Cabinet

Wednesday 19 October 2016 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	(Deputy Leader/Cabinet Member for Business and Economy)
Councillor Ben Curran	(Cabinet Member for Finance and Resources)
Councillor Jackie Drayton	(Cabinet Member for Children, Young People & Families)
Councillor Jayne Dunn	(Cabinet Member for Housing)
Councillor Mazher Iqbal	(Cabinet Member for Infrastructure and Transport)
Councillor Bryan Lodge	(Cabinet Member for Environment)
Councillor Mary Lea	(Cabinet Member for Culture, Parks and Leisure)
Councillor Cate McDonald	(Cabinet Member for Health and Social Care)
Councillor Jack Scott	(Cabinet Member for Community Services and Libraries)

Sheffield City Council

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
19 OCTOBER 2016

Order of Business

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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

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 - 22)
   To approve the minutes of the meeting of the Cabinet held on 21 September 2016.

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 23 - 26)
   Report of the Acting Executive Director, Resources

9. **Procurement of Healthwatch Sheffield Service** (Pages 27 - 48)
   Report of the Executive Director, Communities

10. **Consultation on Proposals Relating to Children's Centres** (Pages 49 - 58)
    Report of the Executive Director, Children, Young People and Families

11. **Medium Term Financial Strategy 2017-22** (Pages 59 - 110)
    Report of the Acting Executive Director, Resources

12. **Revenue Budget and Capital Programme Monitoring Month 5 as at 31 August 2016** (Pages 111 - 162)
    Report of the Acting Executive Director, Resources

NOTE: The next meeting of Cabinet will be held on Wednesday 23 November 2016 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 Audit and Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

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SHEFFIELD CITY COUNCIL

Cabinet

Meeting held 21 September 2016

PRESENT: Councillors Julie Dore (Chair), Ben Curran, Jackie Drayton, Jayne Dunn, Mazher Iqbal, Mary Lea and Jack Scott

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Leigh Bramall, Bryan Lodge and Cate McDonald.

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 Councillor Ben Curran declared a Disclosable Pecuniary Interest in agenda item 14 (see minute 13 below) 'Voluntary, Community and Faith Sector Grant Aid Funding 2017-18 Onwards' as a trustee of the Ben Centre. Councillor Curran left the room prior to consideration of the item and took no part in the discussion or vote.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of Cabinet held on 20 July 2016 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Public Question in respect of Secret Meetings

5.1.1 Martin Brighton asked the following in relation to what he termed 'Secret' Meetings:-

Subjects: Hate Crime and Hate Crime Scrutiny Panel, Community Safety, Housing Plus, Community Cohesion, Prevent Program and Prevent Working Group, Liaison with Equality Hubs, etc.

- Does this Council condone the use of secret meetings with respect to any of the above?

- Will the Council freely publish the remits, membership and minutes of all meetings, as indicated above?

5.1.2 The Leader of the Council (Councillor Julie Dore) commented that the difficulty she had with Mr Brighton's question was what his definition of a secret meeting was. There were meetings in confidential situations which needed to be held in private which could be to do with matters of this nature such as the meetings held with other agencies regarding the Prevent Strategy. Councillor Dore did not condone secret meetings being held which aimed to withhold information which was in the public interest.

5.2 Public Question in respect of Equality Hubs

5.2.1 Martin Brighton asked the following in relation to Equality Hubs:-

- What are the Council's criteria for defining success or failure of any Equality Hub?

- To what extent of intervention is the Council prepared to go to ensure that its definition of success of any hub is achieved?

5.2.2 In response, Councillor Jack Scott (Cabinet Member for Community Services and Libraries) commented that an away day had been arranged for the Equality Hobs on 14 October. The issue raised by Mr Brighton of what constituted a success or failure of an Equality Hub would be one of the key issues to be discussed on the day and Councillors and officers would work closely with the hubs to develop that answer.

5.2.3 Councillor Scott added that he was clear that the Council would take whatever steps necessary to ensure the success of hubs as they were far too important to be allowed to stall.

5.3 Public Question in respect of Funding

5.3.1 Martin Brighton asked from which budgets were the activities referred to in his previous question funded?

5.3.2 Councillor Jack Scott responded that activities were funded from the Policy, Performance and Communications budget. The Council was reviewing how they linked together so everyone was clear and a diagram was being developed which would set out the role of the groups, their expected impact and the governance structures.

