

Cabinet

Wednesday 12 November 2014 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	(Leader of the Council)
Councillor Leigh Bramall	(Business, Skills & Development)
Councillor Jackie Drayton	(Children, Young People & Families)
Councillor Isobel Bowler	(Culture, Sport & Leisure)
Councillor Ben Curran	(Finance and Resources)
Councillor Harry Harpham	(Deputy Leader/Homes & Neighbourhoods)
Councillor Mazher Iqbal	(Communities & Public Health)
Councillor Mary Lea	(Health, Care & Independent Living)
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. 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. 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 and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

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.

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
12 NOVEMBER 2014**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**

To identify items where resolutions may be moved to exclude the press and public.

(Note: The appendices to the reports at agenda Items 13 (Business Services Sourcing Strategy) and 14 (Streets Ahead – Changes to the Funding Structure) are not available to the public and press because they contain 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 - 14)

To approve the minutes of the meeting of the Cabinet held on 15 October 2014.
- 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 15 - 16)

Report of the Interim Executive Director, Resources.
- 9. Response to the Petition Requesting the Implementation of Road Safety Measures on Normanton Hill** (Pages 17 - 28)

Report of the Executive Director, Place.
- 10. Revenue Budget and Capital Programme Monitoring 2014/15 Month 5 (as at 31/8/14)** (Pages 29 - 68)

Report of the Interim Executive Director, Resources.

11. **City Council Partnership with the Football Association** (Pages 69 - 80)
Report of the Executive Director, Place.
12. **Decision by Cabinet as Trustees of the Weston Park Trust Charity - Proposed World War 1 Centenary Field Dedication: Weston Park, Sheffield** (Pages 81 - 90)
Report of the Executive Director, Place.

(NOTE: The decision is to be made by Cabinet as Trustees of the Weston Park Trust Charity)

13. **Business Services Sourcing Strategy** (Pages 91 - 116)
Report of the Interim Executive Director, Resources.
14. **Streets Ahead - Securing Savings from the Funding Structure** (Pages 117 - 134)
Joint Report of the Executive Director, Place and the Interim Executive Director, Resources

NOTE: The next meeting of Cabinet will be held on Wednesday 17 December 2014 at 2.00 pm

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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.

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 (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

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.

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 Gillian Duckworth, Interim Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

This page is intentionally left blank

Cabinet

Meeting held 15 October 2014

PRESENT: Councillors Julie Dore (Chair), Leigh Bramall, Isobel Bowler,
Ben Curran, Mazher Iqbal and Mary Lea

.....

1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Isobel Bowler, Jackie Drayton, Harry Harpham and Jack Scott

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 17 September 2014 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Public Question in respect of MIPIM Conference

Mr Nigel Slack referred to a recent article in the Guardian newspaper about the MIPM conference. He asked if this was the conference that Councillor Bramall had attended in Cannes and if so would he be attending the one in London? He also asked whether, if he was attending the conference, would Councillor Bramall be under any restrictions about selling off Council housing?

In response Councillor Leigh Bramall, Cabinet Member for Business, Skills and Environment, commented that the conference referred to in the Guardian article was the UK version of the one he had attended in France. This was the biggest property conference in the world and it was important that Sheffield was represented there and try to attract investment to the City.

Councillor Bramall confirmed the Council would not sell Council housing off to private companies in the way that the Guardian article suggested. Councillor Julie Dore, Leader of the Council, added that even if Sheffield attended the conference with a particular product to promote, such as the New Retail Quarter, there would still be a proper process to go through before development could commence.

5.2 Public Question in respect of Contracts

Nigel Slack referred to item 8 on the agenda for the meeting 'Grounds Maintenance and Estate Services Review' which he commented was surprisingly good reading for those concerned about the City's past history of outsourcing decisions. He was also encouraged by the fact that the 'customer first' weighting equalled that of 'value for money'. He therefore asked whether this weighting would be applied to all future contracting decisions, whether currently outsourced or not? How might this affect contracts that were due for renewal but where the Council no longer had the capacity to bring those services in-house?

Councillor Ben Curran, Cabinet Member for Finance and Resources, commented that those kind of considerations were factored into every contract and it would depend on the nature of the contract/ For example if a contract was based on an internally focused service the needs of the Council Tax payer would not necessarily be taken into consideration. Service quality was factored in and contracts were not always necessarily awarded to the cheapest tender.

5.3 Public Question in respect of Treatment of a Citizen

Mr Martin Brighton asked what the Council's policy was when Councillors denigrated a targeted citizen to that citizen's peers, whose minds were then manipulated by those Councillors, so as to humiliate, demonise, disempower and isolate?

Councillor Julie Dore stated that the Council had a Code of Conduct and Members need to abide by it. Mr Brighton needed to be specific in reporting any such incidents as if any breaches of the Code were brought to the attention of Members they would be dealt with.

5.4 Public Question in respect of Recognition of Community Groups

Martin Brighton asked who had the ultimate say when deciding whether a community group was recognised by the Council – the Council or the people of the community?

Councillor Julie Dore commented that there were two different types of groups in this instance. Tenants and Residents Groups (TARAs) who would be recognised via the Council's TARA Recognition Policy. Each TARA would have a constitution. If a particular estate wished to establish a TARA they could approach the Council and the due process would be followed. If recognised they would then have to follow the Council's policies and procedures and would be derecognised if they didn't.

The second group was community groups who were groups with a particular interest and with which the Council often had regular dialogue with and were more than happy to engage with where required.

5.5 Public Question in respect of TARA Recognition Policy

Martin Brighton asked why, given that the TARA Recognition Policy had been

repeatedly rejected by the TARAs, was it being imposed under threat of derecognition?

Councillor Dore responded that she understood that most TARA's had accepted the Recognition Policy and had taken steps to adapt to it. However, she would ask Councillor Harry Harpham, Cabinet Member for Homes and Neighbourhoods to provide a written response.

5.6 Public Question in respect of Sheffield Homes Rent Payment Cards

Martin Brighton asked why tenants were still using Sheffield Homes rent payment cards?

Councillor Dore commented that there were two different types of card and an explanation would be sent to Mr Brighton of their purpose.

5.7 Public Question in respect of Recall for Councillors

Martin Brighton asked that, given that Councillors generally supported the principle of recall for MPs, what objection can there be for recall to be applied to Councillors?

Councillor Dore commented that she believed in general most Councillors would agree that they supported the idea in principle. She would have no objection for it to be applied to Councillors if it became a proposal of Government.

5.8 Public Question in respect of Area Housing Managers

Martin Brighton asked why Area Housing Managers were arbitrarily deemed to be clinical psychologists whose opinion about the alleged state of mind of a targeted citizen was considered as evidence of criminal behaviour requiring sanction and prejudice?

Councillor Dore commented that Area Housing Managers were not clinical psychologists. She would not expect any members of staff to make clinical judgements about members of the public. If Mr Brighton had evidence of that being used as an excuse in the way individuals were treated she would like to be made aware of it.

5.9 Public Question in respect of Policy Documents

Martin Brighton asked whether the Council held any policy documents that the public were not allowed to see? (and if so, what were they?)

Councillor Dore stated that there were no policy documents that the public were not allowed to see. If something was Council policy she wanted as many people as possible to see the documents. It was important for Members to make clear to the public what the Council's policies were.

5.10 Public Question in respect of ERDF Funding

Martin Brighton asked what decisions had been made with respect to the latest tranche of ERDF millions (LEP and anti-poverty and match funds) to the region, and where were the documents demonstrating prior consultation and consent of those affected by the EU financed projects?

Councillor Dore responded that issues related to ERDF funding was led by the Local Enterprise Partnership (LEP). Initial consultation by the Government had taken place and more was due to take place up to 2015. The programme would probably not start for another 18 months.

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>
-------------	-------------	-----------------------

Children, Young People and Families

Christine Allen	Teacher, Dobcroft Infant School	21
Norma Archer	Supervisory Assistant, Woodseats Primary School	25
Mary Collins	Principal Educational Psychologist	33
Joan Spriggs	Supervisory Assistant, Malin Bridge Primary School	37

Communities

Susan Clayton	Library and Information Assistant	23
Dianne Dudley	Library and Information Assistant	29
Julia Eastburn	Library and Information Assistant	23

Jane Godfrey	Support Worker	23
Linda Greenwood	Library and Information Assistant	28
Sheila Hawker	Service Development Librarian	30
Maureen Piggott	Library and Information Assistant	37
Claire Simpkin	Support Worker	21
Julie Skiba	Library and Information Assistant	30
Howard Spencer	Support Worker	33
Jenny Wells	Library and Information Assistant	34
Katherine York	Library and Information Assistant	34

Resources

Ann Sheppard	Escort	27
Lorraine Smedley	Senior Customer Adviser	34

(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.

8. GROUNDS MAINTENANCE AND ESTATE SERVICES REVIEW

8.1 The Executive Director, Place submitted a report in relation to the Grounds Maintenance and Estate Services review.

8.2 **RESOLVED:** That Cabinet:-

- (a) notes the contents of the report and the services efficiencies and savings that can be achieved for the HRA and General Fund;
- (b) approves the delivery of Housing grounds maintenance by a single service and that is to be achieved by the transfer of Estate Officers from the Council Housing Service to the Parks and Public Realm service with a review of the structures and job descriptions across Parks and Public Realm and Estate

services;

- (c) approves the reconfiguration of the remaining Council Housing estate services functions following the transfer of grounds maintenance work to Parks and Public Realm; and
- (d) authorises the Director of Culture and Environment and the Interim Director of Housing and Neighbourhood Services to take the necessary steps to implement these recommendations.

8.3 **Reasons for Decision**

- 8.3.1 The recommendations have the potential to improve equality of service delivery, maintain standards and provide financial savings to both the Housing Revenue Account and the General Fund resulting from increased efficiency.

8.4 **Alternatives Considered and Rejected**

- 8.4.1 Five alternative options were considered during the options appraisal. The full details of the options appraisal methodology and results of the appraisal are included in Appendices B and C of the report.

- 8.4.2 In addition, integration of the Parks and Public Realm SLA work for Housing into the Council Housing Service's estate services were considered during the options appraisal. The Parks and Public Realm services were fully merged in 2012. Improvements in efficiency as a result of this merger, led to savings of 11% for employee costs and 6% of other costs. Officers felt that previous efficiencies and savings would be lost if Parks and Public Realm were to be disaggregated and therefore there would be a corresponding rise in costs in these areas.

- 6.3 This option was discounted by the options appraisal as the cost of delivering the service could increase significantly and therefore did not offer value for money.

9. **SHEFFIELD'S RIVERSIDE BUSINESS DISTRICT - TRANSFORMING A KEY ECONOMIC CORRIDOR IN THE CITY CENTRE FROM "GREY TO GREEN"**

- 9.1 The Executive Director, Place submitted a report in relation to the Grey to Green project.

9.2 **RESOLVED:** That Cabinet:-

- (a) approves the proposed scheme, as detailed in the report and with the timeline described in section 4.6 of the report, subject to the required funding package being in place;
- (b) notes that a capital approval submission has been submitted in the Month 4 Budget monitoring report for the necessary authority to undertake and procure the proposed works, in accordance with Council procedures; and

- (c) delegates authority to the Director of Creative Sheffield, in consultation with the Interim Director of Legal Services, Interim Director of Commercial Services and Interim Director of Finance to negotiate and agree any agreements additional to those in paragraph 2 of the report required to deliver the works for the scheme, subject to the required funding being in place.

9.3 **Reasons for Decision**

- 9.3.1 This is a final opportunity to access ERDF funding for delivering a high priority scheme. To draw down the full ERDF contribution, the project must start and complete by Autumn 2015. To meet this programme, it was necessary to progress the design and tendering process now hence the request for conditional approval in advance of the final SCRIF decision. The detailed design work had to be undertaken concurrently with the approval process but will be completed by the Cabinet date.

9.4 **Alternatives Considered and Rejected**

- 9.4.1 A more traditional reclamation and renewal of redundant carriageways could be undertaken and this group of highways was due for renewal in 2017 under the current Streets Ahead programme. However, this would simply replace like with like and a similar maintenance cost and would not deliver the transformative benefits outlined in the report.
- 9.4.2 Do nothing. For the reasons mentioned in Section 7 of the report this was not be a viable option. It would lead to further decline in the area, depressing property prices, sustainability of businesses which in turn would affect the Council's National Non Domestic Rate income. Finally, because of higher risk of flooding, marginal it may be, translated into both lack of an appetite for new investment and higher insurance premiums. The Council's own property in this area would suffer directly.

10. **INDEPENDENT LIVING SOLUTIONS**

- 10.1 The Executive Director, Communities submitted a report setting out the background to, and ambition for, the first phase of the Independent Living Solutions programme and sought approvals in relation to the proposed procurement strategy.

10.2 **RESOLVED:** That Cabinet:-

- (a) approves the commissioning of and procurement strategy for the redesigned equipment service;
- (b) delegates authority to the Director of Commissioning (Communities), in consultation with the Interim Director of Legal and Governance and the Interim Director of Commercial Services to take the necessary steps to agree the pooled budget arrangements with the CCG and amend the

Section 75 Agreement;

- (c) subject to agreement being reached with the CCG and the Section 75 agreement being amended, delegates authority to the Director of Commissioning to take the necessary steps to implement the procurement strategy for the redesigned equipment service in consultation with the Interim Director of Commercial Services and the Interim Director of Legal and Governance;
- (d) delegates authority to the Director of Commissioning in consultation with the Interim Director of Legal and Governance to award the contract for the redesigned equipment service; and
- (e) delegates authority to the Director of Commissioning in consultation with the Cabinet Member for Health, Care and Independent Living and the Cabinet Member for Children, Young People and Families, as appropriate, to take such steps as he deems appropriate to achieve the outcomes set out in the report.

10.3 **Reasons for Decision**

10.3.1 The current contract for the supply and loan of equipment to help people live independently ends in June 2015 and we need a replacement arrangement to meet our statutory duties. We also need to refresh the scope and specification of the contract so that we can:

- achieve better outcomes and increased value for money where possible
- deliver against increasing customer expectations
- future-proof the service in light of proposed changes to legislation, guidance and operational requirements e.g. the Care Act, 7-day working commitment in the NHS, the Children and Families Act.

10.3.2 In order to maximise the efficiency of the proposed new service the Council needs to work with the CCG.

10.4 **Alternatives Considered and Rejected**

10.4.1 **Do nothing:** This option was not favoured because the Council had legal duties to provide equipment to people in need as set out above.

10.4.2 **Extend the contract with the current provider:** This option was not favoured because it was believed that the service needed to achieve greater value for money and increase its impact. However, proposals would also be welcomed from the current provider on how they could achieve this (as per the new contract specification).

11. **MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2019/20**

11.1 The Executive Director, Resources submitted a report providing Members with details of the forecast financial position of the Council for the next five years and recommending the approach to budgeting and business planning that will be necessary to achieve a balanced budget over the medium term.

11.2 **RESOLVED:** That Cabinet:-

- (a) notes the forecast position for the next five years;
- (b) agrees the approach to business planning targets;
- (c) agrees the following approach to capital planning:-
 - Maximise flexibility in resource pools to ensure priorities in relation to housing can be most effectively achieved, including policies related to affordable housing
 - Manage capital resource pools including New Homes Bonus and Community Infrastructure to ensure that Council wide objectives are achieved
 - Reaffirm the existing Corporate Resource Pool allocation principles

11.3 **Reasons for Decision**

11.3.1 To inform Members of the forecast revenue gap over the medium term and to recommend the appropriate strategy for balancing the budget over the medium term.

11.4 **Alternatives Considered and Rejected**

11.4.1 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.

12. REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2014/15 MONTH 4 (AS AT 31/7/14)

12.1 The Executive Director, Resources submitted a report providing the month 4 monitoring statement on the City Council's Revenue and Capital Budget for 2014/15.

12.2 **RESOLVED:** That Cabinet:-

- (a) notes the updated information and management actions provided by the report on the 2014/15 Revenue budget position; and

- (b) in relation to the Capital Programme:-
 - (i) approves the proposed additions to the Capital Programme listed in Appendix 1 of the report, including the procurement strategies and delegations of authority to the Director of Commercial Services or nominated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;
 - (ii) approves the proposed variations and slippage in Appendix 1; and
 - (iii) notes the exercises of delegated authority by EMT and service Directors, and, the current position on the Capital Programme

12.3 **Reasons for Decision**

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

12.4 **Alternatives Considered and Rejected**

- 12.4. A number of alternative courses of action were considered as part of the process
1 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 the Capital Programme.



SHEFFIELD CITY COUNCIL Cabinet Report

Report of: Interim Executive Director, Resources

Date: 12th November 2014

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>
<u>Children, Young People and Families</u>		
Susan Bennett	Learning Support Assistant/ Primary School Assistant, Stradbroke Primary School	34
Stephen Cole	Teacher, Springfield Primary School	39
<u>Resources</u>		
Zoe North	Assistant to the Lord Mayor	38

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.



SHEFFIELD CITY COUNCIL

Cabinet Report

Report of: Executive Director, Place

Report to: Cabinet

Date: 12th November 2014

Subject: Response to the petition requesting the implementation of road safety measures on Normanton Hill

Author of Report: Susie Pryor, 2734192

Key Decision: NO

Summary:

- In July 2014 a petition containing 12,571 signatures requesting a controlled pedestrian crossing and speed restrictions on Normanton Hill was submitted to Full Council.
 - Following a Full Council debate it was resolved that the petition be referred to the Cabinet.
 - This report contains the Council's response to this petition, along with details of actions taken so far and the road safety measures being proposed.
-

Reasons for Recommendations:

- The proposed road safety measures described in this report will contribute to an improvement in safety on Normanton Hill, in particular at the crossing point to Richmond Park.
 - Reducing the speed of traffic should reduce the number and severity of collisions and reduce the fear of collisions.
-

Recommendations:

1. Petitioners be thanked for bringing their concerns about this location to the attention of the Council.
2. Officers inform the petitioners of the intention to install a signalised pedestrian crossing on Normanton Hill by the crossing point to Richmond Park.
3. Cabinet note the various actions taken to improve road safety and respond to public concern at this location.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Gaynor Saxton
Legal Implications
YES Cleared by: Nadine Wynter
Equality of Opportunity Implications
YES Cleared by: Annemarie Johnston
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
NO
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
Richmond
Relevant Cabinet Portfolio Lead
Jack Scott
Relevant Scrutiny Committee
Culture, Economy and Sustainability
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
YES

REPORT TO THE CABINET

RESPONSE TO THE PETITION REQUESTING THE IMPLEMENTATION OF ROAD SAFETY MEASURES ON NORMANTON HILL

1.0 SUMMARY

- 1.1 On the 2nd July 2014 a petition containing 12,571 signatures was submitted to Full Council. The petition requested a controlled pedestrian crossing and speed restrictions on Normanton Hill.
- 1.2 Following a Full Council debate it was resolved that the petition be referred to Cabinet with a request that a report be prepared on a detailed programme of works to be undertaken to improve road safety at this location.
- 1.3 This report contains the Council's response to this petition, along with details of actions taken so far and the road safety measures being proposed.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 The introduction of road safety measures on Normanton Hill will bring about a reduction in the number and severity of road traffic collisions, thus helping to create *safe and secure communities*. Implementing the measures described in this report will contribute to the creation of a safer residential environment and a *Great Place to Live*. The response to the petition contributes to the *working better together* value of the Council's Corporate Plan *Standing up for Sheffield*.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 The introduction of road safety measures will contribute to the delivery of:
 - the '*sustainable and safe transport*' objective of the Corporate Plan;
 - Policy W of the Sheffield City Region Transport Strategy 2011-2026 (*To encourage safer road use and reduce casualties on our roads*);
 - the Council's Vision For Excellent Transport In Sheffield (*a better environment; a healthier population; a safer Sheffield*);

4.0 RESPONSE TO THE NORMANTON HILL PETITION

- 4.1 On the 9th May 2014 there was a road traffic collision on Normanton Hill near the Richmond Park Entrance. A 14 year old female pedestrian was fatally injured and a 12 year old female pedestrian was seriously injured.

- 4.2 In response to this tragic collision a petition containing 12,751 signatures was submitted to Full Council. The petition requested a controlled pedestrian crossing and speed restrictions on Normanton Hill.
- 4.3 Road Safety Scheme Assessment procedure
- 4.4 The Council receives numerous requests for road safety measures and ideally we would like to be able to respond to most of them. However, limitations on the capital funding available to the Council mean that we have to assess and prioritise locations for action according to an agreed criteria.
- 4.5 Although we cannot know where the next accident may occur, it is more likely to happen at a location having a history of previous accidents than one with few or none. In this way we can focus our attentions effectively on locations where measures are most urgently needed.
- 4.6 The accident savings scheme criteria agreed by the Council's Cabinet in 2003, involves a site scoring points based on accident types and numbers. 'Lengths' of road and particular locations (such as a junction or a bend) known as a 'spot' are prioritised separately. The sites are then listed in priority order with the highest scoring sites first. These sites are then subject to a more detailed analysis of the accident problems to see if there is scope for road safety measures that could be implemented.
- 4.7 Normanton Hill (at the entrance of Richmond park) has now been reviewed as a 'spot', placing it 11th on the Council's list of most serious accident locations in the City. Therefore, Normanton Hill is to be included in the 2015/16 Accident Savings programme. The sites listed from 1 to 10 in the priority order have already been subject to road safety measures in recent years or will also be included in the 2015/16 programme.
- 4.8 Proposed Road Safety Scheme
- 4.9 In response to the petition the Council therefore intends to install a road safety scheme on Normanton Hill in the 2015/16 year. This scheme will comprise of the installation of a controlled pedestrian crossing as close to the existing crossing point to Richmond park as possible.
- 4.10 The LTP transport and highways programme is already fully committed to the delivery of a programme of highway improvement schemes in the 2014/15 year. However, there is funding available, from the LTP Accident Savings allocation, for the development and design of the road safety scheme this year. The pedestrian crossing could then be installed in the 2015/16 financial year and would be funded from the 2015/16 LTP Accident Savings allocation.
- 4.11 Consideration also needs to be given to the time taken to develop, design and consult such a highway scheme. Under the normal timescales agreed by Transport, Traffic & Parking Services, Highways

Maintenance and Amey, it takes in the region of twelve months from the first stage of scheme design to when the scheme is built.

