</b>	<b>747</b>

## Non DSG Budgets

### Business Strategy

8. As at month 3, Business Strategy is currently forecasting a balanced budget for the Dedicated Schools Grant (DSG) and a reduction in spending of £214k (shown in the table above) relating to cash limit.
9. The position involves monitoring the likely level of Education Services Grant (ESG) income as a result of progress on the Academy conversion programme. Any delays in the programme may reduce the level of grant being paid to Academies in the current year. .

## Place

### Summary

10. As at month 3 the Portfolio is forecasting a full year outturn of an £2.1m overspend. The key reasons for the forecast outturn position are:
  - **Business Strategy & Regulation:** £1.1m overspend arising from risks associated with contract negotiations with the Contractor on the new service to deliver the full £2.1m waste management savings.
  - **Regeneration & Development Services:** £912k overspend primarily due to slippage in the delivery of the planned £2.2m staffing efficiencies from the fundamental re-design of the former Housing / Regeneration and Development Service teams.



## Financials

Service	Outturn £000s	Budget £000s	Variance £000s
BUSINESS STRATEGY & REGULATION	30,419	29,362	1,057
CAPITAL & MAJOR PROJECTS	(259)	(399)	139
CREATIVE SHEFFIELD	3,867	3,848	19
CULTURE & ENVIRONMENT	18,095	18,184	(89)
MARKETING SHEFFIELD	913	900	13
PLACE PUBLIC HEALTH	(0)	(0)	0
REGENERATION & DEVELOPMENT SER	93,708	92,796	912
<b>GRAND TOTAL</b>	<b>146,743</b>	<b>144,692</b>	<b>2,051</b>

## Communities

### Summary

11. As at month 3 the Portfolio is forecasting a full year outturn of an £11.5m overspend.

## Financials

Service	Outturn £000s	Budget £000s	Variance £000s
BUSINESS STRATEGY	11,950	12,229	(278)
CARE AND SUPPORT	112,813	103,759	9,054
COMMISSIONING	46,984	44,682	2,302
COMMUNITY SERVICES	10,804	10,370	435
<b>GRAND TOTAL</b>	<b>182,551</b>	<b>171,039</b>	<b>11,512</b>

## Commentary

12. The key reasons for the forecast outturn position are:

- **Business Strategy:** Forecast reduction in spending of £278k. In month 2 we held the vacancy control / non-essential expenditure savings target in Business Strategy pending allocation across the individual budget heads. In month 3 the forecasts have been rigorously challenged and savings on staff and spend now reflected across the rest of the services, a small element of vacancy control is still held in Business Strategy (£125k) to reflect anticipated vacancies that may occur in the second half of the year. The remainder is due to savings initiatives identified in Business Strategy of £153k.

- **Care and Support:** Significant overspend forecast of £9.1m. This overspend is across Older People's / Physical Disabilities (together, known as "Adults") / Learning Disabilities (LD) care purchasing budgets, and is due to the full year effect of 2012/13 activity, and anticipated continued growth in 2013/14. This position includes the use of the corporate contingency, identified in the budget process, for Adult Social Care.
- Care purchasing budgets for Adult Social Care client groups, before using the corporate contingency, are forecasting overspends of; Older people / Physical Disabilities £6.6m; Learning Disabilities £6.5m. This reflects on-going pressures highlighted last financial year from changes in activity around hospital discharges and continuing care packages; impacts of self-directed support budget savings not being achieved; on-going pressures due to demographic changes; as well as anticipated pressures from the re-provision of care for service users previously in Health hostels.
- There are also overspends in LD "In-House" provision of £426k, predominantly in staffing, with Locality 1 overspending by £204k and Locality 2 by £222k.
- This overall position includes a range of interventions and management action to reduce spending. An intensive programme of work is underway to assess and evaluate further saving options. In addition, there are underspends in other areas, such as £400k on the Local Assistance Scheme and savings on miscellaneous Assessment and Care Management business units, due to managed vacancy levels.
- The above increase has also been offset by increased audit "clawback" of £532k (OP/PD 140k, MH £47k and LD £346k) of unspent Direct Payments to Service Users. The target for this was £800k, which increased to £1m in month 2, and is now expected to be £1.5m (£700k-plus has been clawed back to date).
- **Commissioning:** a forecast £2.3m overspend due to: Mental Health purchasing budgets forecasting an over spend of £2.5m, due to an increase in the number of people coming to us for care provision (predominantly using SDS Personal Budgets); alongside a Substance Misuse purchasing overspend of £68k. Other areas forecasting an overspend in this Service are; Strategic Commissioning and Partnerships £146k, on staffing; LD strategy & Delivery £166k on LD-specific Housing Related Support; and Mental

Health Commissioning £152k, relating to savings on the S75 Agreement with SHSCT not being achieved. These are, to some degree, offset by the target underspend of £500k on Housing Related Support Programme (formerly Supporting People).

- **Community Services:** forecasting £435k overspend. Libraries are reporting an over spend of £189k, due to on-going pressures on business rates, contract cleaning and utilities, along with income shortfalls. Locality Management show an over spend of £232k, due to part year (rather than full year) implementation of the Community Assemblies budget saving. Community Safety has a small overspend of £13k and Public Health is reporting a balanced position.

## Resources

### Summary

13. As at month 3 the Portfolio is forecasting a full year outturn of a reduction in spending of £663k. The key reasons for the forecast outturn position are:

- **Business Information Solutions:** £701k overspend due to reduced income from project recharges (£300k) and costs of £400k for which a contribution from Capital can no longer be made.
- **Commercial Services:** £169k overspend in Commercial services due to unfunded E-Business project costs.
- **Commercial Services (savings):** £182k income shortfall due to estimates of cashable savings being below target.
- **Human Resources:** £211k overspend due to implementation of savings on supplies and services being delayed.