5.4 Public Question in respect of Tenant Involvement

5.4.1 Martin Brighton asked the following in relation to tenant involvement:-

- From which budget is the money to pay for tenant involvement with the Association of Retained Council Housing (ARCH) activities taken?

- Were tenants afforded prior consultation and gave their consent before engagement with ARCH?

- Was any tenant attendee ascribed representative status been transparently elected by tenants?

- What is the purpose of engagement with ARCH?

5.4.2 In relation to the final question, Councillor Jayne Dunn, Cabinet Member for Housing, commented that it was important to have tenant scrutiny as the Association was acting on behalf of the tenants not the Council. She would provide Mr Brighton with written answers to the rest of his questions.

5.5 Public Question in respect of Grant Funding

5.5.1 Martin Brighton asked, to aid transparency and accountability, will the Council publish the detail of all bids for grant funding, both successful and otherwise, accompanied by the reason for acceptance, or otherwise.

5.5.2 Councillor Jack Scott responded that this wouldn't be possible as it was against Council policy and would not be fair to the groups seeking council investment or who had suggested proprietary solutions.

5.6 Public Question in respect of Chinese Investment

5.6.1 Nigel Slack commented that there had been concerns expressed over the huge investment deal agreed with a prominent and politically well connected Chinese property company. He was pleased that the Council had agreed to be as open and transparent as possible over this deal, though that will probably not be transparent enough for Mr Slack as 'commercial confidentiality' was still well to the fore.

5.6.2 Mr Slack was, however, concerned over the spirit of the deal as well. When it was announced, the Council indicated that the investment would be used according to their plans for the City. In an article on BBC News- China Blog, however, the developer involved seemed to suggest that the initial plans 'he' had decided on were a 5 star hotel, luxury apartment blocks and a pastiche of a Greco-Roman classical fountain. He also appeared to have plans for the infrastructure of the City. Mr Slack therefore asked how can the public be certain that the sheer scale of this investment will not bias the planning process? In addition, with the Chinese Government being keen on overseas acquisitions, who will own the land and properties that this investment creates?

5.6.3 Councillor Julie Dore stated that she had not read the blog referred to by Mr Slack. The agreement with the Chinese investor was simple. The investor wished to invest in Sheffield on a number of projects. The investor would have his own ideas. However, the Council was in control of the plans for the City and any investor would have to comply with the particular outcomes of what the Council wanted to see in the City.

5.6.4 Any City would welcome a 5 star hotel being developed but it would need to be on the Council's terms and this was the same with apartment blocks. The investor had initially invested £220m in the City for a number of projects. The infrastructure was what would go along with these projects.

5.6.5 There were many opportunities in the City for investment and the City had the right kind of inclusive growth available. Ownership would depend on the individual project. Whatever was ultimately developed will be in the interests of the City. At the same time, the investor would want a return, so it would need to work for both parties.

5.7 Public Question in respect of Planning Design

5.7.1 Nigel Slack asked, with the University's 'Diamond' building coming in the top six contenders for "Carbuncle of the year", will the Council consider sending Planning Committee Members on a design aesthetics course or perhaps finish the Local Plan, before we become subject to similar unwanted accolades?

5.7.2 Councillor Julie Dore commented that beauty was in the eye of the beholder and what was good for one was not always good for another.

5.7.3 Councillor Mazher Iqbal (Cabinet Member for Infrastructure and Transport) added that applicants chose their own architect. The City had its own Design Panel and the Council had its own in house design team. It was hoped that consultation on the Local Plan would take place early in the New Year.

5.8 Public Question in respect of City Region Growth Targets

5.8.1 Nigel Slack asked, with the Pound continuing to languish ever lower in the currency markets and most economic indicators dropping like stones, relatively speaking, will the Council be pushing the City Region to review the growth targets they will be committing themselves to before the devolution deal is finalised?

5.8.2 Councillor Julie Dore stated that the devolution deal was not dependent on growth targets. The City Region had infrastructure and transport plans and all were publically available or would be made available upon completion. The £30m a year the City Region would receive was not conditional on delivering growth targets and was focused on growing the economy.

5.8.3 Councillor Dore added that growth targets should always be reviewed in the light of the influence of external factors. In respect of economic indicators, the City Region was consulting with stakeholders over the vision for the Sheffield City Region.