- 4.12 The footways and road at the proposed crossing location are narrow and it has already been identified that extra land will need to be acquired to fit a signal controlled pedestrian crossing in. Time to negotiate this needs to be allowed as part of the design process.
- 4.13 A feasibility study is being carried out to determine the best location for the pedestrian crossing. Currently the crossing point is indicated by a red strip on the road surface. It should be noted that visibility for pedestrians at this location is good, the road is relatively narrow and under normal traffic condition there are suitable gaps in traffic in order to cross. However, site observations and speed data indicate that there is a speeding issue on this road. Recent mobile camera enforcement has confirmed this.
- 4.14 The preferred location for a controlled crossing would be where the crossing point to the park is now, as this is on the pedestrian desire line. However the footway is only 1.36 metres at this point and is bounded by a stone retaining wall to the rear on the Park side. The park access path is shared with vehicles which could not be allowed on the crossing. A new route for these vehicles will need to be created on land which is currently not public highway.
- 4.15 Actions taken so far in response to the Normanton Hill Petition
- 4.16 Streets Ahead work has already commenced on this road with the renewal of street lighting. Surfacing of the road, as far as the park entrance happened in August 2014. The Council has funded the addition of a higher skid resistant material at the crossing point as part of these works.
- 4.17 The recruitment of a school crossing patrol warden for the vacant position on Normanton Hill is ongoing. This site has been vacant since the last warden retired on 31st October 2013. The Council has actively tried to recruit a warden for this location without any success. It is hoped that a local person will come forward to take up the post.
- 4.18 A Senior Road Safety Officer visited the crossing site to act as a crossing patrol for the pupils at Normanton Hill on both Wednesday 3rd and Thursday 4th September 2014, am and pm, to engage with and educate the new intake of children in aspects of road safety at this location. Approximately 70 pupils were seen to be using the crossing point and all were given road safety advice.
- 4.19 South Yorkshire Police agreed to undertake speed enforcement in the short term and camera enforcement signs were erected to facilitate this. Mobile speed enforcement has taken place at regular intervals starting from the 1st July 2014. So far 471 speeding offences have been captured.

- 4.20 A location for an area of hard standing in the verge to permit Safety Camera Partnership (SRP) vehicles (Vans and motor cycles) to park safely to enforce the speed limit has also been installed in September 2014.
- 4.21 In the short term the Council will be installing two VAS's (Vehicle Activated Signs) to flash a warning to motorists to indicate the park entrance or school crossing patrol at the appropriate times of the day. The signs are being manufactured by a specialist company and were installed on the 5th November 2014.
- 4.22 The Road Safety Education, Training and Publicity team has contacted both Birley and City (Outwood Academy) schools and are in the process of booking road safety education sessions with these schools. Both schools have already confirmed sessions with all Year 7 and 8 pupils and we are confident that sessions with the other year groups will be confirmed shortly. These sessions will be delivered at various points throughout this academic year.
- 4.23 Appendix A contains a summary sheet of the actions taken so far and the expected timescales for the delivery of the proposed road safety measures at this location

5.0 LEGAL IMPLICATIONS

- 5.1 The Council has a statutory duty under the Road Traffic Act 1988 to promote road safety and to ensure that any measures it promotes and implements are reasonably safe for all users. In making decisions of this nature the Council must be satisfied that the measures are necessary to avoid danger to pedestrians and other road users or for preserving or improving the amenities of the area through which the road runs. Providing that the Council is so satisfied then it is acting lawfully and within its powers.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The cost of the works described in this report is approximately £250,000 , this includes an amount for the future maintenance of the scheme. This will be funded with an allocation from the Accidents Saving block of the Local Transport Plan settlement in 2015/16 and subject to financial approval via the standard Capital Approval processes. There is funding for feasibility already identified in the Accidents Savings Block for the design work being carried out in 2014/15.

7.0 EQUALITIES IMPLICATIONS

- 7.1 An Equality Impact Assessment has been conducted and concludes that the proposals are equality neutral affecting all local people equally regardless of age, sex, race, faith, disability, sexuality, etc. However,

some aspects will be positive, e.g. for the young, elderly and disabled as the proposals reduce road speed and improve crossing facilities. No negative equality impacts have been identified.

8.0 ALTERNATIVE OPTIONS CONSIDERED

8.1 This site is currently a location for a Speed Indication Device (smiley SID). It is Council policy to use these devices for a relatively short period of time and rotate them between other roads in the area, otherwise motorists become used to them and they do not have the desired effect. The speed data from the SIDs at this location shows that average vehicle speeds of 39mph in the downhill direction which suggests that at this location such a measure is ineffective.

8.2 A traffic calming scheme could be considered. However, given existing speeds a localised traffic calming scheme could lead to loss of control accidents. Therefore it would probably be necessary to traffic calm the whole length of the road, linking the scheme with the existing measures located between Linley Lane and Coisley Hill. The cost of such a scheme along this length would be very expensive and it would be difficult to justify this, given the overall low collision rate along the length of Normanton Hill.

9.0 REASONS FOR RECOMMENDATIONS

9.1 The proposed road safety measures described in this report will contribute to an improvement in safety on Normanton Hill, in particular at the crossing point to Richmond Park.

9.2 Reducing the speed of traffic should reduce the number and severity of collisions and reduce the fear of collisions.

10.0 RECOMMENDATIONS

10.1 Petitioners be thanked for bringing their concerns about this location to the attention of the Council.

10.2 Officers inform the petitioners of the intention to install a signalised pedestrian crossing on Normanton Hill by the crossing point to Richmond Park.

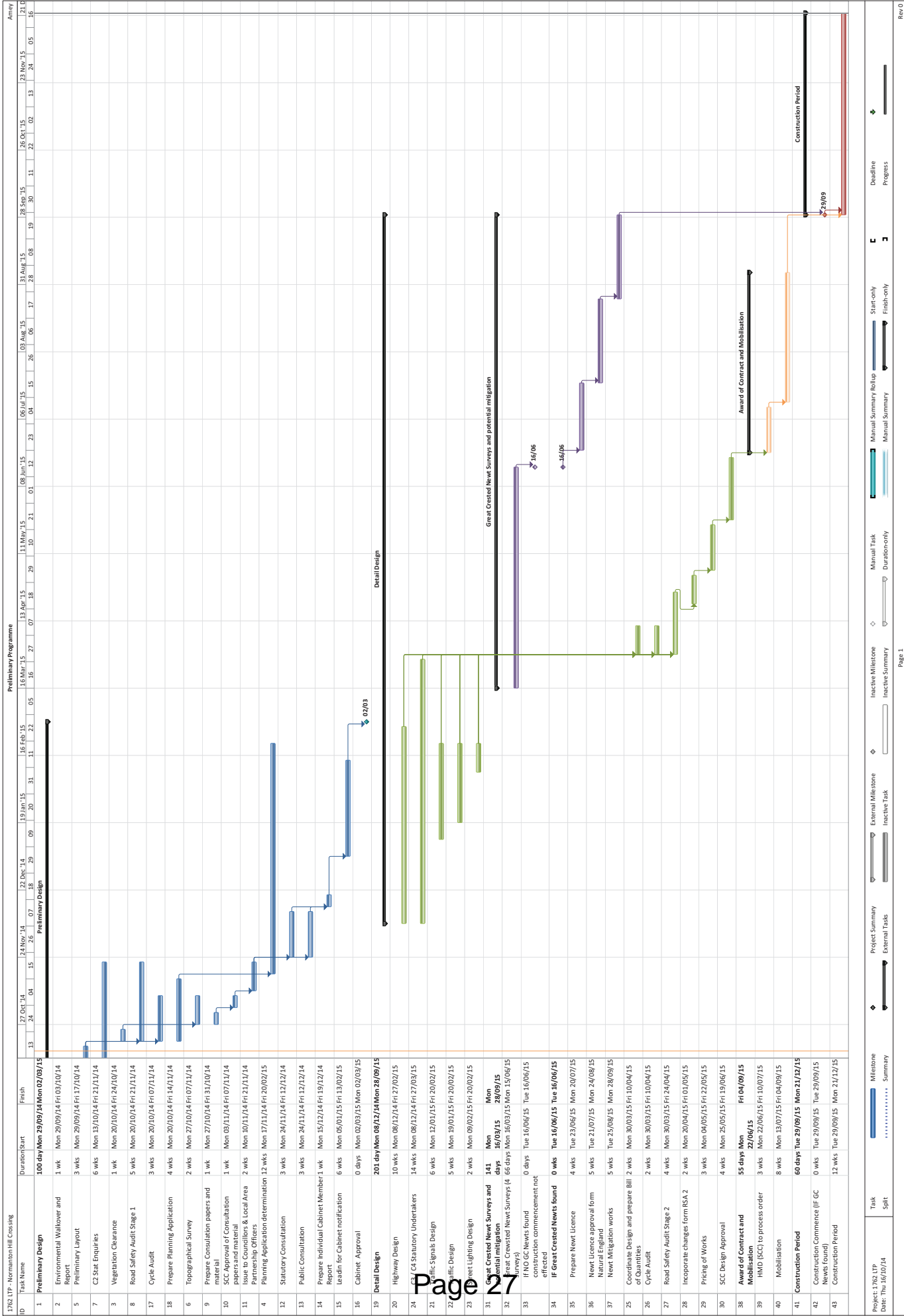
10.3 Cabinet note the various actions taken to improve road safety and respond to public concern at this location.

Simon Green, Executive Director - Place

Appendix A - Normanton Hill Petition Response – Actions Summary Sheet - October 2014

Action	Progress update	Date	Action Completed?
Review of signing of park entrance	Review completed - actions from this are to move static signs nearer park entrance. Paint SLOW on road and mark out the Bus Stop Clearway to indicate pedestrian activity to drivers. Amey will now be instructed to carry out this work.	June 2014	Review completed This has been issued to Amey for implementation on site.
School Crossing Patrol Recruitment	The recruitment of a school crossing patrol warden for the vacant position on Normanton Hill is ongoing. No response to advertisement.	June 2014 - ongoing	
Installation of correct signage for South Yorkshire Police mobile camera enforcement	Signage installed	June 2014	Yes
Liaison with frontages to cut back overhanging vegetation	Parks & Countryside and Housing have been contacted about overgrowing vegetation in 5 locations; residential frontages contacted to cut back – will be revisited to check action taken	June 2014	Yes
Mobile Camera Enforcement	Enforcement started and is continuing at regular intervals. 471 speeding offences captured so far.	July 2014 - ongoing	Yes
High PSV Road surface	Design work completed and construction order issued. To be installed with Streets Ahead works on Normanton Hill	August 2014	Yes
Street lighting Review	All street lights checked and working. New Street lighting to go in under Streets Ahead works	September 2014	Yes
Installation of an area of hard standing for South Yorkshire Police mobile camera enforcement	Design work completed and construction order issued. To be installed with Streets Ahead works on Normanton Hill. Will be done 5 th September 2014	September 2014	Yes
Road Safety Education at crossing point on Normanton Hill	A Road Safety Officer visited the site 3 rd and 4 th September to engage and educate those crossing Normanton Hill at this site. Approx. 70 children spoken to as they crossed.	September 2014	Yes

Action	Progress update	Date	Action Completed?
Road Safety Education with pupils at local schools	<p>The Road Safety Education, Training and Publicity team have booked road safety education sessions with both City (Outward) and Birley schools at various dates throughout the school year.</p> <p>Birley dates are: 25th – 26th September 1st and 3rd October 24th November to 4th December</p> <p>Outward School – Initial meeting held 5th June. Awaiting confirmation of dates from school.</p>	September 2014 - ongoing	Yes - ongoing
VAS signs	Installation of two VAS's (Vehicle Activated Signs) to flash a warning to motorists to indicate the park entrance or school crossing patrol at appropriate times of day.	Will be installed 5 th November 2014	
Road Safety Scheme / Signal controlled crossing	The scheme brief has been issued to Amey for design and consultation. Design work ongoing. Construction likely to start in September 2015.	September 2015	



ID	Task Name	Duration	Start	Finish
1	Preliminary Design	100 days	Mon 29/09/14	Mon 02/08/15
2	Environmental Walkover and Report	1 wk	Mon 29/09/14	Fri 03/10/14
5	Preliminary Layout	3 wks	Mon 29/09/14	Fri 17/10/14
7	C2 Stat. Enquiries	6 wks	Mon 13/10/14	Fri 21/11/14
3	Vegetation Clearance	1 wk	Mon 20/10/14	Fri 24/10/14
8	Road Safety Audit Stage 1	5 wks	Mon 20/10/14	Fri 31/11/14
17	Cycle Audit	3 wks	Mon 20/10/14	Fri 07/11/14
18	Prepare Planning Application	4 wks	Mon 20/10/14	Fri 14/11/14
6	Topographical Survey	2 wks	Mon 27/10/14	Fri 07/11/14
9	Prepare Consultation papers and material	1 wk	Mon 27/10/14	Fri 31/10/14
10	SCC Approval of Consultation material	1 wk	Mon 03/11/14	Fri 07/11/14
11	Issue to Councilors & Local Area	2 wks	Mon 10/11/14	Fri 21/11/14
4	Partnership Officers Planning Application determination	12 wks	Mon 17/11/14	Fri 20/02/15
12	Statutory Consultation	3 wks	Mon 24/11/14	Fri 12/12/14
13	Public Consultation	3 wks	Mon 24/11/14	Fri 12/12/14
14	Prepare Individual Cabinet Member Report	1 wk	Mon 15/12/14	Fri 19/12/14
15	Lead in for Cabinet notification	6 wks	Mon 05/01/15	Fri 13/02/15
16	Cabinet Approval	0 days	Mon 02/03/15	Mon 02/03/15
19	Detail Design	201 days	Mon 08/12/14	Mon 28/09/15
20	Highway Design	10 wks	Mon 08/12/14	Fri 27/02/15
24	C4 Statutory Undertakers	14 wks	Mon 08/12/14	Fri 27/03/15
21	Traffic Signals Design	6 wks	Mon 12/01/15	Fri 20/02/15
27	Traffic Design	5 wks	Mon 19/01/15	Fri 20/02/15
23	Street Lighting Design	2 wks	Mon 09/02/15	Fri 20/02/15
31	Great Crested Newt Surveys and potential mitigation	141 days	Mon 09/03/15	Mon 15/06/15
32	Great Crested Newt Surveys (4 rows)	66 days	Mon 16/03/15	Mon 15/06/15
33	IF NO GC News found construction commencement not effected	0 days	Tue 16/06/15	Tue 16/06/15
34	IF Great Crested Newts found	0 wks	Tue 16/06/15	Tue 16/06/15
35	Prepare Newt Licence	4 wks	Tue 23/06/15	Mon 29/07/15
36	Newt Licence approval form	5 wks	Tue 23/07/15	Mon 24/08/15
37	Newt Mitigation works	5 wks	Tue 25/08/15	Mon 29/09/15
25	Coordinate Design and prepare Bill of Materials	2 wks	Mon 30/03/15	Fri 10/04/15
26	Cycle Audit	2 wks	Mon 30/03/15	Fri 10/04/15
27	Road Safety Audit Stage 2	4 wks	Mon 30/03/15	Fri 24/04/15
28	Incorporate changes form RSA 2	2 wks	Mon 20/04/15	Fri 01/05/15
29	Pricing of Works	3 wks	Mon 04/05/15	Fri 22/05/15
30	SCC Design Approval	4 wks	Mon 25/05/15	Fri 19/06/15
38	Award of Contract and Mobilisation	55 days	Mon 22/06/15	Fri 04/09/15
39	HMD (SCC) to process order	3 wks	Mon 22/06/15	Fri 10/07/15
40	Mobilisation	8 wks	Mon 13/07/15	Fri 04/09/15
41	Construction Period	60 days	Tue 29/09/15	Mon 21/12/15
42	Construction Commences (IF GC News found)	0 wks	Tue 29/09/15	Tue 29/09/15
43	Construction Period	12 wks	Tue 29/09/15	Mon 21/12/15

This page is intentionally left blank

SHEFFIELD CITY COUNCIL



Cabinet Report

Report of: Eugene Walker

Report to: Cabinet

Date: 12 November 2014

Subject: Revenue and Capital Budget Monitoring 2014/15 – As at 31st August 2014

Author of Report: Allan Rainford (273 4358)

Key Decision: YES

Reason Key Decision: Expenditure/savings over £500,000

Summary:

This report provides the month 5 monitoring statement on the City Council's Revenue and Capital Budget for 2014/15.

Reasons for Recommendations:

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

Recommendations: Please refer to paragraph 76 of the main report for the recommendations.

Background Papers:

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Andrew Eckford
Legal Implications
NO
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
YES/NO
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
Relevant Cabinet Portfolio Lead
Relevant Scrutiny Committee
Overview and Scrutiny Management Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
NO

REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31 AUGUST 2014

Purpose of the Report

- This report provides the Month 5 monitoring statement on the City Council's Revenue Budget and Capital Programme for August. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 43.

Revenue Budget Monitoring

Summary

- At month 4 the overall Council position was for a potential overspend of £8.5m. This largely reflected areas where action is intended to be taken to implement corrective action but where the forecasts of managers do not yet reflect this. The position at month 5 shows an improvement of around £4m on the previous month, with a forecast potential overspend of £4.5m to the year end. This is summarised in the table below.

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
CYPF	71,633	71,444	189	↓
COMMUNITIES	160,801	156,147	4,654	↓
PLACE	163,563	161,236	2,327	↓
POLICY, PERFORMANCE & COMMUNICATION	2,689	2,601	88	↔
RESOURCES	84,668	83,963	705	↑
CORPORATE	(478,866)	(475,392)	(3,474)	↓
GRAND TOTAL	4,488	-	4,488	↓

- In terms of the main variations since month 4 these are due to the following:
 - Communities are forecasting an improvement of £502k which has arisen across most services, primarily in Care & Support due to an improvement in the forecast position on service user contributions and in Commissioning through a receipt of funding for pension liabilities and a reduction in spend on Housing Related Support contracts.
 - Corporate budget items are forecasting an improvement of £3.2m which has arisen largely through a reduction in spend of £3.1m due to additional grant income.

4. The overall trend is for forecast spending to reduce and to move closer to the allocated budget. The three main Council Portfolios have all forecast an improved position compared to month 4.
5. Included in the overall position, is a forecast underspend on Public Health of £1.4m in respect of the total amount supported by grant of £30.7m. This is across a number of Portfolio's: further detail is set out in paragraph 42.

Individual Portfolio Positions

Children Young People And Families (CYPF)

Summary

6. As at month 5 the Portfolio is forecasting a full year outturn of an over spend of £189k on cash limit (shown in the table below), and the position on DSG is a forecast reduction in spend of £594k. The key reasons for the forecast outturn position are:
 - **Children and Families:** £473k forecast overspend, £196k overspend in Management and Business Support due to delay in the Business Support MER, £157k overspend in Legal Fees (based on previous year's trends), £343k net overspend (following some mitigation) on Fieldwork Service areas and Permanence and Throughcare mainly due to difficulties in achieving vacancy monitoring targets and £398k overspend in Adoption due to additional placements particularly via Special Guardianship Orders and Inter Agency. These overspends are being partially offset by a reduction in spend of £335k on Early Years as a result of the effective integration of Early Years and the Multi Agency Support Team including an appropriate commissioning strategy for external contracts, Contact Contracts of £319k due to more efficient management using contact centres and Youth Justice reduction in spend of £48k due to efficiencies. The service is continuing to review activities and funding streams to find mitigating action to offset the remaining overspend.
 - **Inclusion and Learning Services:** £232k forecast reduction in spend, made up of £183k in Inclusion and Targeted Services as a result of additional traded income to Educational Psychologists and £50k in Advocacy and Challenge due to vacancies.
 - **DSG Budgets:** Overall a £594k reduction in spend made up of a £864k reduction in spend in Business Strategy overall due mainly to

a £904k reduction in spending on 2 Year Old FEL, as a result of numbers being lower than anticipated. A reduction in spend of £100k in Children and Families in the combined Early Years and MAST Service as a result of an appropriate commissioning strategy. An anticipated overspend of £387k in Inclusion and Learning overall, made up of overspends of £431k in Banded Funding and £103k Independent Placements due to demand pressures, partially offset by reductions in spend on Sensory Services £56k and £90k Inclusion and Learning Services due to vacancies.

Financials (Non – DSG activity)

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
BUSINESS STRATEGY	(2,338)	(2,309)	(29)	↔
CHILDREN & FAMILIES	61,581	61,108	473	↓
INCLUSION & LEARNING SERVICES	2,450	2,682	(232)	↔
LIFELONG LEARN, SKILL & COMMUN	9,940	9,963	(23)	↔
GRAND TOTAL	71,633	71,444	189	↓

Commentary

7. The following commentary concentrates on the key changes from the previous month.

Non DSG Budgets

8. As at month 5 the Portfolio is forecasting a full year outturn of an overspend of £189k on cash limit, an improvement of £141k compared with last month's position.

Children & Families

9. As at month 5, Children and Families is forecasting a £473k overspend. This is an improved position of £154k due to the combined Early Years and MAST Service maintaining an appropriate commissioning strategy for external contracts.

Place

Summary

10. As at month 5 the Portfolio is forecasting a £2.3m overspend, an improvement of £226k from the month 4 position. The key reasons for the forecast outturn position are:
- **Business Strategy & Regulation:** £1.4m forecast overspend largely due to risks associated with contract negotiations to deliver

the full £3.3m waste management savings in the 2013/14 and 2014/15 Budgets.

- **Capital & Major Projects:** £756k forecast overspend due to income and cost pressures in retail investment of £700k.

11. All directors continue to review current spending plans to prepare options to further reduce the overspend which will be reported in the Month 6 forecast.

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
BUSINESS STRATEGY & REGULATION	29,770	28,381	1,389	↔
CAPITAL & MAJOR PROJECTS	1,016	260	756	↓
CREATIVE SHEFFIELD	2,763	2,830	(67)	↔
CULTURE & ENVIRONMENT	44,437	44,431	6	↔
MARKETING SHEFFIELD	928	777	151	↔
PLACE PUBLIC HEALTH	(1)	0	(1)	↔
REGENERATION & DEVELOPMENT SER	84,650	84,557	93	↓
GRAND TOTAL	163,563	161,236	2,327	↓

Commentary

12. The following commentary concentrates on the key changes from the previous month.

Capital & Major Projects

13. The forecast for this activity is an overspend of £756k, an improvement this period of £122k. The improvement largely arises from increases in forecast rental income within the commercial estate and £200k for the new retail quarter, offset to some extent by further reductions in forecast market rent.

14. The forecast position largely reflects income pressures of £0.7m within the Markets service. There may be further risk here if more market traders leave once the full rents are demanded. The business model for the market is under review as is the balance between rent and service charges to traders.

Culture & Environment

15. The forecast for this activity remains broadly balanced. The Service is currently working with SIV to finalise a three year funding commitment which will enable them to deliver a significant package of savings. The three year funding commitment should remove the requirement for the Council to pick up risks associated with reductions in profit at the Motorpoint Arena or trading deficits within the SCT / SIV group, which would be absorbed by the Trust as part of their 3 year plan. The Director

continues to work closely with SIV to ensure that these plans are progressed and the risk is mitigated.

Regeneration & Development Services

16. The forecast for this activity is an overspend of £93k, an improvement of £230k this period. The improvement arises from additional forecast income within the Transport service area primarily in the Highway Network management activity.
17. A key strand of the 2014/15 business plan was to deliver £4.2m reductions in contract spend on the Sheffield City Region Local Transport Body (SCRLTB) levy and Streets Ahead Programme. This is largely on track, with a relatively small shortfall of £300k being forecast at this stage, which to a large extent is now being mitigated by other favourable variances across the service.