Offset by:

- **Housing & Council Tax Benefit:** £946k reduction in spending on the benefits subsidy. This reduction in spending represents less than 0.5% movement on a demand led £191m budget.
- **Central Costs:** £1m reduction in spending due to income from insurance saving.

## Financials

Service	Outturn £000s	Budget £000s	Variance £000s
BUSINESS INFORMATION SOLUTIONS	1,503	802	701
COMMERCIAL SERVICES	795	626	169
COMMERCIAL SERVICES (SAVINGS)	(638)	(820)	182
CUSTOMER FIRST	3,057	3,057	0
CUSTOMER SERVICES	2,899	2,788	111
FINANCE	2,221	2,336	(115)
HUMAN RESOURCES	1,379	1,168	211
LEGAL SERVICES	5,265	5,265	0
PROGRAMMES AND PROJECTS	1,130	1,054	76
TRANSPORT AND FACILITIES MGT	32,098	32,098	0
<b>TOTAL</b>	<b>49,709</b>	<b>48,374</b>	<b>1,335</b>
CENTRAL COSTS	13,927	14,979	(1,052)
HOUSING & COUNCIL TAX BENEFIT	56	1,002	(946)
<b>GRAND TOTAL</b>	<b>63,692</b>	<b>64,355</b>	<b>(663)</b>

## Chief Executive's

### Summary

14. As at month 3 the Portfolio is forecasting a full year outturn of an overspend of £84k. The key reasons for the forecast outturn position are:

- **Policy Performance and Communication:** £84k overspend due to high Election canvassing costs.

## Financials

Service	Outturn £000s	Budget £000s	Variance £000s
ACCOUNTABLE BODY ORGANISATIONS	0	0	0
POLICY, PERFORMANCE & COMMUNICATION	3,339	3,255	84
PUBLIC HEALTH	(135)	(135)	0
<b>GRAND TOTAL</b>	<b>3,204</b>	<b>3,120</b>	<b>84</b>

## Corporate items

### Summary

15. The month 3 forecast position for Corporate budgets is a £5.4m reduction in spending. The table below shows the items which are classified as Corporate and which include:

- **Corporate Budget Items:** corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs.
- **Corporate Savings:** the budgeted saving on review of management costs and budgeted saving from improved sundry debt collection.
- **Corporate income:** Formula Grant and Council tax income, some specific grant income and contributions from reserves.

### Financials

	<b>FY Outturn</b>	<b>FY Budget</b>	<b>FY</b>
	<b>£'000</b>	<b>£'000</b>	<b>Variance</b>
			<b>£'000</b>
Corporate Budget Items	93,290	95,381	-2,091
Savings Proposals	-450	-499	49
Income from Council Tax, RSG, NNDR, other grants and reserves	-571,141	-567,763	-3,378
<b>Total Corporate Budgets</b>	<b>-478,301</b>	<b>-472,881</b>	<b>-5,420</b>

16. Corporate Budget items are showing a forecast reduction in spending of £2.1m due mainly to the reassessment of the budget requirement for redundancy cost of £2m and other miscellaneous income of £91k including the recovery of previous years' National Non-Domestic Rates (NNDR) overpayments.
17. The Management Review project achieved general fund budget savings in excess of £1.2m as forecast. However, the budget for the corporate element of these savings of £500k was slightly underachieved by £49k and is represented by the overspend on the Savings Proposals line.
18. There is additional income of £3.4m. This additional income has resulted from late adjustments to grant awards and includes a £1.1m RSG refund, £947k un-ringfenced adoption grant and a £1.4m LACSEG refund.

### Public Health

19. From April 2013 certain functions of Public Health activity transferred to the City Council. The total budget for the year 2013/14 is £29.6m. As at

month 3 the forecast position is £1.1m reduction in spending due to a number of vacancies within the Service and a decision by Cabinet on the 8<sup>th</sup> May not to fully allocate the grant in 2013/14 as there are still some risks and uncertainties around the contract negotiations and the finer detail around the DoH settlement. This forecast reduction in spending is not current reflected within the overall outturn position but may need reviewing in light of the overall Council position.

### **Housing Revenue Account**

20. The 2013/14 HRA budget as reported to Cabinet on 16<sup>th</sup> January 2013 was based on a £7.2m (excluding Community Heating) surplus. This surplus is to be used to finance the HRA Capital Investment Programme. The budget has now been adjusted to take account of the approved carry forward of £800km for major ICT projects; upgrade to the Choice Based Lettings website and upgrade of the Open Housing Management System (OHMS) and further budget adjustments at month 3, for Parkhill Security; Going Local and Bed & Breakfast costs, which has resulted in a revised budget surplus of £6.2m.
21. As part of the implementation of CBL additional resources of £142k are required for a 3 month period to enable the transition team to work through and verify some 80,000 registrations.
22. Around half of potential registrants have access to the internet. The proposal includes assisting those who cannot easily access the internet and if necessary encouraging those to complete registration over the phone.
23. Due to the impact of Welfare Reform the Income Management Unit (IMU) are requesting additional resources to help mitigate the impact on arrears. IMU plan to work with partners to support tenants to manage the introduction of Universal Credit. The current projections are that rent arrears will increase to approximately £23m by 2017/18 (from £9.9m 2012/13). With insufficient resources this could increase further.
24. Additional resources of £155k 2013/14, £265k 2014/15 and £219k going forward are required. All staff recruited would be appointed on a temporary basis.

