

# SHEFFIELD CITY COUNCIL

## EXECUTIVE FUNCTIONS DECISION RECORD

The following decisions were taken on Wednesday 11 November 2015 by the Cabinet.

Date notified to all members: Friday 13 November 2015

The end of the call-in period is 4:00 pm on Thursday 19 November 2015

The decision can be implemented from Friday 20 November 2015

### **Item No**

#### **8. STREETS AHEAD - REFINANCE**

8.1 The Executive Director, Place and Interim Executive Director, Resources, submitted a joint report seeking approval to the Council pursuing a contract refinance in relation to the Streets Ahead contract and to progress some minor operational contract changes.

#### **8.2 RESOLVED: That:-**

- (a) option 1 be rejected – Do Nothing as it has been determined by the Council and Amey that there is an opportunity during the Core Investment Period (CIP) to make savings from refinancing the Contract;
- (b) exploring options 2 and 3 to refinancing with existing and potential new funders be continued, in order to determine the optimal route in terms of maximising savings and mitigating risks and subsequently take forward the preferred option;
- (c) the ongoing dialogue with the Department for Transport (DfT) throughout the refinance process be continued and a business case be submitted seeking DfT/HM Treasury (HMT) approval to complete the refinance which includes agreeing the optimal process for funding the DfT's share of the refinance savings.
- (d) the additional budget from the Private Finance Initiative (PFI) Reserves be provided to fund the conclusion of the refinance and the processing of the contract changes;
- (e) any abortive project costs of the Refinance from the Streets Ahead contingency be funded;
- (f) staged payments be made to Amey in relation to the Refinance and Contract change due diligence costs subject to such costs being auditable; and in accordance with agreed estimates;
- (g) officers explore the option of the Council providing up front capital in place

of more expensive private finance and, if this results in increased levels of saving, that approval is delegated to the Interim Executive Director, Resources, to borrow the requisite sums;

- (h) authority be delegated to the Interim Executive Director, Resources to:-
  - (i) monitor the progress made by Council officers in determining the optimal refinancing option and approve (if appropriate) the recommended option; and
  - (ii) complete the refinance of the Contract subject to the approval of commercially acceptable terms by the Director of Legal and Governance; and
- (i) authority be delegated to the Director of Legal and Governance to process the High Value Changes under a Deed of Variation.

### **8.3 Reasons for Decision**

8.3.1 As outlined in the report, there is a clear strategic and economic case to justify the Council concluding the refinance in order to realise saving of circa £0.3m to £0.6m p.a. This saving can be achieved with low risk to the Council and without impacting on the delivery of the highway maintenance service and the ongoing improvements in the infrastructure asset.

8.3.2 Failure to progress the refinancing of the Contract will result in more pressure on achieving the Council's current and future budget pressures.

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

8.4.1 Option 1 - Do Nothing – Wait Until Completion of CIP in 2017  
Under this option no further action would be taken now and any consideration of the other options set out below would be deferred until the CIP is complete.

8.4.2 Owing to the disadvantages for Option 1 detailed in Appendix A, it is not recommended that this option is progressed. However, if a refinance is secured now it would still be possible to carry out a further refinance after the completion of the CIP if the prevailing conditions are favourable and the savings outweigh the further transaction costs.

8.4.3 Option 2 – Existing Funders Margin Reduction  
Under this option the Council and Amey would negotiate with the existing funders to reach agreement on a reduction in their funding margins.

8.4.4 All of the current funders are still actively lending in the infrastructure market and in recent discussions, they all have expressed a desire to retain their investment in the Contract. The level of saving they are prepared to offer differs between each funder with some having more flexibility to reduce margins than others.

8.4.5 On the basis of the estimate of bank margins and fees for Option 2 as set out in

Appendix A being achieved then the net saving to the Council after transaction costs and arrangement fees is £0.3m p.a.

- 8.4.6 **Option 3 – Full Open Market Funding Competition**  
Under this option the Council would go the banking market to seek a new set of funders on revised terms. All of the existing funding agreements would be cancelled and new agreements put in place. This could result in more or less funders than the current four banks.
- 8.4.7 There have been some initial informal discussions with a small number of potential new lenders and all have expressed an interest and indicated that they would be able to offer more competitive terms than initially proposed by the existing funders.
- 8.4.8 On the basis of the assumed bank margins being achieved then the net saving to the Council after transaction costs and arrangement fees is £0.4m p.a. The detailed terms and basis of the saving for Option 3 are again set out in Appendix A of the report.
- 8.4.9 As detailed in the options set out above, there is not a significant difference between the levels of saving achievable at the two modelled margins. However, it is possible that lower margins than the ones assumed in the scenarios could be achieved from new funders and from further negotiation with some of the existing funders. Therefore a more likely refinance scenario is securing a margin reduction from a combination of existing funders and new funders with the savings potentially being in the region of £0.4m to £0.6m p.a. Some examples of alternative potential refinance scenarios are also set out in Appendix A of the report.
- 8.4.10 There is a low-medium risk that if the Council approach the market for replacement funders and preferential terms cannot be achieved, then the existing funders may withdraw their offer of reduced margins resulting in the Council having to fund the abortive transaction costs.