Communities

Summary

18. As at month 5 the Portfolio is forecasting a full year outturn of £4.7m overspend. The key reasons for the forecast outturn position are:
 - **Care & Support:** An overspend of £4.5m is currently forecast due to ongoing pressures and issues in Adult Social Care primarily relating to care purchasing budgets. These budgets are currently the focus of recovery action led by the Adult Social Care Savings Board, overseeing several initiatives to contain the overall cost of care purchasing. Significant improvements have been made in Adults Service's Assessment and Care Management, which is forecasting a reduction in spending of £488k by year-end. However this is offset by a reduction in service user income, which is currently forecasting a total shortfall of £1.4m due to numbers of contributing service users falling more significantly than anticipated. Also significant overspends are forecast within the Learning Disabilities Service (currently standing at £4.8m overspent) relating to care purchasing and in-house care provision.
 - **Community Services:** Forecast overspend of £175k mainly as a result of spend on Library Services.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
BUSINESS STRATEGY	4,247	4,279	(32)	↓
CARE AND SUPPORT	115,872	111,371	4,501	↓
COMMISSIONING	31,887	31,877	10	↓
COMMUNITY SERVICES	8,796	8,620	175	↑
GRAND TOTAL	160,801	156,147	4,654	↓

Commentary

19. The following commentary concentrates on the changes from the previous month.

Business Strategy

20. A favourable movement of £220k mainly due to the elimination of Portfolio-wide savings targets as a result of the transfer in of Portfolio-wide Leadership Team budgets partly offset by increase in expected Deprivation of Liberty (DoL) costs.

Care & Support

21. C & S has seen a favourable movement of £219k, predominantly due to an improvement in the forecast position on service user contributions.

Commissioning

22. A favourable movement of £286k as a result of receipt of funding for pension liabilities for staff transferred to the Care Trust and reduction in spend on Housing Related Support contracts.

Community Services

23. An adverse movement of £222k as a result of the move of Leadership staff savings to Executive and Portfolio wide Services and a review of Library Service's financial risk related to the achievement of the savings target.

Resources

Summary

24. As at month 5 the Portfolio is forecasting a full year outturn of an overspend of £705k, an adverse movement of £103k from the month 4 position. The key reasons for the forecast outturn position are:

- **Business Change and Information Solutions:** £184k overspend due in the main to an under recovery in traded income in both BCIS Core and Business Change and Programme Development (BCPD).

- **Commercial Services (savings):** £339k overspend due to reduced forecast income from cashable procurement savings.
- **Central Costs:** £157k overspend in Central costs due to Bank Charges £81k (a volume driven increase in transaction charges) and CDC Recharges £89k.
- **Housing Benefit:** £110k overspend in Housing Benefit, mainly Rent Rebate Benefits, that appears to be a change in overpayment activity.

Offset by:

- **Human Resources:** £100k reduction in spend due to increased income in the Moorfoot Learning centre, offset by additional short term costs related to the new occupational health contract .

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
BUSINESS CHANGE & INFORMATION SOLUTIONS	547	363	184	↑
COMMERCIAL SERVICES	817	866	(49)	↔
COMMERCIAL SERVICES (SAVINGS)	(1,112)	(1,451)	339	↔
CUSTOMER SERVICES	3,232	3,187	45	↔
FINANCE	6,774	6,779	(5)	↔
HUMAN RESOURCES	3,550	3,650	(100)	↔
LEGAL SERVICES	3,414	3,397	17	↔
RESOURCES MANAGEMENT & PLANNING	184	205	(21)	↔
TRANSPORT AND FACILITIES MGT	41,374	41,346	28	↔
TOTAL	58,780	58,342	438	↔
CENTRAL COSTS	25,051	24,894	157	↔
HOUSING BENEFIT	837	727	110	↔
GRAND TOTAL	84,668	83,963	705	↑

Commentary

25. The following commentary concentrates on the key changes from the previous month.

Business Change and Information Solutions

26. A forecast £184k overspend. This is an adverse movement of £131k from the previous month. The adverse movement this month is due in part to an error in the Month 4 reported figure of £53k overspend which omitted the BCIS Core overspend of £89k and should therefore have

been £142k. The remaining £42k is a shortfall in the traded income for August for BCPD.

Policy, Performance and Communications

Summary

27. As at month 5 the Portfolio is forecasting a full year outturn of an overspend of £88k, an improvement of £13k from the month 4 position. The key reasons for the forecast outturn position are:

- £86k overspend in Communications mainly due to forecast income not covering employee costs.
- £42k overspend in Electoral registration due to the costs of canvas staff and IT support costs.

Offset by:

- £36k reduction in spend in Business Support due to salary costs & training expenditure.

Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 4
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	↔
POLICY, PERFORMANCE & COMMUNICATION	2,824	2,736	88	↔
PUBLIC HEALTH	(135)	(135)	0	↔
GRAND TOTAL	2,689	2,601	88	↔

Corporate items

Summary

28. The month 5 forecast position for Corporate budgets is a £3.5m reduction in spend, which is an improvement of £3.2m from the month 4 position. The key reason for the forecast outturn position is a reduction in spend of £3.1m due to additional grant income.

29. The table below shows the items which are classified as Corporate and which include:

- **Corporate Budget Items & Corporate Savings:** (i) corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs, and; (ii) the budgeted saving on the review of

enhancements and the budgeted saving from improved sundry debt collection.

- **Corporate income:** Revenue Support Grant, locally retained business rates and Council tax income, some specific grant income and contributions to/from reserves.

Financials

	<u>FY Outturn</u>	<u>FY Budget</u>	<u>FY</u> <u>Variance</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporate Budget Items & Savings Proposals	69,208	69,566	(358)
Income from Council Tax, RSG, NNDR, other grants and reserves	(548,074)	(544,958)	(3,116)
Total Corporate Budgets	(478,866)	(475,392)	(3,474)

Commentary

30. The following commentary concentrates on the key changes from the previous month.
31. Corporate Budget Items & Savings Proposals are forecasting a reduction in spend of £358k, an improvement of £148k from last month. This is as a result of net changes between the original Pay & Reward proposal which had been delegated to portfolios as part of the 2014/15 budget and the one finally agreed. The initial proposal had higher year one costs, partly offset by proposed savings on terms and conditions, particularly enhancements. Since the 2014/15 budget was finalised, the original proposal has been superseded by a firm proposal agreed with the unions which is broadly nil cost in 2014/15. The budgets for the original proposal have now been recouped from portfolios.
32. If any savings on enhancements have been or will be delivered, these will arise from changes in management practice. It has therefore been agreed with the Executive Director of Resources that those savings will accrue to the relevant portfolio, rather than being pooled corporately as had been intended in the 2014/15 budget.
33. The budget for Income from Council Tax, RSG, NNDR, other grants and reserves is forecasting a reduction in spend of £3.1m, an improvement of £3.1m from the month 4 position. This improvement is wholly attributable to a group of grants awarded to the Council as compensation for business rates-related measures introduced and/or extended in the 2013 Autumn Statement, the total amount of which has now been confirmed at around £3.1m. The grants relate to Small Business Rates Relief (£2.5m), Retail Relief (£495k) and Empty New Build Relief (£99k).

New Homes Bonus Fund

34. The position on the New Homes Bonus Fund is as follows:

		£m
Income	Reserves as at 1/04/14	-5.1
	2014/15 NHB Grant Received	-1.9
	14/15 Anticipated NHB Grant	-4.5
	Total Income	<u>-11.5</u>
Expenditure	2014/15 Spend to date at Month 5	1.6
	Forecast to Year End	3.9
	Future Years' Commitments	1.9
	Total Expenditure	<u>7.4</u>
	Funds Available for Investment	<u><u>-4.1</u></u>

35. The spending on New Homes Bonus projects in Month 5 was over £600k. £500k was on capital projects, principally the cycle way between Park Square and Norfolk Park.

Housing Revenue Account

Summary

36. The HRA Business Plan is based on the principle of ensuring that investment and services required for council housing is met by income raised in the HRA.
37. The 2014/15 budget is based on an assumed in year surplus of £6.9m which is to be used to fund the HRA capital investment programme. In accordance with the HRA's financial strategy any further in- year revenue surplus / savings generated by the account will be used to provide further funding for the future HRA capital investment programme.
38. As at month 5 the full year forecast outturn is a predicted £2.7m overall improvement from budget. As such, funding for the capital investment programme will be revised from £6.9m to £9.6m (shown in the table below) and this will be factored into the planned update of the Business Plan and capital investment programme later in the year.
39. The areas contributing to the improvement are a forecast reduction of £283k in capital financing costs due to a small reduction in the interest

rate, lower than budgeted for bad debt provision mainly resulting from revised predictions of year-end debt bandings £229k and a saving of £702k on repairs. The main area of saving is a forecast £1.1m overall reduction in running costs primarily due to staff vacancies and lower than expected recharges to the HRA budget. A forecast improvement from budget of £131k in relation to rental income and £243k of other income is predicted at this stage.

40. During the latter part of 2014/15 there may be a need to spend on IT equipment and systems in relation to reshaping the Housing service. Once firmer timescales and costs are known these will be factored into budget and outturn forecasts later in the year.

Financial Results

HOUSING REVENUE ACCOUNT (EXC COMMUNITY HEATING)	FY Outturn £000's *	FY Budget £000's *	FY Variance £000's *	Movement from Month 4
1.RENTAL INCOME	(149,802)	(149,670)	(131)	↓
2.OTHER INCOME	(4,961)	(4,718)	(243)	↑
3.FINANCING & DEPRECIATION	52,528	52,811	(283)	↔
4.OTHER CHARGES	5,543	5,771	(229)	↔
5.REPAIRS	36,297	36,998	(702)	↓
6.TENANT SERVICES	50,671	51,739	(1,068)	↓
7.CONT TO CAPITAL PROG	9,614	6,925	(2,690)	↑

*subject to roundings

Community Heating

41. The budgeted position for Community Heating is a draw down from Community Heating reserves of £348k. As at month 5 the forecast position is a draw down from reserves of £438k resulting in an increase in expenditure of £91k. This is a movement of £30k from last month due to a revised forecast. The table below summarises the position as at month 5.

COMMUNITY HEATING	FY Outturn £000's *	FY Budget £000's *	FY Variance £000's *	Movement from Month 4
INCOME	(3,232)	(3,440)	208	↑↑
EXPENDITURE	3,671	3,788	(117)	↓
Total	438	348	91	↓

*subject to roundings

Public Health

42. Public Health remains a ring fenced grant in 2014/15 and any reductions in spending are subject to carry forward requirements as per the grant conditions. At month 5 the forecast is for an underspend of £1.4m compared to the total grant of £30.7m as summarised in the table below.

Portfolio	Budget	Forecast @ month 5
	£000	£000
Communities	12,893	(£218)
CYPF	11,285	0
Place	3,655	(£800)
Director of PH office	2,567	(£342)
PPC	330	(38)
Resources	18	0
	30,748	(1,398)

- Communities:** is currently forecasting a £218k reduction in spend mainly due to reductions in supplies and services and contracts. However there are risks around prescribing costs which could increase costs by £435k. The Service is currently in negotiations with Clinical Commissioning Group (CCG) around who will be funding these costs in 2014/15. This potential increased cost will be held against any reduction in spend in year and the current unallocated 2013/14 carry forward (£546k).
- CYPF:** currently forecasting a breakeven position, there is a small overspend of £15k against Sheffield Sickle Cell & Thalassaemia contract due to contract commitments following the decision to stop funding this project in the 2014/15 budget process. This has been offset by small reductions in spend in running costs/ vacancies
- Place:** currently forecasting an improvement against forecast which reflects a reduction in spend on the Stop Smoking Contract due to below target performance on this contract.
- DPH Office:** is forecasting a reduction in spend of £342k made up of £298k of unfilled vacancies; £111k in the DPH office mainly due to the delay in commencement of two new health contracts (with no date arranged as yet); £63k reduction in spend on GP Health checks due to low take up offset by a £135k savings target for public health which is netted off the overall improvement in spend.

CAPITAL PROGRAMME MONITORING AS AT 31 AUGUST 2014

Summary

43. At the end of August 2014, the end of year position forecasts a variance of £5.2m (2%) below the approved Capital Programme. There have been significant changes to the Place and Housing programmes as a few key projects have slipped behind schedule and the reasons are discussed below. The variance on the CYPF programme has improved following action taken to re-profile of the budget.
44. The Year to Date position shows spending to be £13.4m below the approved programme profile. The CYPF programme is 12% below budget while the others vary between 25% and 49% below budget.
45. Of the £13.4m Year to date variance:
- £8.8m (66%) is identified as being caused by operational delays where delivery has fallen behind the original project plan due to planning, design, procurement or scope changes. These represent genuine variations to the plan and show that project managers are pro- actively monitoring and forecasting project delivery;
 - Only £221k (2%) is due to “incorrect budget profiles” (down from £1.5m last month) and project managers are working on revising the profiles;
 - £1.5m (11%) of slippage has been identified and will come forward for approval;
 - Cost saving on projects account for £401k (3%) of the underspend to date; and
 - Review work has identified that project managers had not raised accruals for approximately £560k (4%) of work done, not invoiced which would have reduced the variance to £12.8m.
46. Finance and the Capital Delivery Service are working together to review financial results and relate this to physical progress in order to gain an informed understanding of capital delivery performance and in doing so identify areas for improvement e.g. missed expenditure accruals have

been identified this period and reflects an improved understanding of the causes of change within programme.

Financials 2014/15

<u>Portfolio</u>	<u>Spend to date</u>	<u>Budget to Date</u>	<u>Variance</u>	<u>Full Year forecast</u>	<u>Full Year Budget</u>	<u>Full Year Variance</u>	<u>Change on last Month</u>
	£000	£000	£000	£000	£000	£000	£000
CYPF	9,112	10,363	(1,251)	35,950	38,744	(2,793)	5,586
Place	3,667	5,879	(2,212)	48,867	51,919	(3,052)	(2,377)
Housing	7,229	14,096	(6,866)	47,005	52,847	(5,841)	1,579
Highways	5,972	7,971	(1,999)	36,413	29,456	6,957	(740)
Communities	727	1,090	(363)	1,983	2,123	(141)	49
Resources	1,596	2,283	(688)	9,776	10,089	(312)	(133)
Corporate	-	-	-	32,883	32,883	-	-
Grand Total	28,304	41,682	(13,378)	212,878	218,060	(5,183)	3,964

Capital Programme

Capital Programme

	2014-15 £m	2015-16 £m	Future £m	Total £m
Month 4 Approved Budget	222.9	155.4	314.5	692.9
Additions	1.4	1.4	0.1	2.9
Variations	-6.3	1.9	7.7	3.3
Month 5 Approved Budget	<u>218.1</u>	<u>158.7</u>	<u>322.3</u>	<u>699.1</u>

47. The capital programme has been increased following the addition of the approval by Cabinet of £2m of works for the provision of additional places at the Rowan School and footpath diversion at Prince Edward School, and £0.6m of Housing Improvement Loans for other local authorities and £0.3m of design work to strengthen road bridges over railways.

48. Major variations approved include the delivery of £3.1m of Transport programme schemes of which £2.5m are associated with accelerating journey times for buses.
49. Progress in the current year is just under 70% of the budget profile. Five projects are forecasting year end underspends of circa £1m:
- the demolition of the former Castle Market site (£2.2m) where the project manager has submitted in this report an approval request for slipping expenditure into 2015/16
 - Arbourthorne redevelopment (£1.1m), the replacement of obsolete and broken heating systems (£1.13m and £0.9m respectively) and the installation of meters to the District Heating system (£1.1m). The Month 6 report will include approval requests to slip the expenditure on the latter three schemes into 2015/16.

Commentary

Children, Young People and Families Programme

50. CYPF capital expenditure is £1.3m (12 %) below the profiled budget for the year to date and forecast to be £2.8m (7 %) below the programme by the year end for the reasons set out in the table below.

Cause of change on Budget	Year to date £000	Full Year forecast £000
Slippage to be carried forward	0	-1,930
Operational delays in projects due to planning, design or changes in specification	-459	0
Projects submitted for Approval	0	-602
Underspending on project estimates	67	67
Other variances	-858	-328
	-1,251	-2,793
 Spend rate per day	 87.6	 142.1
Required rate to achieve Forecast	180.1	
Rate of change to achieve Forecast:		
- compared to budget profile	52.1%	
- compared to year to date spend	105.6%	

51. The main causes of the year to date variance are delays in the completion of Don Valley and Stocksbridge schools as a result of contractor performance which means works will be completed later than forecast. Review work has identified over £0.5m of accruals for work done but not invoiced and this is the largest component of the “Other” variance.
52. The Outturn forecast of £1.9m slippage reflects delays on Gleadless Primary rebuild (£1.1m) where the client is considering revised design proposals from the contractor to meet the target cost and £575k slippage on the Fire Risk Assessment programme where the work has had to be retendered because the initial submissions did not meet the quality threshold.

Place Programme

53. The Place portfolio programme (excluding Housing and Highways) is £2.2mm (38% - compared to 26% last month) below the profiled budget for the year to date and forecast to be £3.1m (6 %) below the programme by the year end for the reasons set out in the table below.

Cause of change on Budget	Year to date £000	Full Year forecast £000
Slippage to be carried forward	0	-2,213
Operational delays in projects due to planning, design or changes in specification	-1,553	-100
No forecast entered by project managers	0	-285
Revised Budget profile required	-307	-21
Underspending on project estimates	-296	-318
Other variances	-57	-115
	-2,212	-3,052
Spend rate per day	35.3	193.1
Required rate to achieve Forecast	303.4	
Rate of change to achieve Forecast:		
- compared to budget profile	513.1%	
- compared to year to date spend	760.4%	

54. The Year to date variance arises on slippage of two schemes New Retail Quarter (£0.6m) and £750k on the Graves Leisure Centre redevelopment. The forecast is expected to be recovered by the year end. The delivery of the Graves scheme was taken over from a third party partner and has required significant redesign to keep within an

affordable budget. Although this has led to a delay, it has avoided real costs which would have been incurred if the contractor had been appointed and incurred idle time costs awaiting finalisation of the design.

55. There is a further £439k underspend on two Asset Enhancement schemes as a result of the planned enhancement costs being less than originally anticipated and a delay to the remedial works on the River Porterbrook due to the scale of survey work exceeding the planning permission. The slippage (£106k year to date) is expected to be recovered by year-end.
56. The Year End slippage has increased from last month by £2.2m following delays in agreeing the specification for the demolition of the former Castle Market site. This contract has now gone out to tender. Appendix 1 seeks approval to slip this money into 2015-16.

Transport & Highways Programme

57. The Transport & Highways programme is £2.0m (25 %) below the profiled budget for the year to date and forecast to be £7.0m (24 %) above the programme by the year end for the reasons set out in the table below.

Cause of change on Budget	Year to date £000	Full Year forecast £000
Slippage to be carried forward	0	-92
Operational delays in projects due to planning, design or changes in specification	-1,631	0
No forecast entered by project managers	0	39
Revised Budget profile required	86	
Projects submitted for Approval		-24
Overspending on project estimates	0	7,201
Other variances	-453	-168
	-1,999	6,957
 Spend rate per day	 57.4	 143.9
Required rate to achieve Forecast	204.3	
Rate of change to achieve Forecast:		
- compared to budget profile	75.6%	
- compared to year to date spend	255.8%	

58. The Year to date position shows a substantial underspend. The key reasons for this are:

- £1.1m slippage on the BRT North project (see below), £0.3m on Penistone Road works and £0.2m at on the A57 works at Manchester Street.
- Other variances comprise numerous small variances under £50k over nearly sixty other projects in the programme.

The forecast Outturn position shows a considerable increase over the approved programme because of a projected overspend on the Bus Rapid Transit North scheme (£7m). This is due to significant delays on the scheme arising from the need to divert a previously undisclosed sewer main and significant levels of asbestos contamination which requires specialist removal. Management attention is currently focussed on devising solutions to minimise the overall delay which is causing part of the cost increase whilst reviewing opportunities for reducing scheme costs. Simultaneously the Council is examining its contractual positions to see if any of the increased costs can be recovered. The service is developing an effective mitigation plan to cover the potential overspend including both cost reduction and identifying other income sources to close the gap.

Housing Programme

59. The Housing capital programme is £6.9m (49 %) below the profiled budget for the year to date and forecast to be £5.8m (11 %) below the programme by the year end for the reasons set out in the table below.

Cause of change on Budget	Year to date £000	Full Year forecast £000
Slippage to be carried forward	-1,506	0
Operational delays in projects due to planning, design or changes in specification	-4,557	-7,042
No forecast entered by project managers	0	237
Revised Budget profile required		
Projects submitted for Approval	-264	1,384
Underspending on project estimates	-120	-139
Other variances	-419	-281
	-6,866	-5,841
Spend rate per day	69.5	185.8

Required rate to achieve Forecast	267.0
Rate of change to achieve forecast:	
- compared to budget profile	161.7%
- compared to year to date spend	284.0%

60. The Year To Date position shows a £4.6m underspend. The key reasons for this are:

- £1.5m – Obsolete Heating / Heating Breakdowns – delay in award of contracts.
- £872k Council Housing Environmental Programme. Contractor has not yet commenced work, expected to start in April.
- £684k District Heat Metering – delays due to contractor performance.
- £273k – Adaptations – Project slipped behind original delivery programme for a variety of minor delays.

61. The forecast for the year has been reduced by £2.5m from £49.5m the previous month to £47m this month. The key reasons for this are reduced forecasts of expenditure on Obsolete Heating, Heating Breakdowns and District Heat Metering.

The largest cause of the forecast Outturn variance against Budget is due to operational delays on the schemes mentioned above (Heating 2.6m), Environmental programmes (£0.6m), District Heat metering (£1.1m) and Arbourthorne redevelopment £1.1m. The Heating Programme works are behind schedule due to contractor performance which has necessitated the production of a revised work programme. It is hoped the contractor will provide this in September to allow for an accurate re-profiling of the works.

62. The Roofing contract has been delayed following a re-appraisal of the proposed scheme. Housing Services believe that an alternative specification using more durable materials could result in future maintenance savings. Progress with the project has been put on hold pending evaluation of this option. It is estimated that £6.56m will slip from 2014/15 into future years as result of this change. The project is progressing on other workstreams including leaseholder consultation.

Communities

63. The year to date spend on the Communities portfolio capital programme is £363k (33 %) below the profiled budget and the forecast is £141k (7 %) below budget by the year-end.

Cause of change on Budget	Year to date £000	Full Year forecast £000
Slippage to be carried forward	0	0
Operational delays in projects due to planning, design or changes in specification	-190	0
No forecast entered by project managers	0	-95
Under or Overspending on project estimates	-52	0
Other variances	-121	-45
	-363	-141
Spend rate per day	7.0	7.8
Required rate to achieve Forecast	8.4	
Rate of change to achieve Forecast:		
- compared to budget profile	-30.6%	
- compared to year to date spend	20.4%	

64. The main element of the Communities programme is an IT system to deliver mobile working for care assessment staff. The scope of the project is currently being redefined with the IT contractor and is expected to be recovered by the end of the year. A re-profiled budget which reflects the new project plan will be submitted in due course.
65. The forecast variance has halved from last month but most of the remaining variance arises from incomplete forecasts input from project managers.