HOUSING REVENUE ACCOUNT	FY Outturn £'000	FY Budget £'000	FY Variance £'000
1.RENTAL INCOME	(142,487)	(142,579)	92
2.OTHER INCOME	(5,142)	(4,779)	(363)
3.FINANCING	53,059	54,581	(1,522)
4.OTHER CHARGES	3,719	3,181	538
5.REPAIRS	33,094	33,092	2
6.TENANT SERVICES	49,581	50,350	(769)
<b>Grand Total</b>	<b>(8,176)</b>	<b>(6,154)</b>	<b>(2,022)</b>

25. As at month 3 the full year outturn position is a forecast in-year surplus of £8.2m. At this stage, this represents a projected improvement of £2m from the revised budget. However, there are indications that further pressures will emerge on the account during the year, these will be reported in due course as further information becomes available. Overall, any predicted improvement on the account will be factored into the planned update of the Business Plan and Capital Investment Programme later in the year.
26. The main reason for the variation in the overall improved position reported above relates to a predicted reduction in capital financing costs of £1.5m. This is primarily a result of reduced interest costs arising from the Councils on-going active Treasury Management Strategy.
27. Now that that HRA is self-financing, the Council has to consider the long term risks on interest rates and ensure that its 30 year business plan includes a sustainable level of debt.
28. Other main areas contributing to the year-end forecast position include:
- Revised Service Charge income (£400k)
  - Increase in General Charges £500k
  - Decrease in Running Costs (£700k)

	FY Outturn £'000	FY Budget £'000	FY Variance £'000
<b>COMMUNITY HEATING</b>			
Income	(3,510)	(3,548)	38
Expenditure	3,799	4,218	(419)
<b>Grand Total</b>	<b>289</b>	<b>670</b>	<b>(381)</b>

### Community Heating

29. The budgeted position for Community Heating is a contribution from Community Heating reserves of £700km. As at month 3 the forecast position is a contribution from reserves of £300km resulting in a

reduction in spending of £400km. This is largely due to a reduction in energy consumption compared to budget.

### **Corporate Financial Risk Register**

30. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. The most significant risks are summarised in this report for information together with a summary of the actions being undertaken to manage each of the risks.

### **2013/14 Budget Savings and Emerging Pressures**

31. There will need to be robust monitoring in order to ensure that the level of savings required for a balanced budget in 2013/14 are achieved, especially given the cumulative impact of £182m of savings over the last three years.
32. Whilst preparing the budget, Officers have identified numerous pressures which, if left unchecked, could lead to significant overspends in 2013/14 and beyond. The following pressures have been highlighted because they present the highest degree of uncertainty.
33. The advent of the Government's Business Rates Retention Scheme in April 2013 transfers a substantial proportion of risk to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth. The issue of appeals dating back to the 2005 rating list is the greatest risk causing concern across all authorities. There are properties with a rateable value of £195m under appeal currently in Sheffield, with an allowance for £14.8m of refunds in 2013/14. Officers are still working to estimate the impact of appeals, but in reality the picture will only become clearer when actual trends are monitored in year.
34. Adult social care demand pressures, plus the impact of changes in health i.e. the Right First Time programme and reductions in Continuing Health Care (CHC) funding, have already presented challenges on delivering the Communities portfolio budget in 2012/13. As a result of these pressures, the portfolio's outturn position was an overspend of around £6.4m for care and support services in 2012/13, and a further £3m is built into the 2013/14 budget. Current Spend is well above this level.



35. In Children Young People & Families portfolio, the key area to highlight is the changes to the Criminal Justice System for children on remand from April 2013, with a possible impact of £700k built in as a pressure, but the exact impact is very uncertain. The £700k pressures are currently covered by efficiency savings that still have to be firmed up. There is no clarity on any funding from Central Government for this new burden.

### **Digital Region**

36. The Council faces risks on its direct investment, as well as on guarantee clauses to key contractors. Provision has been made in the 2011/12 accounts for the potential capitalised costs of the losses on current operations and the procurement, but the final costs will only be clarified as part of the re-procurement process.

### **Capital Receipts & Capital Programme**

37. Failure to meet significant year on year capital receipts targets due to depressed market and reduced Right-to-Buys, resulting in potential over-programming / delay / cancellation of capital schemes.

### **Pension Fund**

38. Bodies whose Pension liability is backed by the Council are likely to find the cost of the scheme a significant burden in the current economic context. If they become insolvent the resulting liability may involve significant cost to the Council.

### **Electric Works**

39. The running costs of the business centre are not covered by rental and other income streams. The approved business plan set aside contingency monies to cover potential deficits in its early years of operation. However, there remains a risk that the occupancy of units within Electric Works might be slower (lower) than that assumed within the business case, such that the call on the contingency is greater (earlier) than planned.
40. A refresh of the financial model was undertaken for 2011/12 budgeting purposes and again for 2012/13. The assumed level of occupancy for 2011/12 was 68% and the actual achieved was 64%. Most of the income shortfall was made up from conference lettings and virtual services. A target of 78% was set for 2012/13. At December 2012, the target was 79% but the actual was only 63%, mainly as the result of the termination of a tenant's licence due to trading conditions. A report on the future of Electric Works will be brought to Members in 2013.

**Contract Spend**

41. The high and increasing proportion of Council budgets that are committed to major contracts impairs the Council's flexibility to reduce costs or reshape services. This is exacerbated by the fact that in general these contracts carry year-on-year inflation clauses based on RPIx which will not be available to the Council's main funding streams, e.g. Council Tax, RSG and locally retained Business Rates.