5.9 Public Question in respect of Parking Permits

5.9.1 Nigel Slack stated that he had recently changed his car and this meant he had to replace his local parking permit to reflect the new vehicle. For Mr Slack this was a relatively painless task in the most part but, not only did the replacement cost £20 (almost 2/3rds of a full permit) but during the changeover and, whilst awaiting his new V5 from Swansea, he had to expend some 16 of his daily permits to remain legal. On the other end, his new permit did not reflect the time lost on his permit between advising the Council of the change of vehicle and the new permit being available. Mr Slack's new permit expired on the same day as the old one. Surely, Mr Slack therefore asked, it was not beyond the whit of man, having charged the

£20 replacement fee, to reflect the lost time on the new permit?

5.9.2 Councillor Mazher Iqbal commented that he would look into Mr Slack's issue and lessons would be learned. He also apologised to Mr Slack for the delay. A review of the cost of replacing permits had been undertaken in 2013 and it was concluded that the £5 charge was not sufficient to cover costs and that £20 would be more appropriate. There were plans to look at moving to a digital system in the future.

6. ITEMS CALLED-IN FOR SCRUTINY

6.1 The Children, Young People and Family Support Scrutiny and Policy Development Committee submitted a report outlining the outcome of the Scrutiny Committee meeting held on 3 August 2016 where a Call-In on the decision of Cabinet at its meeting held on 20 July 2016 regarding Primary School Places in Ecclesall was considered.

6.2 **RESOLVED:** That Cabinet notes the outcome of the Children, Young People and Family Support Scrutiny and Policy Development Committee meeting held on 3 August 2016 in relation to consideration of the Call-In regarding Primary School Places in Ecclesall to take no action in relation to the called-in decision.

7. RETIREMENT OF STAFF

7.1 The Acting Executive Director, Resources 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:-

Name	Post	Years' Service
Children, Young People and Families		
Janet Bowler	Teacher, Malin Bridge Primary School	20
Carol Dale	Education Psychologist	37
Patricia Daley	Education Psychologist	27
Sandra Flaherty	Residential Child Care Officer, Mossbrook Primary School	30
Eileen Kehoe	Team Manager	26
Raqia U-Din	Social Worker	32

Communities

David Allen	Support Worker	31
Karen Fox	Support Worker	34
Jacqueline Lomas	Support Worker	34
Diane O'Brien	Support Worker	24
Anne Seaton	Support Worker	29

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

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

8. NEW BANNERDALE SECONDARY SCHOOL UPDATE

8.1 The Executive Director, Children, Young People and Families submitted a report updating Cabinet on plans for a new secondary school on the Bannerdale site and seeking approval to vary the location of the build reported to Cabinet in February 2016.

8.2 **RESOLVED:** That, in accordance with the Cabinet decision of 17th February 2016, to reiterate its approval for the Executive Director, Children, Young People and Families to take all necessary steps to open a new school on part of the Bannerdale site and to note the option described in the report to locate the new school buildings to the western side of the access road as the current preferred option, subject to the formal planning application process.

8.3 **Reasons for Decision**

8.3.1 The proposal to create the school buildings on the western side of the access road is the option most likely to meet the overall vision for the school and the site. It allows for the best possible layout and design for the school buildings; it ensures that capital is targeted at the school building and site, rather than ameliorating the ground conditions; it allows a design that is sympathetic to the park setting and supports easy access to the pitches for both the school and community; and it allows for a better parking and drop-off arrangement to take traffic away from local roads.

8.4 **Alternatives Considered and Rejected**

8.4.1 The main alternative location for the building would be the former car park area or the former Bannerdale centre site area that is now earmarked for housing. The report outlines the reasons for a move away from the former car park area. The Bannerdale centre site area was part of the February Cabinet decision that reaffirmed the Council's commitment to providing a site for housing and realising the capital receipt.

9. YOUNG PEOPLE'S SUBSTANCE MISUSE SERVICE

9.1 The Executive Director, Children, Young People and Families submitted a report setting out the need for the young people's substance misuse service, which is coming to the end of a 4 year commissioning cycle. The proposal is to recommission for 2+1 years from April 2017 on a tapered budget. The proposed changes to the specification are in response to the stakeholder consultation and to adapt to changes in profile and the developments within children's services.