Resources

66. The year to date spend is £688k (30 %) below the programme and forecast to be £312k (3 %) below the approved budget for the whole year.

Cause of change on Budget	Year to date £000	Full Year forecast £000
Slippage to be carried forward	0	0
Operational delays in projects due to planning, design or changes in specification	-375	0
Incorrect budget profiles	0	-
No forecast entered by project managers	0	0
Projects submitted for Approval	0	0
Management action	0	68
Overstatement of budgets		
Under or Overspending on project estimates	0	0
Other variances	-312	-380
	-688	-312
Spend rate per day	15.3	38.6
Required rate to achieve Forecast	54.9	
Rate of change to achieve forecast:		
- compared to budget profile	138.9%	
- compared to year to date spend	257.9%	

67. Five projects account for over £0.5m of the shortfall to date. These are: Abbeydale Industrial Hamlet watermill (£110k) where having drained the dam, the extent of the work required to plug the leak is far more extensive than envisaged and alternative solutions have had to be developed which has delayed the completion of the works, £184k delay on the Pathway resurfacing programme where the condition survey has not been completed and is being reprogrammed, £76k on the re-roofing of the City Road cemetery, £67k slippage on works to reconfigure Sorby House and £82k slippage on the Fire Risk Assessment project.
68. The “Other variances” figure is the cumulative total of many small variances across numerous projects.

Approvals

69. A number of schemes have been submitted for approval in line with the Council’s agreed capital approval process.
70. Below is a summary of the number and total value of schemes in each approval category:
- 3 additions to the capital programme with a total value of £5.2m.

- 20 variations to the capital programme creating a net increase of £10.7m.
- 3 slippage requests moving £3.9m into future years.
- No emergency approvals.
- 4 director variations with a total value of £50k.

71. Further details of the schemes listed above can be found in Appendix 1.

Implications of this Report

Financial implications

72. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2014/15 and, as such it does not make any recommendations which have additional financial implications for the City Council.

Equal opportunities implications

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

Legal implications

74. There are no specific legal implications arising from the recommendations in this report.

Property implications

75. 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

76. Members are asked to:

- (a) Note the updated information and management actions provided by this report on the 2014/15 Revenue budget position;
- (b) In relation to the Capital Programme, Members are asked to:
 - (i) approve

- The proposed additions to the Capital Programme listed in Appendix 1, including the procurement strategies and delegations of authority to the Director of Commercial Services or nominated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;
- The proposed variations and slippage in Appendix 1;

and note;

- The latest position on the Capital Programme including the current level of delivery and forecasting performance;
- there was no exercise of delegated emergency approval by the Executive; and
- The instances where Cabinet Members, EMT or directors of service exercised their delegated authority to vary approved amounts.

Reasons for Recommendations

77. 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

78. 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.

Andrew Eckford
Interim Director of Finance

Scheme Description	Approval Type	Value £000	Procurement Route
GREAT PLACE TO LIVE			
Leisure Facilities			
<p>The Football Association has launched a major national initiative to improve performance by raising the standard of the facilities available to junior and amateur players. This will involve building the latest 3-G pitches and high quality changing facilities. Sheffield has been chosen as the pilot city for the project.</p> <p>Football is the city's major participation sport with over 800 teams, of which over 500 are junior/youth teams. The benefits to Sheffield include new and affordable facilities – artificial pitches, grass pitches and changing; increased participation levels and improved health; major capital investment from national sources and a potential long term saving to the Council as more play is concentrated on fewer pitches. Therefore whilst the FA's national initiative is recognition of the budget pressures faced by most local authorities, the potential opportunities and benefits are substantial for Sheffield.</p>	Addition	4,675	To be confirmed but likely to be extension of existing contracts for the development of the leisure facilities.
<p>This submission seeks approval for the first two hub sites to be located at Thorncliffe Recreation Ground and at Graves Leisure Centre which will complement the indoor sports developments underway at each site.</p> <p>Ultimately the FA is proposing to set up a local charitable trust to oversee their investment programme. The trust will take an operating interest in the new facilities and resulting income will be reinvested in the city's football facilities in accordance with the plan agreed between the Council and the FA. This will involve the transfer of the</p>			

<p>assets to the new trust.</p> <p>The total cost of the scheme is estimated at £4.675m with funding being provided from</p> <ul style="list-style-type: none"> • The FA £1.503m • Sheffield City Council £1.172m • Sport England £1m (£0.5m yet to be secured) • Football Foundation £1m <p>The SCC funding will be provided from a mix of capital programme funding which optimises the Council's capital strategy. This may include borrowing repaid from the anticipated future revenue savings.</p>				
<p>Highways</p>		<p>Addition</p>	<p>466</p>	<p>Purchase of software undertaken by RMBC</p>
<p>Better Buses 2 (BB2) City Centre Package</p> <p>Better Buses 2 funding (BB2) is a grant awarded by the Department of Transport (DFT) to South Yorkshire Passenger Transport Executive (SYPTe) on behalf of the Sheffield Bus Partnership (SCC, SYPTe, First and Stagecoach). Over a five year period, this will phase out the existing Bus Service Operators Grant (BSOG) provided by Government to bus operators. The total funding for five years is agreed at £18m (£11m capital and £7m revenue), the overall aim being to improve journey times for buses leading to reduced operating costs and fares and thereby reduce the need for the BSOG "subsidy". A number of BB2 schemes have already been approved by Cabinet in December 2013.</p> <p>Works carried out under this grant are agreed in partnership with a number of key stake holders, formally approved by the SYPTe management board and subsequently endorsed by SCC Cabinet Highways Committee.</p>				<p>Development of the installed software – in house</p> <p>Detection Loops – AMEY Schedule 7 Streets Ahead</p>

<p>The City Centre Scheme is a leading edge development that will link real-time bus tracking information into the South Yorkshire's new Intelligent Transport System Common Database.</p> <p>This will enable the information to be processed and adaptively adjust timings of the traffic signals in the City Centre to assist public transport that is running behind schedule.</p> <p>The procurement for the purchase of the software is being undertaken by Rotherham Metropolitan Borough Council with the development of the adaptive traffic control being carried out by staff in Sheffield's Urban Traffic Control Centre.</p>				
<p>Spital Hill (Tesco) This project is to use Section 106 funding to provide a software upgrade to the Council's bus priority system and purchase and install twenty additional Automatic Number Plate Recognition (ANPR) cameras (£60k) in the Spital Hill area.</p>	Addition	122		Works: Schedule 7 Streets Ahead Waiver for the purchase of the cameras
<p>HGV Routing Strategy This project is to be increased by £40k funded from LTP to carry out additional works (£20k) and deal with increase in costs (£20k). These include:-</p> <ul style="list-style-type: none"> Covering the increase in the budgeted cost to implement the weight restriction to deal with HGV issues in Mayfield Valley in 2014/15; The design and implementation of signing revision to enable the legal enforcement of existing weight restrictions on Burncross Road and Darnall Road Update the existing Parkmap database of static orders to complement the 	Variation (Change of scope)	40		n/a

<p>expanded functionality afforded by the incorporation of the moving traffic orders and to develop versions of the data that can be read via ArcReader and on the internet.</p>			
<p>2+ Lanes The £40k reduction in LTP funding from this project will be used to fund the increase scope on 97982 HGV Routing Strategy project.</p> <p>The project will now complete fewer tasks including the implementation of a trial site and suspension of the bus lane on Savile Street but will still deliver the following outputs:-</p> <ul style="list-style-type: none"> • A City-wide Strategy for 2+ lanes • Confirmed feasibility for preferred locations • Modelling of the temporary suspension of Saville Street bus lane 	<p>Variation (Change of scope)</p>	<p>-40</p>	<p>n/a</p>
<p>SYITS ANPR (Automatic Number Plate Recognition)</p> <p>The budget reduction for the development of Automatic Number Plate Recognition (ANPR) cameras has been part of a Countywide review of LTP funding allocation to schemes.</p> <p>The project aim was to develop systems to process information from the ANPR cameras to enable incident management on the road network.</p> <p>The funding reduction will slow down the system development; however some of this will be offset by improvements to the effectiveness of traffic management gained from</p>	<p>EMT Variation</p>	<p>-43.5</p>	<p>n/a</p>

<p>other LTP schemes that have been allocated additional funding.</p>				
<p>COMPETITIVE CITY:-</p>				
<p>Lower Don Valley Flood (LDV) Defence Works</p>	<p>The LDV is a strategically important industrial area of the city. Severe flooding in 2007 caused many businesses significant disruption and some ceased trading because of it.</p>	<p>The overall aim of this scheme is to improve flood protection in Sheffield's Lower Don Valley with the construction of flood defence interventions between Nursery Street and Blackburn Brook. This will reduce the risk of flooding for 256 businesses, safeguarding 5,000 jobs in the area and reassuring existing business and potential new investors that action is in hand to reduce the flood risk.</p>	<p>In September 2013 Cabinet approved this scheme for £7.3m and the Council subsequently appointed Carillion as the preferred contractor.</p>	<p>However, feedback by the EA's national Environment Agency Large Projects Review Group (LPRG) has highlighted an opportunity to improve the initial proposal so that it would provide protection to a 1:100 year event until 2039 .rather than 2025 which was in the original proposal (based on the latest climate change intelligence).</p>
<p>Consequently, having been advised to appoint specialist support to review the basics of the project, the application has been revised, most notably presenting a new approach to the mitigation of climate change. The new proposal involves increasing the number of flood defence interventions from 38 to 60 and extending the length and height of defences by a greater amount along the full 8km stretch of the river. This has resulted in a significantly increased investment of £18.144m</p>	<p>Variation</p>	<p>10,800</p>	<p>Already let through competitive tender using YorCivil Regional Framework</p>	

<p>Additional funding has been secured from the Flood Defence Grant in Aid (FDGiA) to fund the increased investment. The total overall project is being funded as follows (including spend to date):-</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">EA FDGiA Grant</td> <td style="text-align: right;">12,144,000</td> </tr> <tr> <td>EA Growth Fund</td> <td style="text-align: right;">5,500,000</td> </tr> <tr> <td>BID</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Project Budget</td> <td style="text-align: right; border-top: 1px solid black;">18,144,000</td> </tr> <tr> <td>Less Prior Year Spend</td> <td style="text-align: right;">-521,719</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">17,622,281</td> </tr> </table>	EA FDGiA Grant	12,144,000	EA Growth Fund	5,500,000	BID	500,000	Total Project Budget	18,144,000	Less Prior Year Spend	-521,719		17,622,281				
EA FDGiA Grant	12,144,000															
EA Growth Fund	5,500,000															
BID	500,000															
Total Project Budget	18,144,000															
Less Prior Year Spend	-521,719															
	17,622,281															
<p>SUCCESSFUL CHILDREN & YOUNG PEOPLE :-</p>																
<p>Thornbridge Accessible Unit This project was set up for the creation of new Outdoor Education Centre at Thornbridge Outdoors. Specifically, the scheme will erect an outdoor classroom with additional ancillary accommodation for a disabled child to stay overnight when not being used for teaching. The new centre will create expanded opportunity for disabled children and their families to access Thornbridge and the Peak District either as part of a residential visit with school or as a family short break. Three years ago the Council received funding under the Aiming High for Disabled Children's programme. The approved project used £416k of this fund and a further £484k from the Schools Capital Maintenance programme. £165k of the Aiming High funding is unspent and it is proposed to use this to free up further funds to support the Schools Maintenance programme where there are unsupported pressures.</p>																
<p>Short Breaks This project was initially set up as a capital allocation to support developments in short</p>		Cabinet Member	-145	n/a												

breaks for disabled children. The programme aimed to deliver significant benefits for disabled children and young people across the City through specific projects managed by the Council and provide an opportunity to support the voluntary and community sector at a time when capital funding was sparse and decreasing.	Variation		
Capital Maintenance Block Allocation	Cabinet Member Variation	145	n/a
Capital Maintenance Programme -			
The following projects are now complete and are to be formally closed. The net underspend of £281k will be returned to the Capital Maintenance Programme to undertake more work at other schools:			
Primary Maintenance - Condition Management This project has up until now acted as a central point for the collection, collation of asset management information, including asset surveys and project management costs on authority led schemes. This variation is to reflect the 2014 cumulative overspend to be charged to this project before the decision, now taken by the CYPF Capital Commissioner, to allocate all such future costs to the relevant school or end project.	EMT Variation	67	n/a
Primary Maintenance – Windows Programme This project provided for replacement windows at various primary school sites across the Sheffield City Council estate, to improve the learning environment, security and energy efficiency to city wide standards.	EMT Variation	-38	n/a
Primary Maintenance Heating – Dobcroft Junior This project was set up to install a replacement heating system on site. The work is now complete and this variation seeks to return the savings made to the capital maintenance block allocation, as a result of on-site efficiencies agreed with the school and avoiding the use of the contingency provision.	EMT Variation	-47	n/a

<p>Primary Maintenance Heating – Bankwood This project was set up to replace the full heating system and boiler plant, including controls at Bankwood school. The work is now complete and this variation seeks to return the savings made to the capital maintenance block allocation, as a result of on-site efficiencies agreed with the school and avoiding the use of the contingency provision.</p>	EMT Variation	-40	n/a
<p>Primary Maintenance Electrical – Wisewood This project was set up to provide a full electrical rewire at the school, including Fire Alarm Detection work. The scheme is now finished and this variation seeks to return the savings made to the capital maintenance block allocation, as a result of on-site efficiencies agreed with the school and contingency/risk items not required.</p>	EMT Variation	-30	n/a
<p>Primary Maintenance Electrical – Limpsfield This project was set up to provide a full electrical rewire at the school, including Fire Alarm Detection work. The scheme is now finished and this variation seeks to draw down extra funding from the capital maintenance block allocation, as a result of additional costs due to Fire Risk Assessment requirements.</p>	EMT Variation	39	n/a
<p>Fire Risk Assessment Works Programme This project was set up for work to schools across the Sheffield City Council estate following recommendations received Fire Risk Assessments. The project has now finished and this variation seeks a £155k reduction from the originally authorised £950k budget, due to £90k saving on asbestos removal (only £14k used), £50k saving on construction contingency and £15k general savings.</p>	Variation	-155	n/a
<p>Norfolk Park Community Primary School - Heating This project was set up to provide a replacement heating plant at the school, following the district heating system's operator 's decision to remove the school's connection to the city-wide district heating system because it was uneconomic to maintain. The work is now finished and this variation seeks to return the savings made to the capital maintenance block allocation, as a result of on-site efficiencies agreed with the</p>	EMT Variation	-46	n/a

school and avoiding the use of the contingency provision.				
<p>Carfield Primary Boiler Replacement This project was set up to provide a replacement system comprising gas boiler plant, and controls in place of the former Oil based system.</p> <p>The work is now finished and this variation seeks to return the savings made to the capital maintenance block allocation, as a result of the asbestos removal element not being required.</p>	EMT Variation	-31	n/a	
<p>Capital Maintenance Block Allocation This block allocation was set up as a Primary School building maintenance programme for annual provision of targeted works as required across the Sheffield City Schools' estate. The Capital Commissioners of CYPF act as overall programme managers. This variation seeks to return the net savings made on capital maintenance projects to the capital maintenance block allocation, as described above.</p> <p>SAFE & SECURE COMMUNITIES:-</p>	Variation	281	n/a	
<p>CBT Wincobank Community Building This project will partially refurbish the communal block of a closed Sheltered Home scheme to create a fit for purpose community facility. It currently has an approved budget of £276k. The project has been delayed for many months whilst an affordable option was found. A previous tender exercise brought in bids which were significantly above the approved funds. The roof, walkway, balustrade, mechanical & electrical works and fees were all above the original estimate. Further work has been undertaken to value engineer the project to a lower cost.</p> <p>This variation seeks to request £47k additional funds from the Community Buildings Backlog Maintenance Fund which is funded by capital receipts.</p>	EMT Variation	47	n/a	

<p>Community Buildings Maintenance Backlog H&S Block Allocation This block allocation is to provide the funds for maintenance and backlog of buildings within the Community Buildings portfolio and the variation is to fund increased costs at the Wincobank Community building.</p>	EMT Variation	-47	n/a
SLIPPAGE / ACCELERATED SPEND:-			
Successful Children and Young People			
<p>Gleadless Primary - Rebuild This project will design and construct new Infant and Junior blocks at the existing Gleadless Primary School site. The Primary school exists on a split site, separated by a main road. The Infant site has significant condition issues which need addressing. It is proposed to rebuild the Infants on the Junior site. The project is to design new school buildings for both school phases and to initially rebuild the Infants only on the Junior site. Concurrent design of a new Junior block should take place to allow future build if funding permits at a future date.</p>	Slippage	-1,114	n/a
<p>This variation seeks to slip £1.1m of the £2.3m approved budget into 2015/16 due to delays in starting on-site as a result of negotiations to agree a suitable design with the contractor.</p>			
<p>Fire Risk Assessment Works Programme 2014/15 This project addresses work required to Schools in 2014/15 following recommendations received following Fire Risk Assessments.</p>	Slippage	-575	n/a
<p>This variation seeks to slip £575k of the £1.1m approved budget into 2015/16 following an unsuccessful tender exercise where the contractors failed to meet the quality criteria required to undertake these works. The next tender round will include additional briefing of contractors to ensure bidders understand the requirements of the job and tender</p>			

returns meet the required criteria.																			
GREAT PLACE TO LIVE																			
<p>Castle Market Decommissioning</p> <p>This project is to deliver the vacation and demolition of the Castle Market hall, offices, shops and other associated land and buildings which form the current site.</p> <p>Approval is being sought to slip £2.2m into 2015/16 due to delays in agreeing the specification for the demolition works which resulted in the late issue of the tender.</p> <p>The revised budget profile is shown below:-</p> <table border="1"> <thead> <tr> <th></th> <th>2014/15</th> <th>2015/16</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Approved Budget</td> <td>3,380,130</td> <td>654,500</td> <td>4,034,630</td> </tr> <tr> <td>Revised CAF</td> <td>1,167,074</td> <td>2,867,556</td> <td>4,034,630</td> </tr> <tr> <td>Slippage</td> <td>-2,213,056</td> <td>2,213,056</td> <td>0</td> </tr> </tbody> </table>		2014/15	2015/16	Total	Approved Budget	3,380,130	654,500	4,034,630	Revised CAF	1,167,074	2,867,556	4,034,630	Slippage	-2,213,056	2,213,056	0	Slippage	-2.213	n/a
	2014/15	2015/16	Total																
Approved Budget	3,380,130	654,500	4,034,630																
Revised CAF	1,167,074	2,867,556	4,034,630																
Slippage	-2,213,056	2,213,056	0																
STAGE APPROVALS:-																			
See Stage Approvals Report (Appendix 3) for further details.																			
PROCUREMENT STRATEGY																			
None to report this period																			
EMERGENCY APPROVALS:- (Note only)																			

None to report this period					
DIRECTOR VARIATIONS:- (Note only)					
GREAT PLACE TO LIVE					
Parks Machinery (Parks)					
<p>This project was initially approved by Cabinet in May 2014 for the value of £43k to purchase equipment for Parks from the proceeds of the sale of redundant equipment.</p> <p>Unfortunately the proceeds generated a lower income than expected. As a result, the project budget has been reduced to £22k and the number of new mowers to be purchased has been reduced to 8.</p> <p>The reduction in new machines will not affect Parks service delivery but will result in an additional revenue cost of £1,800 to service the retained equipment.</p>	Director Variation	-21			n/a
Tree Management (Parks)					
<p>This is a historic project which was to undertake safety works on trees.</p> <p>The variation increase is to fund charges from April to May 2014.</p> <p>This project will be closed and tree safety works are now to be funded from revenue.</p>	Director Variation	2			n/a
Traffic Controller Upgrades (highways)					
<p>The increase in LTP funding will be used on upgrading the communications equipment for controlling traffic signals with an aim of improving the resilience of the operations</p>	Director Variation	20			Schedule 7 Streets Ahead

and reduce revenue maintenance expenditure.			
<p>Primary Maintenance HM&E – Abbey Lane This project was set up to replace the full heating system and hard wired electrical system at Abbey Lane school. The work is now complete and this variation seeks to fund the overspend from the capital maintenance block allocation.</p> <p>Capital Maintenance Block Allocation This block allocation was set up as a Primary School building maintenance programme for annual provision of targeted works as required across the Sheffield City Schools' estate. This variation seeks to apply an additional amount required to meet the overspend on Abbey Lane maintenance as above.</p>	Director Variation	8	n/a
	Director Variation	-8	n/a

This page is intentionally left blank



SHEFFIELD CITY COUNCIL

Cabinet

Report of: Executive Director, Place

Report to: Cabinet

Date: November 12 2014

Subject: City Council partnership with the Football Association

Summary:

This report seeks Cabinet approval for the City Council to enter into a partnership with the Football Association (FA) which will lead to a long term relationship to oversee the planning and investment of around £9.6m in the city's football facilities.

The FA has recognised that grassroots football facilities in England are under severe pressure from local authority budget cuts. In October, the FA launched a national initiative to invest in grassroots facilities and they have agreed that Sheffield should be the first city in which they deliver their programme.

Football is the city's major participation sport with over 800 teams, of which over 500 are junior/youth teams. The benefits to Sheffield include new and affordable facilities – artificial pitches, improved grass pitches and changing; increased participation levels and improved health; major capital investment from national sources and a potential long term saving to the Council as more play is concentrated on fewer pitches. Therefore whilst the FA's national initiative is recognition of the budget pressures faced by most local authorities, the potential opportunities and benefits are substantial for Sheffield.

The FA is proposing to set up a local charitable trust to oversee their investment programme. The trust will take an operating interest in the new facilities and resulting income will be reinvested in the city's football facilities in accordance with the plan agreed between the Council and the FA.

In the long term, the partnership offers an opportunity to turn football in the city away from a potential downward spiral of declining quality and falling participation towards an upward spiral of better pitches, more people playing and new income to reinvest in facilities.

Phase 1 of the investment programme will focus on creating a number of 'hub' sites across the city. These will include state-of-the art 3G artificial pitches, plus high quality grass pitches with associated changing facilities. The longer term aim is to secure further funding for a second phase of investment in grass pitches across the city.

The partnership has the support of Sport England.

Reasons for Recommendations:

Football is a major participation sport in the city – with over 800 teams, of which over 500 are junior/youth teams. Like every other major city, Sheffield's pitches and changing facilities are under severe pressure from government budget cuts. The proposed partnership with the FA offers the opportunity for major investment in facilities and the chance to turnaround the long term prospects for the game. This will boost participation and therefore improve health and reinforce the important social role that football plays across all communities in the city.