**Economic Climate**

42. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

**NHS Funding Issues**

43. There are significant interfaces between NHS and Council services in both adults' and children's social care. The Council has prioritised these services in the budget process, but savings have nevertheless had to be found. Working in partnership with colleagues in the Health Service, efforts have been made to mitigate the impact of these savings on both sides. However, on-going work is required now to deliver these savings in a way that both minimises impacts on patients and customers and minimises financial risks to the NHS and the Council.
44. The Council is participating in the Right First Time (RFT) programme with the Clinical Commissioning Group (CCG) and Hospital Trust. This programme aims to shift pressures and resources from the hospital to community settings over the longer term, which should assist the Council in managing adult social care pressures. However, there are short-term pressures from the programme changes that are adding costs to the Council.

**Housing Regeneration**

45. There is a risk to delivering the full scope of major schemes such as Parkhill and SWaN because of the severe downturn in the housing market. This could result in schemes 'stalling', leading to increased costs of holding the sites involved, and in the case of SWaN, potential exposure to termination payments. In addition, the ending of the Housing Market Renewal programme has caused funding pressure on the Council's capital programme, e.g. on site clearance work and in enabling further phases of commenced demolition schemes.

### Trading Standards

46. There is a low risk that it is not possible to recover outstanding contributions from the other South Yorkshire Authorities. However, negotiations are in the final stages and there is an expectation that an agreement will be reached.

### External Funding

47. The Council makes use of a number of grant regimes, central government and European. Delivering the projects that these grants fund involves an element of risk of grant claw back where agreed outputs are not delivered. Strong project management and financial controls are required.

### Education Funding

48. During 2012/13 18 (9 primary / 9 secondary) of the Council's maintained schools became independent academies. In 2013/14 a further 25 academy conversions are currently anticipated (20 primary / 5 secondary). To date 4 primary schools have converted in 2013/14.
49. Academies are entitled to receive a proportion of the Council's central education support services budgets. Based on projected academy conversions it is estimated that:
- In 2012/13 £635k of DSG funding was deducted from the Council and given to the Academies. For 2013/14, it is estimated that up to £1.75 million of DSG funding will be given to academies to fund support services.
  - In 2013/14 it is estimated that up to £3.25 million will be deducted from the Council's DCLG funding, under the new Education Services Grant (ESG), and given to academies.
50. If an academy is a sponsored conversion then the Council will have to bear the cost of any closing deficit balance that remains in the Council's accounts. It is estimated that this may be up to £750k based on current projected academy conversions during 2013/14.
51. Where new independent schools (free schools) or Academies are set up and attract pupils from current maintained PFI schools, then the funding base available to pay for a fixed long term PFI contract would reduce, leaving the Council with a larger affordability gap to fund. There are also further potential risks if a school becoming an academy is a PFI school, as it is still unclear how the assets and liabilities would be transferred to

the new academy and whether the Council could be left with residual PFI liabilities.

### **Treasury Management**

52. The on-going sovereign-debt crisis is subjecting the Council to significant counterparty and interest rate risk. Counterparty risk arises where we have cash exposure to banks and financial institutions who may default on their obligations to repay to us sums invested. There is also a real risk that the Eurozone crisis could impact upon the UK's recovery, which in turn could lead to higher borrowing costs for the nation.
53. The Council is mitigating counterparty risk through a prudent investment strategy, placing the majority of surplus cash in AAA highly liquid and diversified funds. On-going monitoring of borrowing rates and forecasts will be used to manage our interest-rate exposure.

### **Welfare Reforms**

54. The government is proposing changes to the Welfare system, phased in over the next few years, which will have a profound effect on council taxpayers and council house tenants in particular. The cumulative impact of these changes will be significant. Changes include:
  - Abolition of council tax benefit – due from April 2013 to be replaced by a local scheme. It will be cash limited and subject to a 10% reduction from current levels. The Council approved a replacement scheme, including a hardship fund in January 2013, but there are risks to council tax collection levels and pressures on the hardship fund.
  - Housing Benefit changes – there are a number of proposals where the anticipated impacts are that a number of claimants will receive fewer benefits than they do now, thereby impacting on their ability to pay rent.
  - Introduction of universal credit – from October 2013 administered by DWP. Along with the impact of reducing amounts to individuals and the financial issues that might cause, the biggest potential impact of this change is the impact on the HRA and the collection of rent. This benefit is currently paid direct to the HRA; in future this will be paid direct to individuals. This will potentially increase the cost of collection and rent arrears. There will also be an impact on the current contract with Capita and internal client teams.

**Housing Revenue Account (HRA)**

55. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit, outlined in the risk above, the main identified risks to the HRA are:

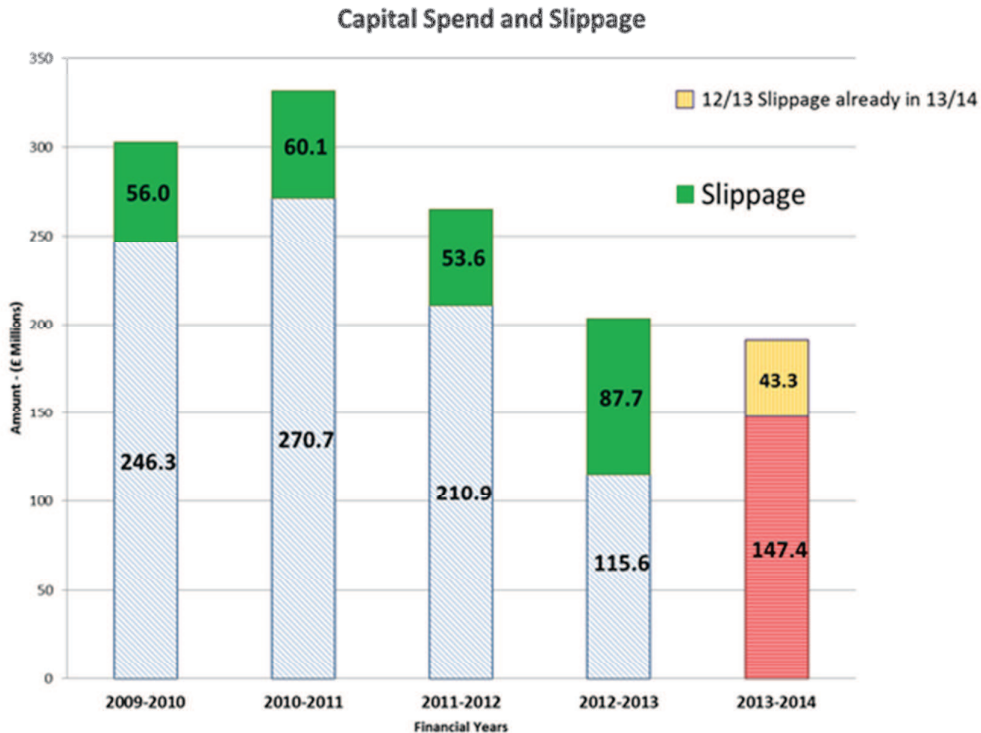
- Interest rates: fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA, and;
- Repairs and Maintenance: existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions).

**Capital Programme Monitoring and Approvals 2013/14 – As at 30<sup>th</sup> June 2013**

**Background**

56. Last year the monthly Capital Monitoring report demonstrated the unacceptable level of performance on Capital Programme Delivery. Forecasts were either not completed or too optimistic. This resulted in £43.3m of unplanned slippage at the end of 2012-13.

57. The graph below shows the impact of adding the slippage from 2012/13 onto the approved Capital Programme for 2013-14.



This would give a programme for 2013-14 of £190.7m which is substantially above the £115.6m delivered in 2012-13.

58. The initial performance figures for 2013-14 show that performance has at best kept pace with the that seen in 2012-13 but it is clear that the project managers' own forecasts show a shortfall against budget approaching £50m, and, given the current spending levels, it is evident that the shortfall on budget will grow once the exercise is complete. In the circumstances, therefore, given the significant amount of effort being put into the re-profile, a report on the capital programme will follow at a future date when a realistic programme has been devised.
59. In effect, officers will be preparing a revised capital programme by recognising a large amount of slippage and then re-profiling this into future years. Normally slippage requests would be taken through Cabinet as part of the monthly monitoring report. In order to determine a more accurate Budget, as quickly as possible, it is proposed that the approval of the slippage be delegated to the Cabinet member for Finance. Any new approvals would be submitted to Cabinet as required by Financial Regulations

## **Implications of this Report**

### **Financial implications**

60. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2012/13 and, as such it does not make any recommendations which have additional financial implications for the City Council.

### **Equal opportunities implications**

61. There are no specific equal opportunity implications arising from the recommendations in this report.

### **Property implications**

62. Although this report deals, in part, with the Capital Programme, it does not, in itself, contain any property implications, nor are there any arising from the recommendations in this report.

## **Recommendations**

63. Members are asked to note the updated information and management actions provided by this report on the 2013/14 budget position.
64. Members are asked to approve the recommendation in paragraph 5 which states that any additional grants received which are not in the

approved 2013/14 budget, are to be held corporately until such point that EMT agrees otherwise.

65. Approval of the slippage to be delegated to the Cabinet member for Finance in order to expedite the re-profiling of the Capital programme.

### **Reasons for Recommendations**

66. To formally record changes to the Revenue Budget and the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.

### **Alternative options considered**

67. A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

**Eugene Walker**  
**Director of Finance**

This page is intentionally left blank





## SHEFFIELD CITY COUNCIL

### Cabinet Report

---

**Report of: REPORT OF THE EXECUTIVE DIRECTOR, PLACE**

---

**Report to: CABINET**

---

**Date: 21st August 2013**

---

**Subject: 3 ST PAUL'S PLACE**

---

**Author of Report: Neil Jones 273 5539**

---

#### **Summary:**

The City Centre is the major driver of the City Region economy especially for the key growth sectors of Knowledge, Creative and Digital Industries, Higher Education, Culture and Business Services. Since 2008 office development has almost ceased and whilst there has been some fall in demand, for the first time in a decade there is no high quality Grade A office space available in the Central Business District or in any current construction pipeline, a position which brought stagnation to the City Centre office market in the 1980s and early 90s.

This report seeks authority to enter into an agreement with the developers CTP Limited whereby the Council agrees to purchase new offices to be built at 3 St Paul's Place, one year after practical completion, unless CTP elects to retain the property or to sell it to another party at a higher price. Details are set out in a report in Part 2 of this Cabinet agenda.

The intention is to find a private sector buyer, however in the current market, securing funding for speculative development is practically impossible. If the Council is able to guarantee a minimum sale price, then this will enable the development to take place, provided that CTP obtain an ERDF grant that they have applied for.

The proposed purchase price will cover just the cost of development plus a minimum return. This has been negotiated by independent surveyors on behalf of the Council who are confident that the price agreed is low enough that there is a strong likelihood that once the building is completed CTP will sell to a third party at a higher price.

---

**Reasons for Recommendations:**

Officers consider that bringing forward the development of 3 St Paul's Place in order to address the shortage of Grade A office space in the Central Business District is a priority action both in terms of the Council's Economic Strategy and the regeneration of the City Centre.