9.2 **RESOLVED:** That:-

(a) approval is given to retender the Young People's Substance Misuse Service 2013 - 2017 for 2 years, with an optional one year extension period;

(b) approval is given to a reduction in contract value to reflect the reducing Public Health Grant and reductions made previously to other contracts;

(c) approval is given to the proposed changes to the service specification set out in bullet points within the report at section 6 - Reasons for Recommendations;

(d) authority be delegated to the Director of Commercial Services to approve the procurement strategy for the tender for the Young People's Substance Misuse Service 2017-2019; and

(e) authority be delegated to the Director of Commercial Services to agree contract terms and approve a contract award following the tender process.

9.3 **Reasons for Decision**

9.3.1 The service will be a delivery partner for the development of a Youth Information Advice and Counselling Service (YIACS) model at Star House, led by Sheffield Futures and building on the co-location of services to provide a co-ordinated one stop shop for young people with access to substance misuse assessment and treatment as part of a wider offer of health and wellbeing needs.

The substance misuse service will also be involved in delivery of targeted youth support through the development of a broader youth offer. Whilst the integration of drugs workers into the Youth Justice Service and Community Youth Teams remains an effective model to target need, and provide flexibility to respond to the demand of universal access through YIACS, the youth offer requires the referral pathway to be direct to the provider from a range of referring partners, and for resources to be mobile in response to need.

As Public Health funding diminishes, commissioners are responding with innovative partnerships between public, voluntary and private sector partners to continue to meet the needs of vulnerable young people.

Following consultation with the incumbent provider, referring partner agencies and service users, the following changes are proposed within the new service specification:
- Staff located in services are integrated into the developing YIACS (Youth Information Advice and Counselling Service) model and aligned to the broader youth offer
- Development support for families of young people who misuse substances through a whole family approach
- Development of specialist support for young people involved in gangs

9.4 **Alternatives Considered and Rejected**

9.4.1 The alternative to commissioning a substance misuse service for children and young people would be to have universal GP (Tier 1) and hospital treatment (Tier 4) with no specialist community provision (Tier 2 and 3). Schools and organisations working with vulnerable young people, including children in care, would need to draw on their own resources to meet the needs of this cohort of young people without the benefit of targeted specialist resources to support their needs through workforce development and capacity building training, and providing interventions to young people.

9.4.2 If the decision was not to recommission the young people's substance misuse service, it is likely that vulnerable young people with substance misuse as part of a range of needs would be more likely to be excluded from school and enter the criminal justice system. This would contribute to an increase in risk, vulnerability and poor life outcomes and potentially impact on community safety and cohesion.

10. A MATTER OF LIFE AND HEALTHY LIFE - DIRECTOR OF PUBLIC HEALTH REPORT FOR SHEFFIELD 2016

10.1 The Director of Public Health submitted his annual report. Directors of Public Health have a statutory duty to produce an annual report on the health of the local population and to make recommendations as to how local health may be improved. This year's report makes four such recommendations, three of which are addressed to the Council (among others). The report is due to be presented to full Council on 5th October 2016 and Cabinet is asked to seek any clarification on the topics, issues and recommendations raised in it.

10.2 **RESOLVED:** That Cabinet endorses the recommendations within the annual report, that:-

(a) **The Health and Wellbeing Board** should take forward a series of learning events / appreciative enquiry on different approaches to health and wellbeing to explore what optimising "health and wellbeing" could look like in a number of key policy areas.

(b) **The Council and other stakeholders**, as part of Public Sector Reform, should consider a healthy population and minimising health inequalities as a core infrastructure investment for a prosperous economy.

(c) **The Council and the CCG** should explore the development of a 'Heart of Sheffield' structural model to coordinate and shape a policy approach to improving living well options (such as increasing physical activity and reducing smoking) in the City.

(d) **The Council and the CCG** should develop a joint neighbourhood delivery system with a broad model of primary care as the main delivery mechanism for services.

10.3 **Reasons for Decision**

10.3.1 It is good practice for DPH reports to contain recommendations aimed at improving the health of the local population, addressed to a number of partners and stakeholders as required.

10.3.2 In addition it should also report on progress made on the recommendations from the previous year's report. Appendix A to this paper provides a progress report on the three DPH report recommendations from 2015.

10.4 **Alternatives Considered and Rejected**

10.4.1 There were no alternative options presented in the report.

11. SHEFFIELD ALCOHOL STRATEGY 2015-2020

11.1 The Executive Director, Communities submitted a report setting out the work undertaken by Sheffield Drug and Alcohol Co-ordination Team (DACT) to develop a new alcohol strategy for Sheffield covering the period from October 2016-October 2020 – a four year strategy.