8.5 **Any Interest Declared or Dispensation Granted**

None

8.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

8.7 **Respective Director Responsible for Implementation**

Simon Green, Executive Director, Place and Eugene Walker, Interim Executive Director, Resources.

8.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Economic and Environmental Wellbeing

## **9. SITE GALLERY EXPANSION**

9.1 The Executive Director, Place submitted a report in relation to the proposed expansion of the Site Gallery.

9.2 **RESOLVED:** That Cabinet:-

- (a) approves the proposals to enter into the agreement to grant a lease of property at Brown St to Site Gallery on the terms set out in this report;
- (b) delegates authority to the Executive Director, Place in consultation with the Director of Capital and Major Projects and the Director of Legal and Governance to agree the terms of the documentation required to effect this transaction; and
- (c) delegates authority to the Director of Legal and Governance to complete such legal documentation as she considers necessary or appropriate in connection with this transaction on such terms as she may agree to give effect to the proposals set out in this report and generally to protect the Council's interests.

### **9.3 Reasons for Decision**

9.3.1 The proposed expansion of Site Gallery will be a major boost for the cultural attraction of the city centre and the Cultural Industries Quarter (CIQ) in particular. This has wider economic benefits in terms of making the city an exciting place to locate and attract talented staff for businesses in the creative and digital industries which is a key growth area.

9.3.2 The proposal to grant a lease for 22 years at a peppercorn rent will unlock a grant from the Arts Council England (ACE) of just under £1m towards a £1.7m project. The refurbishment of the property will benefit a Council owned asset which is currently in a poor state of repair.

### **9.4 Alternatives Considered and Rejected**

9.4.1 The unit which it is proposed to lease to Site Gallery forms part of the AVEC building, part of which is above the Sheffield Archives and in other places is closely linked to the recording studios behind. It is therefore extremely difficult to sell or grant a very long term interest in the property.

9.4.2 The property was almost completely vacant for several years after Sheffield Independent Film (SIF) went into administration as it proved difficult to find tenants prepared to take the property on in its poor condition. If the property was not to be leased to Site Gallery then it could be marketed but it is felt that any potential tenants would require a significant rent free period; would not attract the level of investment available from ACE and would be very unlikely to achieve the same cultural and economic benefits as the proposed lease to Site Gallery.

9.5 **Any Interest Declared or Dispensation Granted**

None

9.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

9.7 **Respective Director Responsible for Implementation**

Simon Green, Executive Director, Place

9.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Economic and Environmental Wellbeing

**10. PROPOSED LEASE OF LAND AT CHARLES STREET**

10.1 The Executive Director, Place submitted a report in relation to the proposed lease of land at Charles Street.

10.2 **RESOLVED:** That Cabinet:-

- (a) notes the investment and approves the proposals to enter into the lease of land at Charles St to Sheffield Hallam University (SHU) on the terms set out in this report;
- (b) delegates authority to the Executive Director, Place in consultation with the Director of Capital and Major Projects and the Director of Legal and Governance to agree the terms of the documentation required to effect this transaction; and
- (c) delegates authority to the Director of Legal and Governance to complete such legal documentation as she considers necessary or appropriate in connection with this transaction on such terms as she may agree to give effect to the proposals set out in this report and generally to protect the Council's interests.

10.3 **Reasons for Decision**

10.3.1 The proposed improvements to this open space and its use for far more events, alongside other investments in the area, will be a major boost for the attraction of the city centre and the CIQ in particular. This has wider economic benefits in terms of making the city an exciting place to locate and attract talented staff for businesses in the creative and digital industries which is a key growth area. It also adds to the high quality of open spaces in the city centre making it a more pleasant place to live.

10.3.2 The proposal to grant a lease for 25 years will unlock an investment from SHU of approximately £400,000 and will remove a maintenance liability from the Council

of approximately £1,000pa. The refurbishment of the land will benefit a Council owned asset which is currently in a poor state of repair.