The report recommends that the first two hub sites be located at Thorncliffe Recreation Ground and at Graves Leisure Centre given that both offer major opportunities for synergy with the impending indoor sports developments at each - in terms of usage levels, construction and operational economies of scale and partnership.

Recommendations:

Cabinet is recommended to:-

1. Approve the principle of a partnership agreement between the City Council and the Football Association and to delegate to the Executive Director of Place in consultation with the Director of Legal and Governance the authority to enter into an agreement with the Football Association for the purposes of delivering the outcomes set out in this report;
2. Approve the strategy for hub sites set out in this report and in particular the development of the first two hubs at Thorncliffe Recreation Ground and Graves Leisure Centre;
3. Delegate to the Executive Director of Resources to confirm the funding of a £1.173m contribution from the City Council towards the Phase 1 programme of £9.6m set out in this report. In particular, to seek confirmation of match funding for the two hubs at Thorncliffe and Graves. The SCC funding will be provided from a mix of capital

programme funding which optimises the Council's Capital and Revenue Budget strategy. This may include borrowing repaid from the anticipated future revenue savings;

4. Delegate to the Executive Director of Place in Consultation with the Director of Legal and Governance and the Director of Finance authority to enter into agreements for external funding into the Council for the purpose of meeting the costs at Thorncliffe and Graves Leisure Centre and to approve the terms of such funding agreements;
5. Delegate to the Executive Director of Place in Consultation with the Director of Legal and Governance and the Director of Finance authority to take such other steps as he may deem appropriate to achieve the outcomes in this report in relation to the partnership with the FA and specifically the delivery of the Thorncliffe and Graves Leisure Centre projects;
6. To authorise the Director of Capital and Major projects to advertise the disposal of public open space.
7. To authorise the Director of Capital and Major Projects in consultation with the Executive Director for Place:
 - a. to agree terms with the FA or its football trust for the disposal of the hubs once completed and;
 - b. to instruct the Director of Legal and Governance to prepare and complete all the necessary legal documentation to implement the transaction in accordance with the agreed terms except in relation to any public open space where valid objections have been received to the disposal in which case the matter shall be referred back to Cabinet.
8. To note that a capital approval submission has been submitted in the Month 5 Budget Monitoring report for the necessary authority to undertake and procure the proposed works at Thorncliffe Recreation Ground and Graves Leisure Centre, in accordance with Council procedures.

Background Papers:

The FA Chairman's England Commission Report 2 – October 2014

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Paul Schofield
Legal Implications
YES Cleared by: David Hollis
Equality of Opportunity Implications
YES
Tackling Health Inequalities Implications
YES
Human rights Implications
NO:
Environmental and Sustainability implications
YES
Economic impact
YES
Community safety implications
NO
Human resources implications
NO
Property implications
YES
Area(s) affected
All
Relevant Cabinet Portfolio Leader
Cllr Isobel Bowler

Relevant Scrutiny Committee if decision called in
Economic and Environmental Wellbeing Scrutiny and Policy Development Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
YES

CITY COUNCIL PARTNERSHIP WITH THE FOOTBALL ASSOCIATION

1.0 SUMMARY

- 1.1 This report seeks Cabinet approval for the City Council to enter a partnership with the Football Association (FA) which will lead to a long term relationship to oversee the planning and investment of around £9.6m in the city's football facilities.
- 1.2 The FA has recognised that grassroots football facilities in England are under severe pressure from local authority budget cuts. In October, the FA launched a national initiative to invest in grassroots facilities and they have agreed that Sheffield should be the first city in which they deliver their programme.
- 1.3 Football is the city's major participation sport with over 800 teams, of which over 500 are junior/youth teams. The benefits to Sheffield include new and affordable facilities – artificial pitches, improved grass pitches and changing; increased participation levels and improved health; major capital investment from national sources and a potential long term saving to the Council as more play is concentrated on fewer pitches. Therefore whilst the FA's national initiative is recognition of the budget pressures faced by most local authorities, the potential opportunities and benefits are substantial for Sheffield.
- 1.4 The FA is proposing to set up a local charitable trust to oversee their investment programme. The trust will take an operating interest in the new facilities and resulting income will be reinvested in the city's football facilities in accordance with the plan agreed between the Council and the FA.
- 1.5 In the long term, the partnership offers an opportunity to turn football in the city away from a potential downward spiral of declining quality and falling participation towards an upward spiral of better pitches, more people playing and new income to reinvest in facilities.
- 1.6 Phase 1 of the investment programme will focus on creating a number of 'hub' sites across the city. These will include state-of-the art 3G artificial pitches, plus high quality grass pitches with associated changing facilities. The longer term aim is to secure further funding for a second phase of investment in grass pitches across the city.
- 1.7 The partnership has the support of Sport England.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 Potential capital spending of around £9.6m into community football facilities will be the city's biggest-ever single investment in outdoor sports facilities. The impact on participation levels, health and the social/community benefits of football will be significant.

2.2 The Council's investment as part of this programme will trigger significant leverage of external funding and the resulting partnership with the FA aims to create a network of sustainable, high quality facilities for the long term.

2.3 In addition, the £9.6m programme will have significant economic impact in terms of both the development phase of new facilities (e.g. construction jobs and supply chain opportunities) and additional sustained employment in the future management and operation of the facilities.

3.0 **OUTCOME AND SUSTAINABILITY**

3.1 The outcome of the proposed partnership and investment programme is more people playing football – boys, girls and adults – on first class facilities across the city. The programme also aims to increase the long term sustainability of facilities to ensure high quality and affordable pitches for the future.

3.2 The investment programme will make a major contribution to the City Council's strategic goals of making Sheffield a great place to live and improving the city's health.

4.0 **CONSULTATION**

4.1 The proposals for Thorncliffe reflect key elements of a longstanding masterplan for the site that was jointly developed by the City Council and Ecclesfield Parish Council in 2011. The proposals for Thorncliffe which are set out in this report have been shared with Ecclesfield Parish Council and they are supportive in terms of the new pitches and changing facilities.

4.2 Consultation on both the Graves Leisure Centre and Thorncliffe sites will be two-fold. Initial public consultation will take place in November/December - subject to approval of the recommendations in this report. This will be matched by statutory consultation as part the planning application process.

5.0 **PROPOSALS**

5.1 The FA Chairman's England Commission Report 2 – launched in October this year - set out a number of objectives for grassroots football in England. These include:-

- reduce football's reliance on local authority subsidies as council budgets continue to be cut;
- build significantly more high quality 3G artificial pitches – England has 600 whilst Germany has almost 4000;
- build a sustainable model to make these changes happen.

5.2 To deliver its ambitions the FA believes a new investment and management model for grassroots facilities is needed. Their proposed approach entails building a number of football hubs centred on new, high quality artificial pitches,

which in the first instance will be built in England's major cities. Investment in the hubs and in some cases their future operation will be managed by a new local charitable football trust, whose membership will include the local authority, the County FA, local football leagues and local professional football clubs, amongst others. In the long term, the trust will look to invest in and potentially manage grass pitches across a city.

- 5.3 The FA's ambition is to work with up to 30 of England's largest cities or unitary local authorities, accounting for 30% of the football playing population in England. Targeting these cities first – possibly by a tender or negotiation process – the FA aims to prioritise 'areas suffering the greatest public subsidy constraint whilst benefitting from the greatest catchment areas'.
- 5.4 Sheffield has been chosen by the FA as the frontrunner to test the new national approach and has secured advanced funding from the FA as a result.
- 5.5 The Commission report goes on to say that the scale of funding required to deliver this radical new approach across all cities is well beyond the current resources of the FA. The latest working assumptions for funding are that completing Phase 1 across all thirty cities will cost £230 million in capital spent over five years – nearly £50 million a year.
- 5.6 However, the Commission report goes on to confirm that football's contribution to funding Phase 1 of the Sheffield project has been committed by The FA and its Football Foundation partners. Current estimates of national contributions to Phase 1 in Sheffield indicate potential investment of £5.8m. The balance of funding will be from a combination of a City Council contribution of £1.17m together with additional funding from a range of other city and national partners – details to be confirmed as the hub sites are rolled out.
- 5.7 The proposal in Sheffield is to invest in up to 6 hub sites across the city. The football trust would oversee the FA investment in each of these sites and seek an income return from each. Income would then be used by the trust to reinvest in local football facilities in the city as part of the wider plan to be agreed with the City Council.
- 5.8 Whilst the detailed options analysis on all the potential hubs is yet to be completed, in principle agreement has been reached with the FA for investment in the first two proposed hubs at Thorncliffe Recreation Ground and Graves Leisure Centre. Both sites offer major opportunities for synergy with the impending indoor developments at each and significant partnership opportunities with Sport England, the National Centre for Sport and Exercise Medicine, the indoor leisure contractor and, in the case of Thorncliffe, with Ecclesfield Parish Council.
- 5.9 The Thorncliffe proposal includes provision of a 3G artificial pitch, with up to 3 adult grass pitches and a new changing pavilion. The development will dovetail with the swimming pool and fitness centre being developed on the site, offering the opportunity of creating a significant 'sports park' in the north of the city. The football trust will seek a 25 year lease from the Council on part of the site for the

pitches and pavilion and thereafter take responsibility for all future costs and management of these facilities. The operational role may be tendered by the FA to ensure best return to the trust and to maximise the income available for reinvestment in local facilities. The other sports facilities on the site including tennis and bowls and the social club will be unaffected by the FA's proposals and options for their management are subject to further discussion between the Council and local interested groups. General public access to the open space will be retained. The outdoor development will achieve economies of scale by sharing some of the new infrastructure being constructed for the indoor facilities.

- 5.10 The proposal for the Graves Leisure Centre site includes two 3G pitches, an adult grass pitch and a new changing pavilion. Again, the development will complement the investment in the site's new indoor facilities and will create a significant 'sports park' for the south of the city to mirror that at Thorncliffe. The management arrangements are likely to be similar to those at Thorncliffe. General public access to the open space will be retained.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The estimated capital cost of the Phase 1 development of up to 6 hub sites in the city is estimated to cost around £9.6m. Of this, the City Council is being asked to consider a contribution of £1.173m towards Phase 1 in the form of investment in the pitches and associated facilities at Graves Leisure Centre and Thorncliffe. The FA and Football Foundation have indicated a potential combined contribution of £5.8m to Phase 1. The balance will be sought from city and national partners depending on the final site selection of the hub sites.
- 6.2 It is proposed that the City Council's contribution will be provided from a mix of capital programme funding which optimises the Council's Capital and Revenue Budget strategies. This may include borrowing repaid from the anticipated future revenue savings.
- 6.3 The hubs at Graves and Thorncliffe require a Council contribution of £1.173m. These projects are included in the Month 5 Revenue and Capital Budget Monitoring report. Council funding is conditional on required match funding being secured.
- 6.4 The operating costs and future lifecycle costs relating to the proposed pitches and pavilions at Thorncliffe and Graves will be met in full by the FA's football trust. The income generated by the trust will be used to support reinvestment costs on these sites and others.
- 6.5 The Council's partnership with the FA includes a joint ambition to fund investment in grass pitches across the city. No funding has been identified for this phase by either the FA or the Council and no financial commitment is being asked of each other by either partner at this stage.

7.0 LEGAL IMPLICATIONS

- 7.1 The Local Government (Miscellaneous Provisions) Act 1976 permits the Council to provide such recreational facilities as it thinks fit which includes:
- (a) indoor facilities consisting of sports centres, swimming pools, skating rinks, tennis, squash and badminton courts, bowling centres, dance studios and riding schools; .
 - (b) outdoor facilities consisting of pitches for team games, athletics grounds, swimming pools, tennis courts, cycle tracks, golf courses, bowling greens, riding schools, camp sites and facilities for gliding; .
 - (c) facilities for boating and water ski-ing on inland and coastal waters and for fishing in such waters;
 - (d) premises for the use of clubs or societies having athletic, social or recreational objects;
 - (e) staff, including instructors, in connection with any such facilities or premises as are mentioned in the preceding paragraphs and in connection with any other recreational facilities provided by the authority;
 - (f) such facilities in connection with any other recreational facilities as the authority considers it appropriate to provide including, without prejudice to the generality of the preceding provisions of this paragraph, facilities by way of parking spaces and places at which food, drink and tobacco may be bought from the authority or another person.
- 7.2 The same legislation also allows the Council to contribute by way of grant or loan towards the expenses incurred or to be incurred by any voluntary organisation in providing such recreational facilities. In doing so it must ensure that procurement law and state aid law are complied with.
- 7.3 Procurement of the works to build the hubs must comply with EU and UK procurement law and the Council's own standing orders.

8.0 PROPERTY IMPLICATIONS

- 8.1 The lease to the football trust of the sites will be a disposal of the land. The specific lease terms are still to be negotiated, but it is anticipated that it will be granted at a nil value or a significant undervalue. Under s123 Local Government Act 1972 the Council cannot dispose of property for less than the best price reasonably obtainable, unless it obtains the consent of the Secretary of State. Pursuant to the powers conferred by section 128(1) of the 1972 Act. the Secretary of State has issued the General Disposal Consent (England) 2003. Where the terms of a proposed disposal fall within the scope of this consent there is no requirement to obtain a specific consent for it. This consent permits the disposal of land at an undervalue of up to £2,000,000 where the Council considers that it will help to secure the promotion or improvement of the economic, social or environmental well-being of its area. The benefits of the proposal in economic, social and environmental terms are detailed in this report and the value of both sites is significantly less than the £2,000,000 limit so there will be no requirement to obtain a specific consent from the Secretary of State for the grant of the proposed leases to the football trust.

8.2 The Thorncliffe Recreation Ground and Graves are public open spaces. Section 123 of the 1972 Act imposes additional requirements in relation to the disposal of land that is, or forms part of, an open space. This provides that, before the disposal is made, the Council must advertise its intention to make the disposal for two consecutive weeks in a newspaper circulating in the area in which the land is located and must consider any objections which may be made to the proposed disposal. The consideration of such objections is specifically reserved to Cabinet, so if any objections are received then a further report will be presented to Cabinet to consider those objections.

9.0 **ALTERNATIVE OPTIONS CONSIDERED**

9.1 The City Council and the FA are considering a range of options in relation to the potential investment in the hub sites. These sites will be confirmed in due course. However, there is consensus on the merits of two of the sites being located at Graves Leisure Centre and Thorncliffe. This is based on the following advantages offered by both:-

- strong locations serving significant catchment populations;
- a critical mass of indoor and outdoor facilities on a single site will create synergy in terms of footfall and income;
- economies of scale on construction costs via the potential to synchronise the development of indoor and outdoor facilities;
- opportunities for extensive partnership with Sport England, the National Centre for Sport and Exercise Medicine, the indoor leisure contractor and, in the case of Thorncliffe, with Ecclesfield Parish Council and the operator(s) of the other on site sports facilities;
- the outdoor developments will achieve economies of scale by sharing some of the new infrastructure being constructed for the indoor facilities on each site e.g. access and car parking

10.0 **REASONS FOR RECOMMENDATIONS**

10.1 Football is a major participation sport in the city – with over 800 teams, of which over 500 are junior/youth teams. Like every other major city, Sheffield's pitches and changing facilities are under severe pressure from government budget cuts. The proposed partnership with the FA offers the opportunity for major investment in facilities and the chance to turnaround the long term prospects for the game. This will boost participation and therefore improve health and reinforce the important social role that football plays across all communities in the city.

10.2 The report recommends that the first two hub sites be located at Thorncliffe Recreation Ground and at Graves Leisure Centre given that both offer major opportunities for synergy with the impending indoor sports developments at each - in terms of usage levels, construction and operational economies of scale and partnership.

11.0 RECOMMENDATIONS

Cabinet is recommended to:-

1. Approve the principle of a partnership agreement between the City Council and the Football Association and to delegate to the Executive Director of Place in consultation with the Director of Legal and Governance the authority to enter into an agreement with the Football Association for the purposes of delivering the outcomes set out in this report;
2. Approve the strategy for hub sites set out in this report and in particular the development of the first two hubs at Thorncliffe Recreation Ground and Graves Leisure Centre;
3. Delegate to the Executive Director of Resources to confirm the funding of a £1.173m contribution from the City Council towards the Phase 1 programme of £9.6m set out in this report. In particular, to seek confirmation of match funding for the two hubs at Thorncliffe and Graves. The SCC funding will be provided from a mix of capital programme funding which optimises the Council's Capital and Revenue Budget strategy. This may include borrowing repaid from the anticipated future revenue savings;
4. Delegate to the Executive Director of Place in Consultation with the Director of Legal and Governance and the Director of Finance authority to enter into agreements for external funding into the Council for the purpose of meeting the costs at Thorncliffe and Graves Leisure Centre and to approve the terms of such funding agreements;
5. Delegate to the Executive Director of Place in Consultation with the Director of Legal and Governance and the Director of Finance authority to take such other steps as he may deem appropriate to achieve the outcomes in this report in relation to the partnership with the FA and specifically the delivery of the Thorncliffe and Graves Leisure Centre projects;
6. To authorise the Director of Capital and Major projects to advertise the disposal of public open space.
7. To authorise the Director of Capital and Major Projects in consultation with the Executive Director for Place:
 - a. to agree terms with the FA or its football trust for the disposal of the hubs once completed and;
 - b. to instruct the Director of Legal and Governance to prepare and complete all the necessary legal documentation to implement the transaction in accordance with the agreed terms except in relation to any public open space where valid objections have been received to the disposal in which case the matter shall be referred back to Cabinet.
8. To note that a capital approval submission has been submitted in the Month 5 Budget Monitoring report for the necessary authority to undertake and procure the proposed works at Thorncliffe Recreation Ground and Graves Leisure Centre, in accordance with Council procedures.

Paul Billington
Director of Culture and Environment



SHEFFIELD CITY COUNCIL

Cabinet Report

Report of: Simon Green: Executive Director PLACE

Report to: Cabinet

Date: 12th November 2014

Subject: **Proposed World War 1 Centenary Field
Dedication: Weston Park, Sheffield S10 2TP**

Author of Report: David Cooper - 2734350

Key Decision: YES

Reason Key Decision: **Charitably held City Park**

Summary: Sheffield City Council proposes to nominate Weston Park as a 'Centenary Field', as part of a national initiative being led by the Fields in Trust and the Royal British Legion. The Centenary Fields programme 2014-18 aims to protect at least one green space in every local authority area across England, Wales, Scotland and Northern Ireland to commemorate the centenary of World War I (WW1).

Weston Park has been selected because of its local heritage and significance. The Yorks & Lancaster Memorial within the Park commemorates the loss of more than 8,800 soldiers during WW1, including the Sheffield Pals. Dedicating a Centenary Field is a fitting way for local authorities to mark the centenary of WW1 by commemorating the sacrifice of those who lost their lives in the conflict and ensuring that their communities benefit now and in the future from protected green spaces.

Weston Park is held by the Council in its capacity of the Weston Park Trust, a registered charity.

Reasons for Recommendations:

Weston Park is felt to be the most significant and accessible high profile city park that Sheffield has to offer which best matches the national Centenary Field designation criteria. The historic local links and memory of the Sheffield City Battalion / the Sheffield Pals and Yorks and Lancaster Regiment are significant. Nominating this site does not further increase the Council's current revenue commitment for maintenance or require any new capital investment. The designation further compliments the charitable status and is consistent with the objects of the Charity. Fittingly, Weston Park is recommended as the City's flagship nominated site for WW1 Centenary Field designation.

Recommendations:

It is recommended that Cabinet acting in its capacity as trustee of the Weston Park Trust give approval and authority to:

- a) formally submit an application to designate Weston Park, Sheffield, S10 2TP as a Centenary Field in conjunction with the Fields In Trust charity, to provide further protection to ensure that it will continue to be managed as a public park and recreation ground in perpetuity.
 - b) authorise the Director of Capital and Major Project Management in consultation with the Director of Culture and Environment, to negotiate the terms of the documentation needed to dedicate the land; and
 - c) authorise the Director of Capital and Major Projects Management to instruct the Director of Legal Services to take all necessary action and complete the documentation needed to dedicate the land.
 - d) subject to recommendations a- c being concluded, the site will be formally dedicated as a Centenary Field in a ceremony to be arranged during the next year.
-

Background Papers:

Category of Report: OPEN

If CLOSED add 'Not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'

* Delete as appropriate

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Paul Schofield
Legal Implications
YES Cleared by: David Hollis
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
YES
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
YES Dave Wood
Area(s) Affected
City
Relevant Cabinet Portfolio Lead
Cllr Isobel Bowler
Relevant Scrutiny Committee
Economic and Environmental Wellbeing Scrutiny and Policy Development
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
YES

REPORT TO CABINET

PROPOSED WORLD WAR 1 'CENTENARY FIELD' DEDICATION: WESTON PARK, SHEFFIELD, S10 2TP

1.0 SUMMARY

- 1.1 Sheffield City Council proposes to nominate Weston Park, Western Bank, Sheffield S10 2TP as a 'Centenary Field.' Forming part of a national initiative being led by the Fields in Trust and the Royal British Legion, the Centenary Fields programme (2014-18) aims to designate and protect at least one green space in every local authority area across England, Wales, Scotland and Northern Ireland to commemorate the centenary of World War I (WW1).
- 1.2 Weston Park was one of the first municipal parks in Sheffield and first opened its gates to the public in 1875. It remains one of the UK's finest public parks, further enhanced by its recent 21st century restoration and it enjoys national Green Flag Award status. As an historic and important city flagship site and well established visitor destination, Weston Park has been chosen because of its local heritage and significance. The Yorks & Lancaster Memorial within the Park commemorates the loss of more than 8,800 soldiers during WW1, including the Sheffield Pals, and reminds of us all of the ultimate sacrifice made by others in our past.
- 1.3 The Park is held by the Council as trustee of the Weston Park Trust, a registered charity.
- 1.4 Dedicating a 'Centenary Field' is a fitting way for local authorities to mark the centenary of WW1 by commemorating the sacrifice of those who lost their lives in the conflict and ensuring that their communities benefit now and in the future from protected green spaces.
- 1.5 One of the principal objects of the Charity is the provision of facilities for the recreation and leisure time occupation of the inhabitants of Sheffield, particularly those who have a particular need due to youth, age, infirmity or disablement, financial hardship or social and economic circumstances. The proposal to dedicate as Centenary Field is consistent with these charitable objects.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 By further safeguarding Weston Park, this new Centenary Field designation will contribute towards creating a living UK-wide legacy in commemoration of the sacrifice made by those who lost their lives in WW1.
- 2.2 Each Centenary Field will be provided with signage to indicate its designated status. The Centenary Fields programme is also complimentary to the local authority's Armed Forces Community Covenant policy commitment.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 The Centenary Fields designation will further ensure that the Weston Park will remain available for current and future generations to use and enjoy.