Because the property is within the boundary of the New Development Deal, then 100% of any Business Rates generated from this property can be retained by the Council. In the event that the Council does purchase the property then any Business Rates generated can be used to mitigate the cost of financing and servicing the building.

The proposed terms of the agreement with CTP seek to reduce risk and protect the Council and have the potential to deliver significant financial benefits to the Council from retained Business Rates.

**Recommendations:**

- That Cabinet approves the proposals to enter into the agreement to acquire 3 St Paul's Place on the terms set out in this report and the report in Part 2 of this Cabinet agenda
- That Cabinet delegate authority to the Executive Director Place in consultation with the Executive Director Resources; the Director of Capital and Major Projects and the Director of Legal and Governance to agree the terms of the transaction including the terms of any other documentation required to effect this transaction
- That the Director of Legal and Governance be authorised to complete such legal documentation as she considers necessary or appropriate in connection with this transaction on such terms as she may agree to give effect to the proposals set out in this report and generally to protect the Council's interests.
- That Cabinet approves the funding of any abortive costs that the Council incurs should the agreement not be entered into, from the Place Portfolio Revenue Budget.
- That the potential for CTP to exercise the put option for the Council to purchase the property be included within the Council's Medium Term Financial Strategy, funded by the use of the retained Business Rates generated by the building. The costs and income are factored in to the MTFS report due at Cabinet on 18th September

**Background Papers: None**

**Category of Report: OPEN**

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES Cleared by: Anna Peysner
<b>Legal Implications</b>
YES Cleared by: Gillian Duckworth
<b>Equality of Opportunity Implications</b>
NO
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
YES
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
YES
<b>Area(s) affected</b>
City Centre
<b>Relevant Cabinet Portfolio Leader</b>
Leigh Bramhall
<b>Relevant Scrutiny Committee if decision called in</b>
Economic and Environmental Wellbeing
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
YES

### **3 ST PAUL'S PLACE**

#### **1.0 SUMMARY, OUTCOMES AND SUSTAINABILITY**

- 1.1 **Summary:** The City Centre is the major driver of the City Region economy especially for the key growth sectors of Knowledge, Creative and Digital Industries, Higher Education, Culture and Business Services. Since 2008 office development has almost ceased and whilst there has been some fall in demand, for the first time in a decade there is no high quality Grade A office space available in the Central Business District or in any current construction pipeline, a position which brought stagnation to the City Centre office market in the 80s and early 90s.
- 1.2 This report seeks authority to enter into an agreement with the developers CTP Limited whereby the Council agrees to purchase new offices to be built at 3 St Paul's Place, one year after practical completion, unless CTP elects to retain the property or to sell it to another party at a higher price. Details are set out in a report in Part 2 of this Cabinet agenda.
- 1.3 The intention is to find a private sector buyer, however in the current market, securing funding for speculative development is practically impossible. If the Council is able to guarantee a minimum sale price, then this will enable the development to take place, provided that CTP obtain an ERDF grant that they have applied for.
- 1.4 The proposed purchase price will cover just the cost of development plus a minimum return. This has been negotiated by independent surveyors on behalf of the Council who are confident that the price agreed is low enough that there is a strong likelihood that once the building is completed CTP will sell to a third party at a higher price.
- 1.5 **Outcomes:** The proposals will complete the delivery of St Paul's Place at the Heart of the City, one the key projects in the City Centre Master Plan, which was endorsed by Cabinet in January 2009 and currently being refreshed. It will also address one of the key actions identified in the Sheffield Economic Growth Strategy which was endorsed by Cabinet in April 2013.
- 1.6 The St Paul's Place project is part of the wider redevelopment of the Central Business District and will contribute to Corporate Plan priorities of 'Standing up for Sheffield'; 'Focusing on jobs' and being 'Business Friendly'. The terms of the proposed agreement, with the potential to purchase at the price proposed is in line with the Corporate Plan values of 'spending public money wisely' and 'taking a long term view'. It sits within the strategic outcome of a 'Strong and Competitive Economy'

- 1.7 **Sustainability:** The proposals will facilitate the completion of a comprehensive office led regeneration scheme in the City Centre which is the most sustainable location for such a development due to the availability of public transport and the concentration of other offices reducing the need to travel between offices and for employees.
- 1.8 It is intended that 3 St Paul's Place will achieve a BREEAM Excellent rating, will be connected to the Combined Heat and Power network and include a minimum amount of car parking and approximately 40 cycle spaces

## 2.0 BACKGROUND

- 2.1 The City Centre is the major driver of the City Region economy especially for the key growth sectors of Knowledge, Creative and Digital Industries, Higher Education, Culture and Business Services and the major focus for Retail, Leisure and many public services. The early 2000s saw a dramatic upturn in Sheffield's office development market and the successful establishment of three new Business Districts – Central, Riverside and Sheaf Valley. However since 2008 office development has almost ceased and whilst there has been some fall in demand, for the first time in a decade there is no high quality Grade A office space available in the Central Business District or in any current construction pipeline, a position which brought stagnation to the City Centre office market in the 1980s and early 90s.
- 2.2 A study into the City Centre Office Stock by the property consultants Knight Frank in February 2013 revealed that whilst there is a total of approximately 5.5 million square feet of office space in the City Centre only 28% of this is Grade A space. However Grade A space has accounted for approximately 50% of take up of space over the past five years as businesses wish to occupy better quality buildings. At the same time there has been a reduction in the amount of Grade B and C space as buildings have been converted into alternative uses and that is likely to continue. The study concludes that there is a requirement to bring forward further new Grade A space.
- 2.3 The Sheffield Economic Growth Strategy prepared by Creative Sheffield and endorsed by Cabinet in April 2013 provides a framework for setting out the economic priorities of the city and making the right investment decisions to deliver those objectives and establishing the right conditions in the city for long term economic success to the benefit of Sheffield residents and businesses. The Strategy includes objectives to encourage a 'Dynamic Private Sector' by attracting businesses to locate and grow in the city and to provide 'Future proof infrastructure' that delivers critical connectivity, development and sustainability to support economic growth.
- 2.4 The Strategy also reflects the issue of a shortage of Grade A office space and the need to bring forward the delivery of the Central Business District to support the expansion of knowledge and business services in the city. One of the key actions identified by 2015 is to investigate the use of new funds