**10.4 Alternatives Considered and Rejected**

10.4.1 The Council could simply do nothing and leave the open space as it is which would have little benefit and it would continue to be poorly used.

10.4.2 Alternative sources of funding could be sought to carry out the improvements but such funding is limited and if it was possible to secure any then that would be at the expense of other schemes. Whereas by utilising the investment from the University it is hoped to use this as match to drawdown further funding for improvements in this part of the city centre.

**10.5 Any Interest Declared or Dispensation Granted**

None

**10.6 Reason for Exemption if Public/Press Excluded During Consideration**

None

**10.7 Respective Director Responsible for Implementation**

Simon Green, Executive Director, Place

**10.8 Relevant Scrutiny and Policy Development Committee If Decision Called In**

Economic and Environmental Wellbeing

**11. GAMBLING ACT 2005 - STATEMENT OF PRINCIPLES (POLICY)**

11.1 The Executive Director, Place submitted a report setting out the details of the revised Statement of Principles (Policy) to be published under the Gambling Act 2005 and details of the consultation process that had been undertaken. The report also sought approval to the final version of the Statement of Principles (Policy) and for it to be referred to Full Council.

11.2 **RESOLVED:** That Cabinet approve the Statement of Principles (Policy) for referral to Full Council on 2nd December 2015.

**11.3 Reasons for Decision**

To comply with the Council's statutory obligations and in doing so promote the Council's Corporate Plan and support the Council's vision.

**11.4 Alternatives Considered and Rejected**

There were no alternatives presented in the report.

**11.5 Any Interest Declared or Dispensation Granted**

None

**11.6 Reason for Exemption if Public/Press Excluded During Consideration**

None

**11.7 Respective Director Responsible for Implementation**

Simon Green, Executive Director, Place

**11.8 Relevant Scrutiny and Policy Development Committee If Decision Called In**

Economic and Environmental Wellbeing

(NOTE: This is subject to approval at Full Council at its meeting to be held on 2 December 2015 and is not subject to call-in).

**12. LICENSING ACT 2003 - STATEMENT OF LICENSING POLICY**

12.1 The Executive Director, Place submitted a report setting out the details of the revised Statement of Licensing Policy to be published under the Licensing Act 2003 and details of the consultation process that had been undertaken. The report also sought approval to the final draft of the Statement of Licensing Policy and for it to be referred to Full Council.

12.2 **RESOLVED:** That Cabinet approve the Statement of Licensing Policy for referral to Full Council on 2nd December 2015.

**12.3 Reasons for Decision**

To comply with the statutory obligations and in doing so promote the core objectives under the Licensing Act, the Council's Corporate Plan and support the Council's vision.

**12.4 Alternatives Considered and Rejected**

There were no alternative options presented in the report.

**12.5 Any Interest Declared or Dispensation Granted**

None

**12.6 Reason for Exemption if Public/Press Excluded During Consideration**

None

**12.7 Respective Director Responsible for Implementation**

Simon Green, Executive Director, Place

**12.8 Relevant Scrutiny and Policy Development Committee If Decision Called In**

Economic and Environmental Wellbeing

(NOTE: This is subject to approval at Full Council at its meeting to be held on 2 December 2015 and is not subject to call-in).

**13. REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING MONTH 6 (AS AT 30/9/15)**

13.1 The Interim Executive Director, Resources submitted a report providing the month 6 monitoring statement on the City Council's Revenue and Capital Budget for 2015/16.

13.2 **RESOLVED:** That Cabinet:-

(a) notes the updated information and management actions provided by the report on the 2015/16 Revenue Budget position;

(b) approves the spend request as shown in paragraph 29 of Appendix 1 of the report; and

(c) in relation to the Capital Programme:-

(i) approves the proposed additions to the Capital Programme, listed in Appendix 5.1 and 5.2 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, deletions and slippages in Appendix 5.1 and 5.2 of the report; and notes:-

(A) the latest position on the Capital Programme including the current level of delivery; and

(B) the variations approved under delegated authority provisions.

**13.3 Reasons for Decision**

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.

**13.4 Alternatives Considered and Rejected**



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.

**13.5 Any Interest Declared or Dispensation Granted**

None

**13.6 Reason for Exemption if Public/Press Excluded During Consideration**

None

**13.7 Respective Director Responsible for Implementation**

Eugene Walker, Interim Executive Director, Resources

**13.8 Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management Committee

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Councillor Leigh Bramall  
Chair  
13 November 2015