4.0 THE CENTENARY FIELDS PROGRAMME & WESTON PARK

Background to the Centenary Fields Initiative

- 4.1 The Royal British Legion and Fields in Trust are leading a nationwide initiative aimed at securing recreational spaces in perpetuity in honour of the memory of the millions of people who lost their lives in World War 1 (WW1). The objective of this new programme is to encourage every local authority in the UK to nominate at least one recreational space to be dedicated as a Centenary Field to commemorate this significant milestone in our shared history and to create a tangible living local legacy that will be valued by local communities for generations to come.
- 4.2 As the UK's largest Armed Forces charity and the Custodian of Remembrance, The Royal British Legion are leading the nation in respecting the sacrifices made during World War 1. The Fields in Trust – the operating name of the National Playing Fields Association – has been the leading independent charity campaigning to secure and improve playing fields for more than 85 years with the long standing support of the Royal Family. Working together they plan to deliver the Centenary Fields programme, which aims to protect the war memorial parks and playing fields in memory of those who lost their lives, or other green spaces that local authorities may want to dedicate. As well as providing an opportunity to commemorate the sacrifice made, this initiative is also in keeping with the spirit of the Armed Forces Community Covenant.

City Site Selection – Weston Park

- 4.3 Weston Park is important both locally and nationally and has been selected as the City's potential flagship site for Centenary Field designation following desktop research and consultation with the Fields In Trust. The grounds, covering 5 hectares, were first acquired, by the City in the 19th century, who commissioned Robert Marnock, one of the leading park and garden designers of the 19th century to create the new public park (Marnock also designed the Sheffield Botanical Gardens, High Hazels Park and Regent's Park in London). See Appendix One for a Site Plan and the proposed area of inclusion.
- 4.4 Weston Park first opened its gates to the public in 1875. As a living landscape the Park has evolved and developed since. The publicly cherished Park contains many Grade II listed features and monuments today, reflecting the City's growth, its history, and its social context. Significantly, there are 2 war memorials located in Weston Park, including those who fought in the Sheffield City Battalion.

York and Lancaster Regiment Memorial

- The main York and Lancaster Regiment Memorial was unveiled in 1923 in

memory of 8,814 officers who died in World War 1. A later inscription records the death of 1,222 members of the Regiment during World War 2.

Transvaal War Memorial

- Commemorates the Boer War (1899 to 1902). The memorial was moved to Weston Park in 1957 from its original site on the forecourt of the Sheffield Cathedral.

4.5 In common with other industrial towns in the north of England, Sheffield was quick to form its own “Pals” battalion in the early weeks of the First World War. In September 1914 a full complement of around 1,000 local men were recruited within just two days. On July 1st 1916, the first day of the Battle of the Somme, the Sheffield City Battalion (the 12th Service Battalion York & Lancaster Regiment) fought alongside the Accrington Pals in the heroic but failed attempt to capture the heavily fortified village of Serre in France. Tragically, the Sheffield City Battalion was largely wiped out, with well in excess of 500 men being killed or wounded in battle on this single day alone.

4.6 For further information about the Regiment and Battalion online see:

- The York and Lancaster Regiment, 12th (Service) Battalion, The Sheffield Pals see: <http://www.greatwar.co.uk/somme/memorial-sheffield-park.htm>
- BBC World War One at Home: <http://www.bbc.co.uk/programmes/p0230n3y>
- The Fields In Trust: <http://www.fieldsintrust.org/centenaryfields.aspx>

4.7 Working in conjunction with the Fields In Trust and the Royal British Legion, the Sheffield Community Covenant Partnership Board will be consulted and involved further as this initiative is progressed.

5.0 LEGAL IMPLICATIONS

5.1 A proposed draft Deed of Dedication has recently been received from the Fields In Trust for consideration and nomination. To enable a Centenary Fields application to be formally completed, Cabinet acting in their capacity as Charity Trustees, are advised of the following legal implications:

a) Entering into a Deed of Dedication as a ‘Centenary Field’ is not classed as a disposal of an interest in land as the land remains in the ownership of the Council as trustee of the Charity. The dedication only places restrictions on the use of the land and further restrictions on the ability to dispose of it in the future. Consequently, the restrictions on disposal contained within sections 117 – 121 of the Charities Act 2011 do not apply to the proposed dedication, nor do the conditions relating to the disposal of land in section 123 of the Local Government Act 1972.

b) By completing the dedication the Council will agree to restrict the use of the land on the terms required by the dedication. The Council will maintain Weston

Park, so far as is consistent with its duties as a local authority, and it will have due regard to any advice given from time to time by the Fields In Trust on the management and running of the property.

c) The Council as trustee must act within the objects of the Charity, but as outlined in the report, the proposed dedication is consistent with those objects.

6.0 FINANCIAL IMPLICATIONS

6.1 Nominating Weston Park as the city's flagship 'Centenary Field' site in 2014 does not commit the City Council to any further additional investment for access and maintenance over and above what is currently being committed and achieved today as a city Green Flag Park. Weston Park will continue to be maintained by Sheffield City Council within its normal core revenue budget allocation for management and upkeep.

7.0 ALTERNATIVE OPTIONS CONSIDERED

7.1 Sheffield City Council has been directly approached by the Fields In Trust / The Royal British Legion to nominate a suitable site within the City's boundary to be part of this national initiative. The City Council does not have to nominate a site but this report provides the City the opportunity and option to now do so.

7.2 The Fields In Trust / Royal British Legion Centenary Fields initiative is specifically about the centenary of World War 1 (1914-18). Any site nominated needs to have an appropriate historic link and value. Following desktop research, the Sheffield General Cemetery, Chapeltown Park and the rural Redmires Practice Trenches have also been considered as having significant local historic merit because of their WW1 associations and connections. At this stage however, it is envisaged that each would require further site investment to increase their profile to become more suitable as a promoted visitor attraction / feature as part of this national initiative and as the City's flagship.

7.3 Some locally significant WW2 associated park sites were also identified in the desktop research undertaken, including Endcliffe Park. In further consultation with the Fields In Trust, we have subsequently been advised and confirmed that the primary focus of the 'Centenary Field' programme and associated designation is for WW1 associated sites and memorials.

8.0 REASONS FOR RECOMMENDATIONS

8.1 Weston Park is felt to be the most significant and accessible high profile city park that Sheffield has to offer which best matches the national Centenary Field designation criteria. The historic local links and memory of the Sheffield City Battalion / the Sheffield Pals and Yorks and Lancaster Regiment are significant. Nominating this site does not further increase the Council's current revenue commitment for maintenance or require any new capital investment. The designation further compliments the charitable status and is consistent with the objects of the Charity. Fittingly, Weston Park is recommended as the City's flagship nominated site for WW1 Centenary Field designation.

9.0 RECOMMENDATIONS

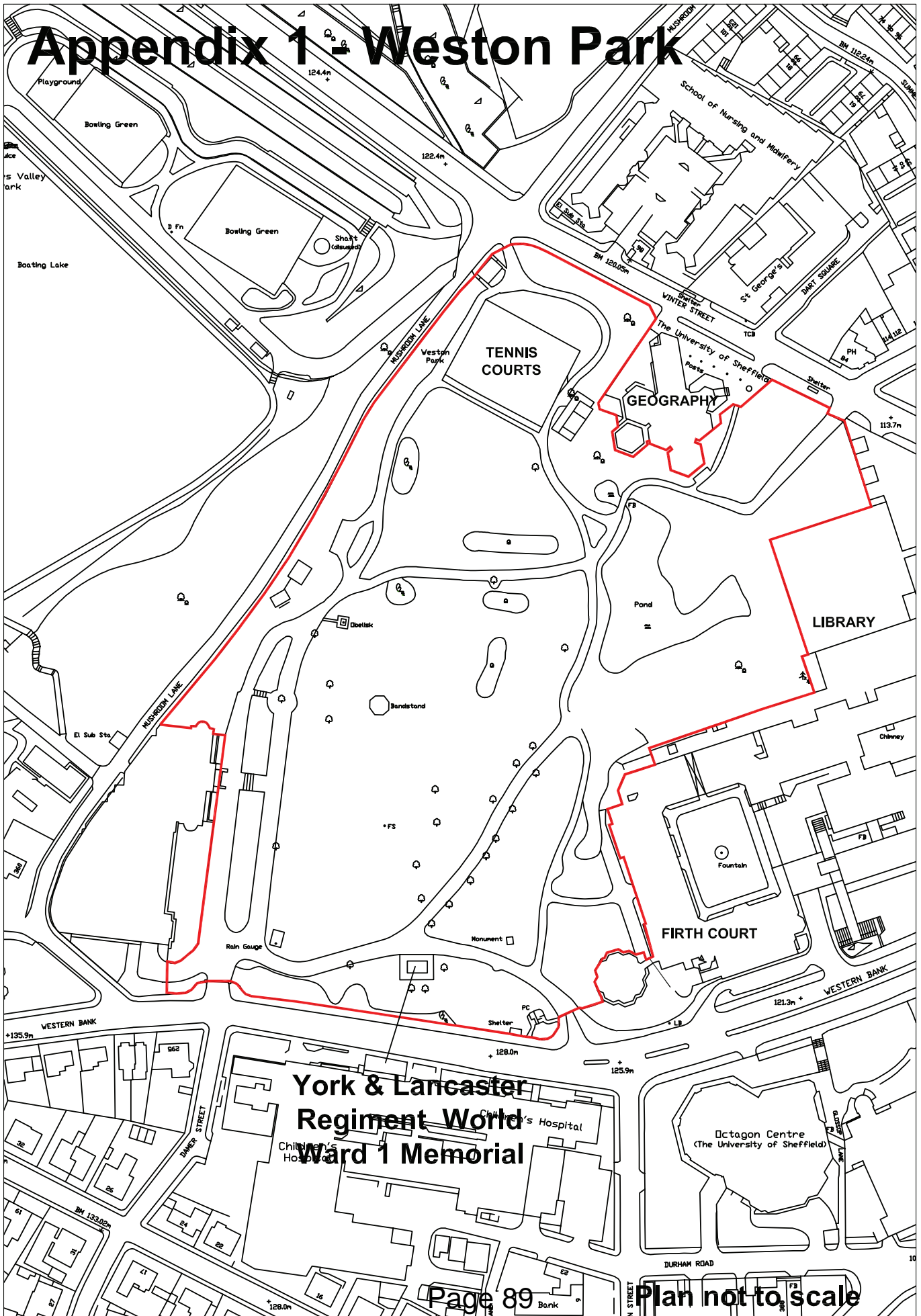
9.1 It is recommended that Cabinet acting in its capacity as trustee of the Weston Park Trust give approval and authority to:

- a) formally submit an application to designate Weston Park, Sheffield, S10 2TP as a Centenary Field in conjunction with the Fields In Trust charity, to provide further protection to ensure that it will continue to be managed as a public park and recreation ground in perpetuity.
- b) authorise the Director of Capital and Major Project Management in consultation with the Director of Culture and Environment, to negotiate the terms of the documentation needed to dedicate the land; and
- c) authorise the Director of Capital and Major Project Management to instruct the Director of Legal Services to take all necessary action and complete the documentation needed to dedicate the land.
- d) subject to recommendations a- c being concluded, the site will be formally dedicated as a Centenary Field in a ceremony to be arranged during next year.

Author: David Cooper

Job Title: Head of Policy & Projects (Culture & Environment)

Appendix 1 - Weston Park



York & Lancaster
Regiment World
War 1 Memorial

This page is intentionally left blank

**SHEFFIELD CITY COUNCIL****Cabinet Report**

Report of: Executive Director of Resources

Report to: Cabinet

Date: 12 November 2014

Subject: Business Services Sourcing Strategy

Author of Report: James Henderson

Key Decision: YES

Reason Key Decision: Expenditure/savings over £500,000

Summary:

In November 2008, Cabinet approved an ambitious programme to enter into a partnership arrangement with Capita Business Services Ltd (Capita) to deliver a range of services, including Revenues and Benefits, Information and Communication Technology (ICT), transactional HR and finance services, and to provide support to the Council's wider service transformation agenda.

The initial term of the agreement with Capita is due to come to an end in January 2016, and the Council is required to make a decision about the future delivery of those services. Under the terms of the original agreement, there is an opportunity to extend or re-specify the current contract for a further six years, should the Council so choose.

This report recommends extending the current contract with Capita for a further six years, with break points every two years, for the continued provision of ICT, HR and finance transactions, and Revenues and Benefits processing. It also

recommends the transfer to the Council of the customer facing elements of Revenues and Benefits, and the establishment of a Capita team to work alongside the Council on selected areas of business change and transformation activity. The report sets out a minimum level of savings associated with the contract extension that will help to contribute to the Council's overall budget target from 2015/16 onwards.

Reasons for Recommendations:

Each element of the proposed package has been considered on its merits. The proposals are being recommended as providing an appropriate balance between:

- Providing quality services, which meet the expectations of customers (both internal customers and the public)
 - Making a considerable, and ongoing, contribution to the Council's savings target, over and above what was envisaged as part of the 2008 contract.
 - Maintaining risk (financial, legal, reputational and delivery) within acceptable limits
 - Being affordable and representing best value to the organisation within the short and long term
 - Supporting the organisation to transform its services and deliver differently
-

Recommendations:

Cabinet are recommended:

- a) To note the contents of this report
- b) To approve the continuation of Capita provision of the following managed services for a six year period from January 2016, with break points in January 2018 and January 2020:
 - Information and Communication Technology (with flexibility within the contract to market test elements of provision with other suppliers)
 - Revenues and Benefits transactional services
 - Human Resources transactional and payroll services
 - Finance business transactions
- c) To approve the development of a strategy/ies, in line with the Council's Corporate Plan, to set out the Council's future requirements for these managed services, and other currently

outsourced contracts, in order to inform subsequent sourcing decisions, in time for the first break point in the contract in 2018.

d) To approve the move in-house (i.e. from Capita to Sheffield City Council) the delivery of the Revenues and Benefits front office (contact centre and face to face) from January 2016, and to integrate with the Council's Customer Services function.

e) To accept Capita's guarantee of revenue savings from January 2015 onwards, in line with the schedule set out at paragraph 8.1, the guarantee on Council Tax collection rates set out at 8.3, and to note the potential additional savings arising from business change activity, also set out at paragraph 8.3.

f) To delegate authority to the Interim Executive Director for Resources, in consultation with the Interim Director of Commercial Services and the Interim Director of Legal and Governance, and the Cabinet Member for Finance and Resources to enter into final negotiations with Capita on this basis, and to finalise the relevant changes to the current contract

g) To delegate authority to the Interim Executive Director of Resources, in consultation with the Director of Human Resources, Director of Customer Services, the Interim Director of Finance, and the Cabinet Member for Finance and Resources to make arrangements to secure a robust transition of the services set out at d), including ensuring compliance with relevant legislation to minimise the risk of disruption to the organisation or public

h) To delegate authority to the Interim Executive Director of Resources to establish the revised governance arrangements set out in section 7 and to make arrangements to monitor the performance and delivery of the contract over its lifetime.

Background Papers:

Category of Report: **OPEN with CLOSED appendix**

Appendix A not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Eugene Walker
Legal Implications
YES Cleared by: David Hollis
Equality of Opportunity Implications
YES Cleared by: James Henderson
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
NO
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
YES
Property Implications
YES
Area(s) Affected
All
Relevant Cabinet Portfolio Lead
Cllr Ben Curran, Cabinet Member for Finance and Resources
Relevant Scrutiny Committee
Overview and Scrutiny Management Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
YES

1. Purpose

- 1.1 In November 2008, Cabinet approved an ambitious programme to enter into a partnership arrangement with Capita Business Services Ltd (Capita) to deliver a range of services, including Revenues and Benefits, Information and Communication Technology (ICT), transactional HR and finance services, and to provide support to the Council's wider service transformation agenda.
- 1.2 The initial term of the agreement with Capita is due to come to an end in January 2016, and the Council is required to make a decision about the future delivery of those services. Under the terms of the original agreement, there is an opportunity to extend or re-specify the current contract for a further six years, should the Council so choose. This also represents an opportune moment to consider the future delivery of a range of other services currently provided directly by the City Council, particularly given the difficult financial picture facing the authority at the moment.
- 1.3 This report sets out a number of recommendations to Cabinet on the provision of these services.

2. What does this mean for Sheffield people?

- 2.1 In order to provide high quality, value for money public services, it is important that the Council has robust, efficient and effective support functions. This report makes recommendations about the delivery of a range of these support functions (including ICT and HR), and seeks to achieve significant ongoing savings in these areas, which will help to reduce the impact of budget cuts on front line services.
- 2.2 The report also sets out recommendations to improve the delivery of the customer facing elements of the Revenue and Benefits function, which should result in a better experience for people using the service (including Council Tax payers, and people applying for and receiving Council Tax Support and Housing Benefit).
- 2.3 Furthermore, the report sets out arrangements to support the Council on selected areas of business change and transformation activity. This will help the Council to provide the people of Sheffield with better, more efficient and more responsive public services in the future.

3. Introduction and Background

3.1 As part of the 'Outstanding Sheffield' programme, and following a competitive dialogue process in 2007 and 2008, Capita were appointed by the Council to become the organisation's strategic partner from January 2009. The contract with Capita was for the delivery of a range of services, including Revenues and Benefits, Information and Communication Technology (ICT), transactional HR and Finance services, and to provide support to the Council's wider service transformation agenda.

3.2 The original objectives of the partnership were to:

"deliver significant improvements to the quality of services the Council provides to its citizens and which would also drive continuous improvement in services as well as generating savings over the term of the contract." and to:

- "act as a strategic partner to the Council, identify Business Transformation opportunities, and improve how other Council services are delivered
- Deliver Revenues and Benefits, ICT, HR and Payroll and Financial Business Transactions services for the Council to the specified service levels
- Achieve an appropriate balance between cost and improved service performance for the services." (Report to Cabinet 12 November 2008)

3.3 At the time, the partnership with Capita represented a step change for the authority in the delivery of these vital support services. For example, IT performance and stability was substantially improved following transfer of the service to Capita, whilst the Revenues and Benefits service has both made savings, and improved and stabilised performance, although customer service for this service has not always been of sufficiently high quality. The Human Resources service presented a challenge in the early days of the contract, but now performs at a satisfactory level.

3.4 In the main, therefore, Capita has maintained day to day service delivery at a good level across all managed services, whilst at the same time reducing the total cost of the contract over its lifetime: Capita have made significant savings over the lifetime of the current contract (the cost of the contract is £10m less – equivalent to 30% - in 2014 than in 2009). The aspects of the contract that have not been maximised are the transformation and business change elements, where the anticipated partnership did not develop and mature in the way that the authority would have wanted at the time. Because of the importance of

service change transformation in the current financial climate, it is now appropriate to reconsider how the authority can best be supported to deliver this sort of activity. In short, the Council needs a further step change of the type seen at the beginning of the Capita contract to enable it to rapidly transform and reduce the costs of delivery of core services.

- 3.5 As noted above, the contract with Capita was structured in such a way as to provide a break point after 7 years (i.e. at January 2016). By mutual agreement, the contract could be renegotiated and extended past this point for a further six years.
- 3.6 Given this break point and the overall performance of the contract set out at paragraphs 3.2 and 3.3, it is appropriate to reconsider the original aims of the contract, the performance of the supplier, and verify whether or not the Council should continue to contract with Capita for the delivery of all or some of the original services. This should also include consideration of whether or not it would be appropriate to include additional services within the contract, and whether the changed financial context, and experience of the past six years of working in partnership suggested that any changes should be made to the governance and commercial arrangements. In particular, the Council has given consideration as to how to reduce the costs of the services currently provided by Capita in order to provide savings to the revenue budget.
- 3.7 By taking a decision in advance of the contract break point in January 2016, the possibility is opened up of securing an extra year's savings, over and above what was agreed as part of the original 2008 contract.
- 3.8 Furthermore, the Council would also need to weigh up the benefits of continuing with Capita against other options when coming to a decision about any or all of the services within the contract, and consider how to secure ongoing service delivery for any services that would not be included in the ongoing contractual arrangement.

4. Current Context

- 4.1 The context facing the Council has changed substantially since the original contract with Capita was signed in 2008. **The expectations of our customers have increased** with demand for quicker and more responsive service delivery; the **role of the local authority is changing** with new responsibilities (including integration of the Public Health and Council Housing functions); **new relationships have**

developed both locally (e.g. our changing relationship with schools or the development of the Combined Authority) and nationally (with the signing of City Deals and further devolution and reform activity); and, within a wider programme of public sector austerity, the Council is facing a **significantly challenging financial context**, which means that the authority has had to find savings of almost a quarter of a billion pounds since the original contract was signed, with further savings required in future years.

- 4.2 All of this means that it is highly unlikely that a partnership arrangement that was fit for purpose in 2008 will continue to be wholly fit for purpose in 2022. Indeed it is likely that the Council will now require a number of features from any form of strategic partnership that would not have been considered in the same way in the past. Not least amongst these will be the need for significant, ongoing savings at a run-rate greater than could be achieved by the Council itself; increased certainty of savings; and reduced risk of service failure or unexpected additional costs. We are also aware that change is likely to be more rapid in the future than it has been even up to now. Therefore we need partners who can help us respond to and exploit this change rapidly and with agility.

5. Process

- 5.1 The Council began a dialogue with Capita in October 2013 to begin to understand what an extension to the current contract could look like. At that point, the Council asked Capita to put forward their view about how they could support the organisation over the next six years, reflecting on everything they had learned about the organisation since the beginning of the partnership.
- 5.2 Capita presented a number of areas where they believed that there was an offer that they could make to the organisation. The Council established work-streams for each of these areas to understand the proposition in more detail; to continue more in depth dialogue with Capita; and, ultimately, to come to a view about whether, and if so, how these should be pursued.
- 5.3 Following this process, which took place over the spring and summer of 2014, the offer from Capita has been clarified and refined, based on a clear understanding of the Council's objectives, which are:
- To provide quality services, which meet the expectations of customers (both internal customers and the public)

- To make a considerable, and ongoing, contribution to the Council's savings target, over and above what was envisaged as part of the 2008 contract.
- To maintain risk (financial, legal, reputational and delivery) within acceptable limits
- To be affordable and represent best value to the organisation within the short and long term
- To support the organisation to transform and deliver differently

5.4 In parallel with this dialogue process, officers developed a set of alternative options, either for continued in-house delivery, in-sourcing, or re-provision with another provider in order to evaluate Capita's proposals effectively. This process resulted in a number of potential proposals put forward by Capita not being progressed because they did not fit with the organisations requirements at this time or because it was determined that in house delivery represented a better option.

6. Current Position

6.1 Based on the objectives set out above, the proposals from and subsequent negotiations with Capita, and performance over the lifetime of the contract to date, the current position and recommendation on each of the main work-streams is set out below:

6.1 ICT

6.1.1 Information and Communication Technology is a critical service for the authority. It is the bedrock of the vast majority of the Council's activity, and without a secure and stable ICT platform and delivery, the organisation would not be able to provide the services that the people of Sheffield rely on. It is therefore of fundamental importance that decisions on ICT are taken in such a way as to minimise the risk to service delivery.