such as JESSICA (explained in more detail below) to bring forward investment in Office 3 St Paul's Place, the final site in the Heart of the City project.

- 2.5 City Regeneration Division are currently in the course of preparing and consulting on a refresh of the City Centre Master Plan. This work will be completed over the summer and a report brought to Cabinet in the autumn. Unsurprisingly the draft of the Master Plan also recognises the need to address the issue of a shortage of Grade A space in the core of the City Centre and recommends that the Council provides support to achieve a start on site of Office 3 St Paul's Place in 2013/14.

### **3.0 CURRENT POSITION**

- 3.1 St Paul's Place is the most prestigious office site in the City Centre with a superb location next to the Peace Gardens. Two phases of offices and the 'cheesegrater' multi storey car park have been built on Council land by the Council's development partner CTP Limited (CTP) under the terms of a development agreement dated 3<sup>rd</sup> June 2004. CTP also have detailed planning permission for the final building Office 3 but that development has stalled due the extremely difficult economic situation over the past five years. A revised planning application has been submitted very recently.
- 3.2 CTP together with their agents and Creative Sheffield are all confident that there is significant demand from businesses wishing to relocate within and from outside of the city for new office space and that, if built, 3 St Paul's would be ideally suited to meet this demand. However at the current time it is extremely difficult to secure traditional development finance from banks or other financial institutions to fund new commercial development. Without finance the developers cannot start building but tenants will not commit to taking space without a clear date that the offices will be available. Officers have therefore been working closely with CTP to try to find ways to break this deadlock through trying to secure alternative sources of funding.
- 3.3 The current programme for ERDF is coming to an end and the Department of Communities and Local Government (DCLG) is in the process of allocating the remaining funding towards projects that can deliver against the agreed priorities by the end of 2015. CTP have been in discussions with DCLG for some time and have an in principle approval to provide ERDF towards the 3 St Paul's Place subject to detailed appraisal which is currently being carried out. If the funding is approved the development will need to start on site before the end of this year in order to meet the timescales for drawing down ERDF before the current programme ends.
- 3.4 Members will be aware of the establishment by the Local Enterprise Partnership of a £20m South Yorkshire Development Fund (SYDF) using a European funded initiative known as JESSICA (Joint European Support for Sustainable Investment in City Areas) which was approved by Cabinet in April 2012. The Fund Manager who has since been appointed to invest the SYDF is currently actively exploring potential suitable schemes to invest in.

CTP have been in discussion with the Fund Manager and terms have been agreed in principle for the SYDF to invest in the project.

- 3.5 Subject to the necessary final approvals and the whole of the wider package of funding being secured it is anticipated that the above sources of finance will fund approximately half of the total costs of carrying out the development. CTP will need to raise additional private finance for the remainder. In current economic conditions it is very difficult to secure development finance without having a clear way of repaying the finance once the development has been built. A possible solution to this has been negotiated as set out below.

#### **4.0 TERMS PROPOSED**

- 4.1 Terms have been agreed, subject to Cabinet approval, whereby the Council agrees to purchase the 3 St Paul's Place offices one year after practical completion of the building at a price set out in the report in Part 2 of this Cabinet agenda. This is likely to be summer 2016.
- 4.2 However the proposed agreement will also provide that if CTP can sell the property to another party at a higher price then they may do so, in which case the Council will not acquire it. This is the desired outcome and the purchase by the Council will only occur in the event that CTP have very limited success in letting the completed building or that the commercial property investment market will not support a price which covers the cost of development plus a minimum developer's return. Without the fallback position of an option to sell to the Council CTP will not develop the building.
- 4.3 The agreed terms will include a guaranteed maximum price. CTP will be responsible for managing the delivery of the completed building and will take all cost risk on the project. They will also be under obligations to try to secure cost savings and lettings of the offices and will be incentivised to do this through the terms of the agreement.
- 4.4 The proposed purchase price has been negotiated by independent surveyors DTZ on behalf of the Council based on the cost of development and a minimum return to the developer. DTZ are confident that the price agreed is low enough that there is a strong likelihood that once the building is completed CTP will sell to a third party at a higher price. DTZ have previously been involved in the acquisition of Offices 1 and 2 at St Paul's Place and the prices achieved for those buildings were far in excess of the price proposed for Office 3. Whilst those sales took place in a different market from at present the St Paul's Place development is, and for the foreseeable future will remain, the most prestigious office location in the city.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The financial details and implications of the proposed agreement are set out in the Part 2 report. The key financial questions are how would the Council raise the funding necessary to purchase the property in the event that CTP

do not retain or sell it to a third party and then fund the on-going servicing of the debt and the building management until such time as a purchaser should be found.