6.1.2 Sheffield City Council's ICT provision has been outsourced since the late 1990s, latterly as part of the overall Capita contract. As noted above, Capita provided a step change in the performance and stability of the Council's ICT systems when they took over the delivery of the contract.

6.1.3 Since the 2008 contract was let, practice within the outsourced ICT market has changed in response to the increasing complexity of

and reliance upon technology for most large organisations. In general terms, multi-sourced arrangements are now preferred, with specialist providers supplying different elements of ICT capability. This is a route that the Council will wish to explore further over the next few years, but it is considered that moving to a multi-source ICT environment at the current time would risk service instability and could undermine front line service delivery.

- 6.1.4 As noted in paragraph 6.1.1, the Council's ICT function has been out-sourced since the 1990s. As a result there is no in-house capacity, capability or expertise for the practical delivery of a modern ICT function. This means that in-sourcing the ICT function is not recommended. In-sourcing would require significant capital investment in facilities and equipment as well as ongoing revenue spend on equipment and staffing.
- 6.1.5 Capita have proposed that they continue to deliver the Council's ICT capability as part of the contract extension. The costs of this contract extension compare favourably to the likely cost of going back to the market at this time (either for a single package or a multi-source option). Additionally, the costs proposed by Capita are known and fixed, and furthermore are lower than the current contract cost. Pursuing another option at this time is likely to be more expensive, and with costs rising over time. Notwithstanding this, the proposal includes scope for moving to more flexible models of ICT provision during the proposed contract extension. More detail about the financial and commercial implications of this is given in closed Appendix A.
- 6.1.6 It is therefore recommended that the contract extension on ICT with Capita is agreed in line with the proposal made by Capita, with regular break points, and scope for moving to more flexible models of ICT provision within the contract. This is likely to provide both the lowest cost and risk option in the short term. However, the Council will further develop its forward medium term strategy for ICT.

6.2 Revenues and Benefits

- 6.2.1 Capita currently provide all aspects of the Council's Revenues and Benefits service, including telephony and in-person customer

contact, Council Tax billing collection and recovery, Business Rates billing collection and recovery, and benefits transactions processing. Transactions processing generally performs well. However, the customer facing aspects of the service do not match the quality of customer service expected in the rest of the organisation. This has a reputational impact for the authority.

- 6.2.2 The context within which Revenues and Benefits operate is currently in a state of some uncertainty, with the proposed move to Universal Credit expected within the next two years for Sheffield. This is likely to have implications for the delivery of Housing Benefit in particular and may lead to increased costs for the authority.
- 6.2.3 Capita have offered to continue providing the Council Tax billing and collection, and benefits processing services, at a reduced cost compared to the current cost of delivery, resulting in significant savings to the authority (see Appendix A for further details). Under the new contract the Council will require Capita to guarantee that 97.5% of Council Tax is collected over three years (up to a maximum liability of £3m over the contract period) – this represents a stretching target, given the increase in Council Tax arrears precipitated by the move from Council Tax Benefit to the less generous Council Tax Support Scheme. Ongoing Capita provision of these services also reduces the risk to the authority on welfare reform related changes, with Capita sharing the risk on costs. For these reasons, it is recommended that this offer is accepted.
- 6.2.4 However, it is proposed that the customer facing elements of the current Capita contract are brought back in-house from January 2016. This includes both the customer contact centre for telephone enquiries, and staff based within First Point locations providing face to face service. If approved, the transition of the service back to the Council would be carefully planned to minimise disruption to the public, and would take place under a TUPE (Transfer of Undertakings, Protection of Employment) transfer. This transition will affect approximately 40FTE staff.
- 6.2.5 Other options were considered for this part of the package, principally in-sourcing the totality of the Revenues and Benefits function. However, this is not recommended as an option because it is likely to trigger risk and cost increase on other elements of the

package, as well as significant transitional risks of building up a backlog of cases, which would be exacerbated by welfare reforms. This would be likely to have a detrimental impact on customers and would also be more costly for the authority. The Council would also have to take on all of the risk associated with welfare reform and the introduction of Universal Credit in this scenario.

6.3 Human Resources and Financial Business Transactions

- 6.3.1 Capita currently delivers transactional functions for Human Resources (HR) and Payroll. The contract covers learning and development transactions and course bookings; maintenance of the staffing establishment; provision of all employee data for the Council; management of the HR system; and dealing with all HR transactions such as recruitment, contract changes, new starter and leaver processes, sickness reporting. In addition, Capita provide low level policy advice on transactional matters such as annual leave entitlements, maternity leave etc.
- 6.3.2 In broad terms, these services are stable and perform at a reasonable level. Capita have proposed that they continue to provide these services for the Council, with some guaranteed savings as part of the overall package.
- 6.3.3 Other options were considered for these services, including insourcing. However, insourcing the HR services would be likely to trigger higher costs on other parts of the package, whilst resulting in smaller savings on HR.
- 6.3.4 On Finance Business Transactions, given the small size of the service, the main savings opportunity is linked to the potential introduction of a new finance system in 2016. Stability of financial transactions processing is the most important consideration until then – changing provider or insourcing would be likely to jeopardise this stability, and may result in longer timescales for the implementation of the new system, and associated savings with little offsetting benefit.
- 6.3.5 Therefore it is recommended that Capita continue to provide both HR Transaction and Finance Business Transaction services for the Council.

6.4 Business Change

- 6.4.1 Capita are proposing to make available a team to work with the Council's existing business change function to accelerate the development of business cases for key service change and transformation projects. Under this arrangement, the Capita team would work through the City Council's change governance and change resourcing processes, ensuring that this additional capacity is properly integrated with the work and priorities of the council.
- 6.4.2 The Capita team would also not constitute an exclusive partner for the delivery of change activity – the Council would only use the team where it was agreed that they had the right skills for the project in hand. If this were not the case then the Council will continue to be free to use other providers or to undertake the activity in-house.
- 6.4.3 As part of this arrangement, Capita will guarantee savings on business cases prepared by them, up to a potential value of £150m over the life of the contract. Capita would not be paid on a traditional consultancy basis in this arrangement, but would be guaranteed a share of any savings generated (details set out in Appendix A). Were a Capita-prepared business case to deliver zero benefit then Capita would absorb the cost of preparation of that business case, with no detriment to the Council. This arrangement offers significantly better commercial terms than we would achieve through going out to market.

6.5 Other opportunities

- 6.5.1 A range of other opportunities were presented to the Council as part of the preliminary negotiation process with Capita. These included consideration of alternative delivery models for some in-house services, and proposals for wider reviews of certain aspects of the Council's business. Having considered these in detail, none of these proposals had a good fit with the organisation's current requirements, or it was considered that continued in-house delivery remained a better option. It is therefore recommended that no additional services should be provided by Capita at this time.

7. Governance

- 7.1 Given the size, scope and complexity of the proposed extension to the Capita contract, it is of critical importance that robust governance arrangements are put in place. These are yet to be finalised but will ensure that:
- the contract is delivering in line with expectations
 - appropriate partnership culture and behaviours are developed
 - savings targets are achieved
 - performance is monitored and managed, and under-performance challenged
 - change activity leading to additional savings is commissioned appropriately
- 7.2 In particular, it is important that there is a single agreed 'pipeline' of business change and transformation opportunities, and that this pipeline is led and shaped by the Council.
- 7.3 It is recommended that there is appropriate Member oversight of both the delivery of the contract as a whole and the pipeline of business change projects.

8. Financial and Commercial Arrangements

- 8.1 In line with the objective set out above and learning from the current contractual arrangements, it is considered of critical importance that Capita be incentivised in future to find savings from a target cost. There will therefore be a cap and a collar arrangement where Capita and the Council share the risk and reward on a 50:50 basis within set bands of pricing. This will help to reduce the overall budget pressure on the Council. Capita have offered the Council a minimum guarantee of savings to be achieved as part of the contract. This will result in a minimum/maximum level of savings anticipated over the lifetime of the contract extension as follows:

Year	Minimum Saving (£m)	Maximum Saving (£m)
2015/16	£2.3m (£1.9m General Fund, £0.4m HRA)	£4.8m (£4.4m General Fund, £0.4m HRA)
2016/17	£3.0m GF	£5.5m GF
Future Years	£3.1m GF per year	£6.0m GF per year

These savings are predicated on the contract running for its full length to 2022. Any decision to change the contract at either of the two specified break points (in 2018 and 2020) would have an impact on the level of guarantees available from Capita and would incur break costs and therefore the savings that would be achieved would be reduced. More detail on this is given in Appendix A.

- 8.2 Proceeding with a different delivery model for the managed services within scope would be likely to cost the Council around £800k in 2015/16 owing to transition and associated disruption (mainly with ICT), and therefore in year 1, the proposal from Capita would result in a net benefit to the Council of at least £3.1m (£2.3m saving plus £0.8m avoided cost). In future years, an alternative delivery model might save slightly more than the minimum guaranteed saving from Capita of £2.7m, but would be unlikely to equal the maximum potential saving on offer.
- 8.3 In addition to the guaranteed savings on managed service, Capita are also offering guarantees on New Homes Bonus, Single Person Discount and Council Tax collection rates, worth around £5.7m over the life of the contract, as well as the opportunity for the identification of additional savings through the business change proposals set out above.
- 8.4 More detail on the commercial and financial implications of the proposal is presented in the closed appendix.

9. Legal Implications

- 9.1 The Council has a general power under section 1 of the Localism Act 2011 to do things an individual may generally do (including vary a contract in accordance with its terms) provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act.
- 9.2 When it was procured the contract with Capita was above the public procurement financial thresholds and consequently was procured under a regulated procurement procedure. If the Contract is changed to a material degree, it may be held that there is, in fact, a new contract, which should have been re-tendered in accordance with European and national procurement law and the resultant contract could be held ineffective.

- 9.3 We do not believe that the proposals set out in this Report will amount to a material change to the existing contract. The contract has always provided for an extension of up to 6 years and contains project and change processes that will be followed to achieve the other outcomes outlined in the Report. However, it will be necessary to ensure that the detailed changes ultimately made to the existing contract do not alter the commercial deal between the parties such that these amount to a material change. This will be taken into account during implementation of the recommendations.
- 9.4 Each local authority has a duty¹ to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This duty is not discharged when services are outsourced. It therefore becomes the duty of the authority to ensure that the procured contract satisfies these requirements. The Council therefore needs to be satisfied that the steps that it is taking in relation to the Capita contract will ensure that the contract continues to provide the best overall value taking into account economic, environmental and social values and having regard to economy, efficiency and effectiveness.

10. Equality Implications

- 10.1 An Equality Impact Assessment has been completed for this proposal, and no significant negative equalities implications have been noted. The EIA can be found at Appendix B. The transfer of the customer facing Revenues and Benefits functions from Capita to the Council may have a small positive equalities impact if they result in better customer service for people claiming benefits. From customer monitoring information we know that disabled people, people from BME communities, and single parents are more likely to be on benefits than the population as a whole.

11. Human Resources Implications

- 11.1 There are human resources implications arising from this report, notably in the proposal to transfer management of the customer facing elements of the Revenues and Benefits service back to the Council. This will involve around 40FTE staff transferring, which will be undertaken in line with all relevant legislation, and in line with the

¹ [Section 3\(1\)](#) of the Local Government Act 1999

Council's agreed policies in this area. This will include full consultation with relevant staff and unions.

- 11.2 In line with the Council's commitment to the principles set out by the Fairness Commission, Capita have confirmed that all of their staff members employed as part of this contract will be paid the living wage or above.

12. Other implications

- 12.1 There are not believed to be any human rights, environmental, economic, community safety, or health inequalities implications arising from this report.
- 12.2 As part of this proposal, Capita will be transferring their staff from Derwent to Moorfoot - this will have some implications for the use of those buildings, which will be identified as part of the Council's ongoing Workplace programme. This will also provide SCC with some additional financial benefits over and above those identified within the main body of the report, which again will be captured as part of the Workplace programme.

13. Consultation

- 13.1 The proposals set out in this report concern the management arrangements for a range of existing and mainly internally-focused services, with no significant changes proposed to the delivery of those services (e.g. in terms of access, entitlement, charges etc.). Because of this, no specific external consultation has been undertaken at this time, as customers should see no significant difference in service delivery.
- 13.2 However, were the delivery of any of these services to change in the future, or there were changes to the policy framework within which these services are delivered, then appropriate consultation would take place with people or groups affected by those changes.
- 13.3 Where the changes proposed in this report impact on staff, then appropriate consultation will take place with affected staff in advance of changes taking effect, in line with the Council's agreed policies, and as set out in section 11 of this report.

14. Alternative Options Considered

- 14.1 For each element of the proposal, a number of other options were considered. These are noted at the relevant sections of this report, along with the recommended option.
- 14.2 The option recommended in each case depends on the particular circumstances of that element, and evaluated in line with the principles set out in paragraph 5.3. In broad terms, the options for each element were:
- Proceeding with the proposal made to the Council by Capita (with or without amendments following negotiation)
 - Retaining in-house delivery, or moving delivery in-house from the current provider
 - Moving delivery of a service currently provided by Capita to a new provider either as a block, or as part of a multi-source arrangement
- 14.3 For services currently managed by Capita, there was no do-nothing option as the contract would expire in January 2016, with no contingency arrangements in place, resulting in critical (and in some cases statutory) services not being capable of being delivered.
- 14.4 In March this year the Council completed an external benchmark of Capita services via an independent organisation – Information Services Group (ISG) which revealed that, all existing services represent ‘value for money’ and that HR & Payroll could already be considered ‘upper quartile’. ISG forecast that market prices would reduce approx. 4% year on year and Capita’s new proposal has bettered this position. Therefore, this reinforces the view that continuing with Capita provision of the existing managed services represents good value for money for the authority.

15. Recommendations

- 15.1 Cabinet are recommended:
- a) To note the contents of this report
 - b) To approve the continuation of Capita provision of the following managed services for a six year period from January 2016, with break points in January 2018 and January 2020:
 - Information and Communication Technology (with flexibility within the contract to market test elements of provision with other suppliers)

- Revenues and Benefits transactional services
- Human Resources transactional and payroll services
- Finance business transactions

c) To approve the development of a strategy/ies, in line with the Council's Corporate Plan, to set out the Council's future requirements for these managed services, and other currently outsourced contracts, in order to inform subsequent sourcing decisions, in time for the first break point in the contract in 2018.

d) To approve the move in-house (i.e. from Capita to Sheffield City Council) the delivery of the Revenues and Benefits front office (contact centre and face to face) from January 2016, and to integrate with the Council's Customer Services function.

e) To accept Capita's guarantee of revenue savings from January 2015 onwards, in line with the schedule set out at paragraph 8.1, the guarantee on Council Tax collection rates set out at 8.3, and to note the potential additional savings arising from business change activity, also set out at paragraph 8.3.

f) To delegate authority to the Interim Executive Director for Resources, in consultation with the Interim Director of Commercial Services and the Interim Director of Legal and Governance, and the Cabinet Member for Finance and Resources to enter into final negotiations with Capita on this basis, and to finalise the relevant changes to the current contract

g) To delegate authority to the Interim Executive Director of Resources, in consultation with the Director of Human Resources, Director of Customer Services, the Interim Director of Finance, and the Cabinet Member for Finance and Resources to make arrangements to secure a robust transition of the services set out at d), including ensuring compliance with relevant legislation to minimise the risk of disruption to the organisation or public

h) To delegate authority to the Interim Executive Director of Resources to establish the revised governance arrangements set out in section 7 and to make arrangements to monitor the performance and delivery of the contract over its lifetime.

This page is intentionally left blank

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

Print this page

Sheffield City Council
Equality Impact Assessment and Consultation



EIA Intranet Help

Reference Number (automatic) 442

Name of Budget/Project Proposal Sourcing Strategy

Entered on Q Tier
If your EIA relates to a budget proposal you must enter the Q Tier reference

		Years				
		12/ 13	13/ 14	14/ 15	15/ 16	16/ 17
Budget/ Project proposal	Project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		17/18	18/19	19/20	20/21	21/22
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Date	03/11/2014					
EIA Lead	Adele.Robinson@sheffield.gov.uk					
EIA Contact	<i>Please note, this field is only used by the Communities portfolio</i>					
Strategic outcomes						

Portfolio	Service and Team
Cross Portfolio	<input type="checkbox"/>
Communities	<input type="checkbox"/>
CYPF	<input type="checkbox"/>
Place	<input type="checkbox"/>
Resources	<input checked="" type="checkbox"/>
PPC	<input type="checkbox"/>
Health	<input type="checkbox"/>
What are the brief aims of the Budget/Project proposal and the outcomes you want to achieve.	<p>To extend the current contract with Capita, due to end in January 2016 for a further six years to 2022 (with two yearly break points), for the provision of ICT, HR, Financial Business Transactions, Revenues and Benefits Transactions, and Business Change. To insource the Revenues and Benefits customer facing elements.</p> <p><i>Please limit this information to 50 words. If you wish to enter more information please attach a document in the supporting documentation section below</i></p>

Under the Public Sector Equality Duty we have to pay due regard to: "Eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relation." More information is available on the Council website

Areas of possible impact
This is before any action/mitigation or changes, if there are both negatives and positives, any positive aspect of the proposal can be part of the mitigation

If you identify significant change, medium/high impact or the impact is cumulative impact or is on specialist provision relating to groups under the Equality Act such as women, BME, LGBT, age, disability, noted below etc. you **must** complete the action plan section.

Does the proposal impact on or relate to Specialist provision as above? (Tick to complete)

Detail of impact on specialist provision
The Revenues and Benefits customer facing function is transferring from a private contractor (Capita) to the Council - there are no current proposals to suggest that there will be any fundamental change to service delivery in the short to medium term. It is not anticipated that the other elements of the proposals will have an impact on specialist provision.

Will the proposal have a significant impact on health and well-being including its effects on the wider determinants of health? (tick to complete)

Age	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Disability	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Pregnancy/ Maternity	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Race	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Religion/ Belief	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Sex	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Sexual Orientation	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Transgender	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Carers	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Voluntary/ Community & Faith Sector	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Financial Inclusion, poverty, social justice	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Cohesion			Customers	<input type="checkbox"/> (tick to complete)
Partners			Customers	<input type="checkbox"/> (tick to complete)
Armed Forces	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)
Other/ Additional	Staffing	<input type="checkbox"/> (tick to complete)	Customers	<input type="checkbox"/> (tick to complete)

Supporting Documentation

Attach any supporting documents here

Please limit this information to 50 words. If you wish to enter more information please attach a document in the supporting documentation section below

Overall Summary of Possible impact
 There will be no negative impact on customers as service provision, policy and processes will not change. Customers should not notice that contractual arrangements for Revenues and Benefits customer contact have transferred back to SCC. There may be some positive impacts on the quality of service provided to customers. Capita have also confirmed that there will be a positive impact on staff as they will ensure all staff continuing to work on the contract are paid living wage or above.
 (to be used on EMT, Cabinet reports etc.)

Does this proposal have a geographical impact across Sheffield? (Tick Yes)

Detail of geographical impact across Sheffield
 Managed services provided by Capita exist to support the council as a whole and therefore there is no particular geographic impact. Revenues and Benefits service deals with customers from all households within the city

Which local area partnership area will be impacted? All partnership areas

Does this proposal have a cumulative impact? (Tick Yes)

Summary of evidence
 Proposal envisages extension to current contract/change to management arrangements for customer facing elements of Revenues and Benefits. Therefore, no particular impacts on different groups of people/customers is expected
Please limit this information to 50 words. If you wish to enter more information please attach a document in the supporting documentation section below

Review Date 01/06/2016

Risk Rating None

What type of decision is this?	Executive Decision (Cabinet) The allocation of executive functions is outlined in the <u>Leader's Scheme of Delegation</u> . Also, each Portfolio has a scheme of delegation and outlines which officer can make a delegated decision.	
Are Staff affected aware of this proposal?	<input checked="" type="radio"/> Yes	<input type="radio"/> No
Has the Public Health Lead signed off the health impacts of this EIA?	<input type="radio"/> Yes	<input checked="" type="radio"/> No
Health Lead	Select...	
Is consultation required	<input type="radio"/> Yes	<input checked="" type="radio"/> None required
Consultation Start Date		End date
Details of consultation	Please include specific details of who, where, what and how this has been done and add any results as evidence <i>Please limit this information to 50 words. If you wish to enter more information please attach a document in the supporting documentation section below</i>	

Lead Manager	Walker Eugene (Finance)
EIA Approved	<input checked="" type="checkbox"/> This box should only be checked by the Portfolio Lead once the EIA has been approved and quality assured

**SHEFFIELD CITY COUNCIL****Cabinet Report**

Report of:	Executive Director, Place and Executive Director, Resources
Report to:	Cabinet
Date:	12 November 2014
Subject:	Streets Ahead – Securing Savings From The Funding Structure
Author of Report:	Steve Robinson (2735553) Anna Peysner (2734035)
Key Decision:	YES
Reason Key Decision:	Expenditure/savings over £500,000

Summary:

The Streets Ahead contract ('the Contract') has been set a significant savings target in order to contribute to the Council achieving its reduced budget in the future.

Savings can be realised through providing alternative types of funding, in addition to service efficiencies.

This report seeks approval to the Council providing additional Capital Contributions to the project and to progress some more complex alternative funding structures on an 'invest to save' basis.

It is estimated that the savings secured from these changes could be as much as £1m per year, with no loss of service for the people of Sheffield.

Reasons for Recommendations:

As outlined in this report, there is a clear strategic and economic case to justify the Council using its prudential borrowing powers and increasing the Capital Contributions to the project in order to secure a saving of circa **£0.5m pa**. This saving can be achieved with minimal risk to the Council and without impacting on the delivery of the highway maintenance service and the ongoing improvements in the infrastructure asset.

Failure to increase the Capital Contributions will result in more pressure on achieving the Council's current and future budget and may result in more drastic cuts to front line services.

The options to refinance the remaining bank debt with alternative bank and/or partial public finance need to be explored further so as to ensure that an opportunity is not missed to generate additional financial savings to assist with ensuring the project is sustainable in the future.

Recommendations:

It is recommended that approval be given to:

Option 2 - providing additional Capital Contributions up to the value of 50% of the existing capital funding of the Core Investment Period as set out in 5.2 of this report;

establish a budget from the PFI Reserves to fund the implementation of the first stage of the preferred alternative funding option and to subsequently progress the second stage to determine the optimum funding structure to be approved by Cabinet;

fund any abortive project costs from the Streets Ahead contingency;

procure and appoint external financial and legal advisers for the Council;

develop and submit an Outline Business Case to Department for Transport/HM Treasury to seek approval to progress the changes to the funding arrangements;

make staged payments to Amey in relation to the Contract change due diligence costs subject to such costs being auditable; and in accordance with agreed estimates; and

progress Options 3 and 4 - the second stage of the preferred alternative funding option on the basis that the conclusion of this second stage will be signified by the submission of a subsequent Cabinet report and the submission of an Final Business Case to the Department for Transport/HM Treasury.

It is also recommended that Cabinet:

delegates authority to the Executive Director, Resources in consultation with the Cabinet Member for Finance and the Interim Director of Legal and Governance to implement the first stage of the preferred alternative funding option following the agreement of commercially acceptable payment terms with Amey; and

delegates authority to the Executive Director, Resources in consultation with the Executive Director, Place, the Interim Director of Legal and Governance and Cabinet Members for Finance and Environment, Recycling & Streetscene, to take such other steps as he deems appropriate to achieve the outcomes set out in this report.

Background Papers: Cabinet Report: [Sheffield City Council - Meeting of Cabinet on Wednesday 9 November 2011](#)

Category of Report: **Main Report - OPEN Appendices - CLOSED**

The Appendices are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).'

Statutory and Council Policy Checklist

Financial Implications
YES/ NO Cleared by: Anna Peysner
Legal Implications
YES/ NO Cleared by: David Hollis
Equality of Opportunity Implications
YES /NO Cleared by: Ian Oldershaw
Tackling Health Inequalities Implications
YES /NO
Human Rights Implications
YES /NO
Environmental and Sustainability implications
YES /NO
Economic Impact
YES /NO
Community Safety Implications
YES /NO
Human Resources Implications
YES /NO
Property Implications
YES /NO
Area(s) Affected
N/A
Relevant Cabinet Portfolio Lead
Cllr Jack Scott Cllr Ben Curran
Relevant Scrutiny Committee
Economic, Environmental Wellbeing Scrutiny and Policy Committee
Is the item a matter which is reserved for approval by the City Council?
YES /NO
Press Release
YES/ NO

REPORT TO THE CABINET

STREETS AHEAD – SECURING SAVINGS FROM THE FUNDING STRUCTURE

1.0 SUMMARY

- 1.1 The Streets Ahead contract ('the Contract') has been set a significant savings target in order to contribute to the Council achieving its reduced budget in the future.
- 1.2 Savings can be realised through providing alternative types of funding, in addition to service efficiencies.
- 1.3 This report seeks approval to the Council providing additional Capital Contributions to the project and to progress some more complex alternative funding structures on an 'invest to save' basis.
- 1.4 It is estimated that the savings secured from these changes could be as much as £1m per year, with no loss of service for the people of Sheffield.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 There is no impact on the services received by the people of Sheffield.
- 2.2 The savings realised from the proposed alternative funding structure will contribute to the Council achieving its budget thereby reducing the risk of additional budgetary pressures being placed on other services delivered to Sheffield people.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 The Contract benefits are both direct and indirect for example, the improvements in the highway infrastructure aims to reduce vehicle damage and fuel consumption and people should feel safer at night owing to the improved street lighting. The Contract benefits are fundamentally linked to making Sheffield a great place to live.
- 3.2 It is envisaged that by improving the affordability of the Contract by implementing an alternative funding structure that it will reduce the risk of the Council having to significantly change the services delivered under the Contract thereby maintaining the integrity of the long-term Contract benefits.

4.0 BACKGROUND

- 4.1 The Contract is a private finance initiative funded through a combination of private and public finance. The Department for Transport ('DfT') provides a revenue grant of £1.2bn paid in instalments over the contract term. The capital funding is currently

provided by four banks and three equity providers in addition to the Council's existing level of Capital Contribution as detailed below. See Appendix A – Contract Funding Structure.

- 4.2 The revenue grant from the DfT along with revenue funding committed by the Council funds the Annual Unitary Charge paid in monthly instalments to Amey dependent on satisfactory performance and the achievement of annual milestone targets.
- 4.3 During the later stages of the procurement process in November 2011, Cabinet approved the Council providing Capital Contributions to meet the demands of the DfT to make the Contract more affordable following funding reductions to the scheme by Central Government. Subsequent to that Cabinet approval, the PFI finance market became quite volatile with private sector funders stepping away from funding PFI contracts thereby reducing the number of banks in the Preferred Bidder's funding syndicate. To ensure that the Council could reach a value for money deal with the Preferred Bidder, the Council Leader subsequently approved an increased level of Capital Contributions from £100m to £135m.
- 4.4 In the period since the approval of the Streets Ahead project, funding cuts by Government have reduced the Council's budget by over 30% and there will be further cuts in future.

5.0 POTENTIAL OPTIONS CONSIDERED

5.1 Option 1 - Full Public Re-Finance

5.1.1 Under this option the Council would pay off the banks and effectively step into the existing funding agreement with Amey on the same terms. This option would require little change to the Contract and the Unitary Charge and would generate the highest level of savings based on the current differential between the modelled rate of interest and the long term interest rates that the Council could borrow at.

5.1.2 Whilst this option would generate significant savings of around **£2m pa**, on discussion of the proposal with DfT and HM Treasury ('HMT') it was clearly not supported by them. The view of both the DfT and HMT was that the Council would not be able to carry out the sole funding role sufficiently robustly to ensure that the risk transferred to Amey was upheld in the same manner as under a private finance arrangement. In addition, the proposal would mean a change to the internal accounting treatment of the PFI grant which would cause the DfT significant budget problems to which HMT could not offer a solution. As a result this proposal was not taken further.

5.2 Option 2 - Additional Capital Contributions

5.2.1 Under this option the Council would increase the Capital Contributions above the £135m already built in, using the existing mechanism.

- 5.2.2 The potential level of additional Capital Contribution that the Council is permitted to contribute is set by the European Standards of Accounting rules. The accounting rules state that the total amount of Capital Contributions has to be less than 50% of the capital expenditure in the Core Investment Period ('CIP'). Owing to the current level of Capital Contributions being provided by the Council, the additional Capital Contributions can be no more than approximately **£61m**.
- 5.2.3 The timing of the additional Capital Contributions throughout the CIP will be optimised in order to maximise the overall saving whilst maintaining the general HMT principles relating to the payment of Capital Contributions which states that they should be linked to service outputs and that the Council should remain the minority funder throughout the CIP.
- 5.2.4 Providing additional Capital Contributions would allow some of the existing bank debt borrowed by Amey to be cancelled. The £61m would be funded by the Council using prudential borrowing. This alternative funding option creates a financial saving because the Council's cost of borrowing the £61m is considerably lower than the cost of borrowing which Amey incur for bank debt. The net financial saving to the Council amounts to around **£0.5m pa**. Members of the public would see no difference in service from this option.
- 5.3 Option 3 - Bank Debt Refinance
- 5.3.1 Under the Contract, either party has the option to propose a refinancing of the bank debt should the financial market rates be trending at more favourable rates than those achieved at Financial Close at the end of July 2012.
- 5.3.2 At present, there are a number of institutions who are active in the long term lending market but a shortage of infrastructure projects in which to invest their funds, creating potentially high demand. Amey's investment experts are advising that there would be the capacity in the market to achieve competitive terms from a refinance.
- 5.3.3 Any refinancing gain realised would be subject to a contractual sharing mechanism firstly with Amey as set out in the Contract and secondly, with the DfT under their grant funding terms. The level of financial savings achievable from this option is subject to the rates that can be secured from the market but it is expected that the Council would realise savings for the Council of approximately **£0.3m pa**.
- 5.3.4 The timing of the bank refinance is dependent on the completion of a number of routine maintenance operational savings proposals which will result in changes to the Contract and will be subject to the banks' own approval processes as necessary. It is expected

therefore that a bank refinance will not be possible until 2015/16. Until we are in a position to start to test the market appetite it is not possible to be certain that better market rates will be available.

5.3.5 These financial savings could be realised in addition to the savings identified as achievable from the Council providing additional Capital Contributions as described in section 5.2 of this report.

5.4 Option 4 - Partial Public Refinance

5.4.1 As part of the bank refinance option, consideration has also been given to providing, in addition to the extra Capital Contributions, a proportion of the remaining bank debt as a loan alongside the banks who invest funds as a result of the bank refinance.

5.4.2 This additional public sector lending would produce additional financial savings because of the Council's lower borrowing costs. Unlike the full public refinance option described in section 5.1 of this report, this option is considered to be acceptable to the DfT and HMT as it would not result in a change to the accounting rules subject to the Council not being the majority lender.

5.4.3 Owing to the retention of a proportion of bank debt in the funding structure, it could be demonstrated to the DfT and HMT that the banks and their advisors would provide the necessary diligence and independence alongside the Council to ensure that Amey continue to deliver the services under the Contract in accordance with specified performance standards and timescales.

5.4.4 This option would require the Council to borrow around a further **£93m** with an anticipated net financial saving to the Council of **£0.2m pa**.

5.4.5 In order to provide a robust governance structure for this option the Council will have to develop a strategy to manage its loan investment to avoid conflicts of interest between the Council's role as a recipient of the services delivered by Amey and as a funder.

5.4.6 Amey have advised that this proposal may cause inter-creditor issues with the banks who will be similarly concerned with the conflicts of interest and may seek to exclude the Council from certain key decisions.

5.4.7 Further iterations of this partial refinance option include:

- (a) an option to replace up to 50% of the bank debt if the bank refinance doesn't result in new funders/terms; or
- (b) if the bank terms that can be achieved from the bank refinance are very competitive it may be better value to avoid the conflict of interest issue and the risks associated with being a funder and not consider further providing extra public sector funding.

- 5.5 Option 5 - Voluntary Termination by the Council of the Contract
- 5.5.1 Under the terms of the Contract, the Council has the option of voluntary terminating the Contract. In view of the significant budget pressures the Council faces, this option has been assessed in terms of its short and long term impact.
- 5.5.2 Exercising this option would require the Council to pay compensation to the shareholders and the banks for loss of profit and would require the Council to either enter directly into the existing sub contract for all of the services (which may not be possible), insource the highway maintenance service and invite tenders for the remaining Core Investment Period ('CIP') works or invite tenders for the highway maintenance service and the remaining CIP works.
- 5.5.3 The initial direct financial cost of voluntary termination to the Council is approximately **£142m**. In addition, the Council would need to borrow a further £273m to fund the completion of the CIP works (based on the current Amey costings) making a total borrowing requirement of **£415m**.
- 5.5.4 There is scope within HMT guidance that PFI Grants may continue to be paid when a contract is terminated to cover the compensation payments. However, there is absolutely no guarantee that the DfT would continue to pay the PFI Grant to cover not only the compensation payments but also the remaining CIP works. If the DfT and HMT were minded to continue to pay the PFI Grant, and assuming the highway maintenance service can be delivered at current costs and to the current contractual standards (which is by no means guaranteed) then the annual saving to the Council could be significant.
- 5.5.5 As referenced above, it must also be acknowledged that it may not be possible to deliver the highway maintenance services on the same terms and/or at the same price. It may not be possible for the Council to enter directly into the existing sub contract and if the service is brought in-house or is re-tendered there is a distinct possibility that the service will be more expensive, which would place further pressure on the highway maintenance budget. The currently planned lifecycle works after the CIP to maintain the highway network are unlikely to be completed thereby jeopardising value for money. Improving a Council asset but then failing to maintain it thereafter is a short-term gain. If the DfT refused to continue to pay the PFI grant as currently forecasted or the highway maintenance service could not be delivered on the same terms and/or at current costs, this would result in the Council being at risk of ending up in a worse financial position than it currently faces.
- 5.5.6 The short-term gain would be purely financial. However, the much wider cost of voluntary termination to the Council would be the loss of contract benefits for stakeholders and unquantifiable reputational damage.

5.5.7 The reputational damage to the Council in terms of managing the expectations of its wide variety of stakeholders could not be mitigated in the event of voluntary termination. We cannot guarantee that the CIP works would continue to be carried out as planned. The CIP works currently include improvement works to 70% of the highway network therefore the remaining 30% which would have received improvement works post-CIP during the remaining 20-year term of the Contract will deteriorate more rapidly leading to increased public dissatisfaction.

5.5.8 At this point in time, it is not recommended that this option be progressed. However, this does not preclude this option from being considered further in the future.

6.0 PREFERRED FUNDING OPTIONS

6.1 Each of the options has been considered in consultation with Amey, the DfT and HMT to ascertain what would be achievable and acceptable and the processes that would need to be carried out to deliver the savings.

6.2 It is proposed that Options 2 and a combined 3 and 4, as detailed in section 5 of this report are progressed as a two stage refinancing project as set out below. Option 3 and 4 will be considered as part of a subsequent Cabinet report in 2015.

6.2.1 Stage 1-Implement Additional Capital Contributions

The proposal is that this would be progressed with a target implementation date of 30 January 2015, which is the next scheduled uplift to the Unitary Charge based on Amey's achievement of Milestones.

6.2.2 Stage 2 – Undertake a Bank Refinance

This stage would include the testing of the financial market and depending on the capacity and competitiveness of new funders may include the Council as a partial funder. This stage would also include concluding the outcome of the routine maintenance operational savings.

6.3 Splitting the refinance into stages would allow the financial savings from the additional Capital Contributions to be maximised by implementing them as early as possible. Amey would then approach the financial market for more favourable financing when the operational savings are implemented and the Contract changes agreed between the parties.

6.4 The recommendations detailed in this report are focussed on the first stage of providing additional Capital Contributions with a further report to be submitted to Cabinet in 2015 setting out in more detail the proposals of the second stage refinance following a joint party

analysis of the risks and rewards.

7.0 FINANCIAL IMPLICATIONS

7.1 Project Development Budget

7.1.1 In order to undertake the necessary approval processes, initiate the changes to the Contract and realise the financial savings, the Council will incur significant unavoidable costs. These costs will include internal financial and legal resource supported by the appointment of external financial and legal advisors. In addition, under the terms of the Contract, the Council also has to reimburse Amey and the banks' reasonably incurred due diligence costs.

7.1.2 The High Value Change mechanism within the Contract which will be utilised to process the two stages of the refinance provides a governance framework for the costs of the change to be managed and limits the costs which can be charged to the Council by specifying a cap on the banks' due diligence costs.

7.1.3 The estimated costs for the two stages of refinance are set out in Appendix B.

7.1.4 It is proposed that the costs are funded in this development stage from the Council's PFI Reserve and the Reserve will be replenished from the savings achieved. A discrete Business Unit will be created to capture and manage these costs.

7.2 Transaction Costs

7.2.1 In addition to the Project Development Costs related to resources, the Council will also have to fund the costs incurred in changing the existing funding structure to a revised one.

7.2.2 The financing agreement between Amey and the existing banks allows for debt to be cancelled or repaid early. The provision of additional Capital Contributions by the Council will trigger this provision.

7.2.3 Cancelling or repaying a proportion of the bank debt will change the profile of the remaining debt payments resulting in the requirement to put in place a new hedging agreement. The hedging agreement enables borrowing rates to be fixed for the duration of the loan based on the forward LIBOR curve. Terminating the hedging agreement will result in break costs being payable.

7.3 Borrowing Requirement

7.3.1 The borrowing requirement for this first stage of increasing the Capital Contributions including break costs and transaction costs is **£66m**. The Capital Contributions will be drawn down by the Council in instalments as outputs are achieved by Amey in line with performance requirements. The profile will be determined as a result of the more detailed financial modelling work to be undertaken.

7.4 Financial Savings

7.4.1 Increasing the Capital Contributions means that the level of bank debt which Amey requires can be reduced resulting in a reduction to the Unitary Charge. The Council then bears the cost of repaying the Public Works Loan Board debt and interest for the additional Capital Contributions. The net financial saving to the Council on the basis of repaying the debt over the remainder of the Contract term is approximately **£15m** in total, an average of **£0.5m p.a.** This saving is net of the transaction costs.

7.4.2 The Council's usual asset life for infrastructure assets is 40 years and therefore the debt repayments could be repaid over this timescale to give an increased saving in the early years. This will be considered further in light of the relative interest rates at differing repayment lengths and how this fits with the Council's wider business planning and medium to long term financial strategy.

7.5 Financial Risks

7.5.1 The Council will carry a number of risks in proceeding with this process as set out below:

(a) *Abortive Costs*

It is possible that the transaction cannot be completed either because it does not get DfT approval or unforeseen additional costs make it unviable. If this were the case, the Council will have to bear any abortive costs incurred at the time.

In order to mitigate this risk, the Council's refinance project team have already fully engaged with the DfT and will continue to work closely with them to develop the required Business Case as early as possible in the project timeline to gain approval before significant costs have been incurred.

If there are any abortive costs it is proposed that these be funded from the Streets Ahead contingency budget that was set aside as part of the affordability provisions.

(b) *Project Development Budget Overspend*

The budget figures set out in this report are based on reasonable estimates provided by the Council's refinance project team and Amey, and they will be monitored closely throughout the two stage project. It is possible, however, that the costs could be higher as we get in to the detail of the transaction. The Business Unit will be subject to the Council's financial procedures with any forecast overspends monitored against the overall viability of the transaction.

(c) *Interest Rate Movement Up to Completion*

The financial savings that can be achieved have been estimated based on current long term interest rates. Whilst

long term interest rates are expected to be relatively stable over the period that this transaction will be completed there will inevitably be some movement. Any change in the rates will impact on the hedging break costs and the Council's cost of borrowing on the first Capital Contribution payment. This movement has been tested against a range of interest rates to ensure that the savings are still achievable.

(d) *Interest Rate Movement Post Completion*

Owing to the Capital Contributions being paid in tranches over the remaining years of the CIP, the interest rate at which the Council will borrow money at that future point could be higher or lower than estimated. This has been similarly tested across a range of interest rates however, because it is harder to predict over the longer period then the movement in interest rates could be more dramatic and could have a more material impact on the savings.

8.0 LEGAL IMPLICATIONS

8.1 The Contract contains a High Value Change mechanism that would allow the proposed changes to be made and the Council has a general power under section 1 of the Localism Act 2011 to do things an individual may generally do (including vary a contract in accordance with its terms) provided, it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act e.g. around charging for the provision of a service.

8.2 When it was procured the Contract was above the public procurement financial thresholds and consequently was procured under a regulated procurement procedure. If the Contract is changed to a material degree, it may be held that there is, in fact, a new contract, which should have been re-tendered in accordance with European and national procurement law and the resultant contract could be held ineffective.

8.3 The proposed increase in Capital Contributions is not considered to be a material change to the existing contract because there will be no variation to the services to be provided, the contract will still involve a significant proportion of private investment and Amey will not make any additional profit as a result of the change.

8.4 The Council must also ensure that in making the Capital Contributions it is not giving assistance that might distort competition in the European Union market ('State Aid'). It is not felt that the arrangements as proposed would provide an advantage to Amey as they will not receive any financial or other benefit from the additional Capital Contributions. Any saving made will be passed directly to the Council.

9.0 EQUALITY IMPLICATIONS

As this refinance proposal is purely related to financial restructuring of the Contract and has no material effect upon the services received by the people of Sheffield then there are no equality impacts. The proposal is equality neutral affecting all people the same regardless of age, race, faith, disability, gender, sexuality and so forth.

10.0 REASONS FOR RECOMMENDATIONS

10.1 As outlined in this report, there is a clear strategic and economic case to justify the Council using its prudential borrowing powers and increasing the Capital Contributions to the project in order to secure a saving of circa **£0.5m pa**. This saving can be achieved with minimal risk to the Council and without impacting on the delivery of the highway maintenance service and the ongoing improvements in the infrastructure asset.

10.2 Failure to increase the Capital Contributions will result in more pressure on achieving the Council's current and future budget and may result in more drastic cuts to front line services.

10.3 The options to bank refinance the remaining bank debt with alternative bank and/or partial public refinance need to be explored further so as to ensure that an opportunity is not missed to generate additional financial savings to assist with ensuring the Contract is sustainable in the future.

11.0 NEXT STEPS

11.1 DfT/HMT Department Approval

11.1.1 The Council has liaised closely with the DfT and HMT to develop the proposals and understand their overarching principles and the impact on the wider accounting rules for the Contract and the PFI Grant.

11.1.2 Having established proposals that are acceptable in principle, these will need to be formally approved through the submission of an Outline Business Case ('OBC') following HMT's Five Case Model. The OBC will demonstrate that the proposals are affordable, viable and do not diminish the value for money or cost benefit of the original business case approved for the Contract. This approval will then be concluded with a Full Business Case ('FBC') and the end of the second stage of the refinance to demonstrate that the expected outcomes will be delivered. The first stage of that approval process will be the creation of a Business Case for the Capital Contribution proposal.

11.1.3 The OBC/FBC while following the standard HMT format are not

expected to be as comprehensive as the business cases submitted in support of the Contract itself and will be focussed on the relative merits of the refinance proposals.

11.2 Project Management

11.2.1 A joint Project Plan has been developed with Amey which details all of the key stages and associated tasks to be completed to implement the first stage of the preferred alternative funding option and then to develop further, stage two, to determine its viability and an accurate forecast of the financial benefits which can be realised.

11.2.2 Both parties have identified key representatives to progress the preferred alternative funding option which comprises internal representatives and external financial and legal advisers. The budget for the respective project teams are set out in Appendix B of this report.

11.2.3 Amey are working closely with their external financial advisers to verify the financial modelling work undertaken to date in order to confirm the financial savings to be realised from the first stage of the refinance project. The outcome of this work will be included in the OBC submitted to the DfT/HMT for approval.

11.3 Following the implementation of the first stage of the preferred alternative funding option by the end of January 2015 and the subsequent appraisal of the second stage, a further Cabinet report will be submitted by the end of the second quarter of 2015 to detail the findings of the second stage appraisal process and make recommendations to Cabinet in relation to the optimum funding structure to implement.

12.0 **RECOMMENDATIONS**

12.1 It is recommended that approval be given to:

- (a) Option 2 - providing additional Capital Contributions up to the value of 50% of the existing capital funding of the CIP as set out in section 5.2 of this report;
- (b) establish a budget from the PFI Reserves to fund the implementation of the first stage of the preferred alternative funding option and to subsequently progress the second stage to determine the optimum funding structure to be approved by Cabinet;
- (c) fund any abortive project costs from the Streets Ahead contingency;
- (d) procure and appoint external financial and legal advisers for the Council;
- (e) develop and submit an OBC to DfT/HMT to seek approval to progress the changes to the funding arrangements;

- (f) make staged payments to Amey in relation to the Contract change due diligence costs subject to such costs being auditable; and in accordance with agreed estimates; and
- (g) progress Options 3 and 4 - the second stage of the preferred alternative funding option on the basis that the conclusion of this second stage will be signified by the submission of a subsequent Cabinet report and the submission of an FBC to the DfT/HMT.

12.2 It is also recommended that Cabinet:

- (a) delegates authority to the Executive Director, Resources in consultation with the Cabinet Member for Finance and the Interim Director of Legal and Governance to implement the first stage of the preferred alternative funding option following the agreement of commercially acceptable payment terms with Amey; and
- (b) delegates authority to the Executive Director, Resources in consultation with the Executive Director, Place, the Interim Director of Legal and Governance Place and Cabinet Members for Finance and Environment, Recycling & Streetscene, to take such other steps as he deems appropriate to achieve the outcomes set out in this report.

Steve Robinson
Head of Highway Maintenance

Anna Peysner
Assistant Director, Finance

13 October 2014

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