5.2 Members will be aware that Central Government has approved a scheme known as the New Development Deal whereby the Council has been granted powers to retain 100% of any uplift in Business Rates that the Council receives within a specified boundary as a result of investing in new City Centre infrastructure. The site of 3 St Paul's Place is within the specified area and therefore the Council can retain the full amount of Business Rates from the completed building until 2038. Financial modelling has been carried out by Finance to establish the costs associated with ownership of the building and likely income at various levels of occupation and rental value. The details of the analysis is set out in the Part 2 report but the key point is that providing the building is occupied at a sufficient level (around 70% – 80%) then the income from the Business Rates together with projected rental income from the tenants of the building would be sufficient to cover the debt charges and servicing costs that would arise from the Council purchasing the property should that be necessary.

5.3 In a worst case scenario, should the building be completely empty while in the ownership of the Council, then the annual finance and running cost would be around £1.5m per annum. This is considered to be extremely unlikely.

5.4 The retention of 100% of Business Rates authorised by the New Development Deal will apply to this development whether or not the Council actually acquires the property. Therefore if the Council is able to facilitate the delivery of the development through the proposals set out in this report but does not eventually purchase it then the additional annual income to the Council would be up to £660k per annum depending on occupancy levels for the duration of the NDD period.

## **6.0 LEGAL IMPLICATIONS**

6.1 The Council has the power to acquire land and buildings under section 120 Local Government Act 1972. In addition, the Localism Act 2011 introduced a general power of competence that allows Local Authorities to do anything that an individual can do subject to a limitation existing elsewhere in legislation

6.2 External legal advice has been obtained in respect of the proposed transaction and this has confirmed that the proposals are compliant with public procurement regulations and state aid principles and external property advice has confirmed that the proposals satisfy the statutory requirements of Best Consideration under section 123 Local Government Act 1972

6.3 The Non-Domestic Rating (Designated Areas) Regulations 2013 came into force on 18 February 2013 designating areas within Sheffield and other parts of England as areas where a proportion of non-domestic rates collected could be retained by the billing authority. If future lending was required against



anticipated receipts from this future income, the proposal would have to be signed off in accordance with any governance arrangements that the authority may have in place at such time.

## **7.0 ENVIRONMENTAL IMPLICATIONS**

7.1 There are no direct environmental implications arising from the proposed acquisition. However the proposals will facilitate the completion of a comprehensive office led regeneration scheme in the City Centre which is the most sustainable location for such a development due to the availability of public transport and the concentration of other offices reducing the need to travel between offices and for employees.

7.2 It is intended that 3 St Paul's Place will achieve a BREEAM Excellent rating, will be connected to the Combined Heat and Power network and include a minimum amount of car parking and approximately 40 cycle spaces

## **8.0 EQUALITY IMPACT ASSESSMENT**

8.1 There are no equalities implications arising directly from the proposals in this report, an Equality Impact Assessment is therefore not considered to be necessary at this stage.

## **9.0 HUMAN RIGHTS IMPLICATIONS**

9.1 There are no Human Rights implications arising from this report.

## **10 ALTERNATIVE OPTIONS CONSIDERED**

10.1 The provision of new Grade A office space in the City Centre is a key action identified in several current studies and strategies in order to drive an improvement of the economy of the city and wider City Region. The Council could simply do nothing and wait to see whether market forces will deliver this in isolation. It is considered that in the current economic climate this may not happen for several years. If the development does not take place for some time then the financial benefits referred to in section 5 of this report will not arise.

10.2 Officers have considered other initiatives to seek to facilitate the development such as the Council taking a lease of parts of the building or providing development finance instead of the private sector funding proposed but having considered those options it is believed that the proposed agreement is the most appropriate in terms of seeking to reduce potential risk and total cost for the Council and deferring the time when it may be necessary to borrow in order to complete the purchase. It is also hoped that there is a reasonable prospect that through the route proposed the Council may not actually need to purchase the property in which case the costs will not be incurred.

## **11.0 REASONS FOR RECOMMENDATIONS**

- 11.1 Officers consider that bringing forward the development of 3 St Paul's Place in order to address the shortage of Grade A office space in the Central Business District is a priority action both in terms of the Council's Economic Strategy and the regeneration of the City Centre.
- 11.2 Because the property is within the boundary of the New Development Deal, then 100% of any Business Rates generated from this property can be retained by the Council. In the event that the Council does purchase the property then any Business Rates generated can be used to mitigate the cost of financing and servicing the building.
- 11.3 The proposed terms of the agreement with CTP seek to reduce risk and protect the Council and have the potential to deliver significant financial benefits to the Council from retained Business Rates.

## **12.0 RECOMMENDATIONS**

- 12.1 That Cabinet approves the proposals to enter into the agreement to acquire 3 St Paul's Place on the terms set out in this report and the report in Part 2 of this Cabinet agenda
- 12.2 That Cabinet delegate authority to the Executive Director Place in consultation with the Executive Director Resources; the Director of Capital and Major Projects and the Director of Legal and Governance to agree the terms of the transaction including the terms of any other documentation required to effect this transaction
- 12.3 That the Director of Legal and Governance be authorised to complete such legal documentation as she considers necessary or appropriate in connection with this transaction on such terms as she may agree to give effect to the proposals set out in this report and generally to protect the Council's interests.
- 12.4 That Cabinet approves the funding of any abortive costs that the Council incurs should the agreement not be entered into, from the Place Portfolio Revenue Budget.
- 12.5 That the potential for CTP to exercise the put option for the Council to purchase the property be included within the Council's Medium Term Financial Strategy, funded by the use of the retained Business Rates generated by the building. The costs and income are factored in to the MTFS report due at Cabinet on 18th September

**Simon Green**  
**Executive Director Place**

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