11.2 **RESOLVED:** That:-

(a) the content of this report is noted and approval is given to the Sheffield Alcohol Strategy 2016-2020;

(b) the Director of Commissioning be authorised to terminate contracts relevant to the delivery of the strategy and in accordance with the terms and conditions of the contracts;

(c) in accordance with the high level commissioning strategy and this report, authority be delegated to the Director of Commissioning to:

- in consultation with the Cabinet Member for Health and Social Care, the Director of Commercial Services and the Director of Public Health, approve the procurement strategy for any service delivery during the period of the strategy;

- in consultation with the Cabinet Member for Health and Social Care, the Director of Commercial Services and the Director of Legal and Governance, award, vary or extend contracts for the provision of services procured in implementation of the strategy; and

- in consultation with the Director of Legal and Governance and the Director of Commercial Services, make awards of grants; and

(d) the Director of Commissioning, in consultation with the Cabinet Member for Health and Social Care, the Director of Public Health, the Director of Legal and Governance and the Director of Commercial Services, is authorised to take such other steps as he deems appropriate to achieve the outcomes in the report.

11.3 **Reasons for Decision**

11.3.1 The strategy has been written based on robust local and national evidence.

11.3.2 The strategy has been widely consulted on, both before and after the first version was written – it has been inputted to by a vast range of agencies and professionals who have an expertise in alcohol related treatment and issues.

11.3.3 The strategy aims to reduce the harms caused by alcohol use and misuse, normalise the conversation about alcohol, intervene earlier raising awareness and preventing problems occurring and catching them early when they do, as well as ensuring those with a need for alcohol treatment can access treatment without barriers and have a high chance of achieving a sustainable outcome.

11.4 **Alternatives Considered and Rejected**

11.4.1 The ‘do nothing’ option would be to not have any form of alcohol strategy in place. However, Sheffield has had a strategy in place since 2007 that has guided the direction and work done to address alcohol use and misuse. Therefore not having a strategy would not support this approach.

11.4.2 Refreshing the 2010-2014 strategy – this would have been a shorter piece of work, however, the former strategy had a lot of focus on the night time economy and, whilst this is relevant and a lot was achieved during the last period of work, there have been a lot of changes since 2010 and areas on which the strategy needs to focus, so a new strategy was appraised as the most appropriate option.

12. SHEFFIELD ADVOCACY HUB

12.1 The Executive Director, Communities submitted a report seeking approval to proceed with the development, procurement and implementation of the “Sheffield Advocacy Hub”.

12.2 It was reported that there was an error in the report and all references to the "Sheffield Mental Health Advocacy service" should instead read "Sheffield Citizens Advice and Law Centre".

12.3 **RESOLVED:** That:-

(a) from April 2017, Sheffield City Council (SCC) commissions a comprehensive, integrated advocacy service using a "Hub" format as described in the report; the new service to be known as "The Sheffield Advocacy Hub";

(b) the authority to initiate the tender process and award the contract to the most suitable bidder for a period of 5 years, is delegated to the Director of Commissioning;

(c) the necessary funding is transferred from existing budgets into a new single business unit to facilitate payment processes and forecasting in time for the start of the new arrangements; the total funding over 5 years is estimated to be £4,465,695; and

(d) the existing advocacy contracts are terminated in line with their notice periods from the date the new arrangement starts.

12.4 **Reasons for Decision**

12.4.1 A paper to Communities JLT in 2015 initiated a series of consultations culminating in an options appraisal which strongly recommended that a "Hub" model is developed using a "cost and volume" contract. Details are included in Appendix 1 of the report but the main arguments in favour of the Hub model are:

- A single, easily accessed point of contact
- More effective and easier communication
- Consistent standards
- Economies of scale including lower back-office costs
- Capacity is consolidated; best practice can be shared
- More efficient use of statutory advocacy hours coupled with a more robust system of sign-posting to alternative sources of support.

The main arguments supporting a Cost and Volume approach are:

- The block element offers some assurance for providers and allows up-front investment in training and development.
- Allows flexibility for purchaser above the minimum levels

12.5 **Alternatives Considered and Rejected**

12.5.1 A range of alternative options for contract and payment structure were considered.

Contract Structure

Individual contracts for each type of advocacy
Framework contract
Single Provider delivering all services
Hub Model – PREFERRED OPTION

12.5.2 **Payment model**

Block contract- fixed payments based on forecast activity
Spot purchase - all advocacy bought on a case buy cases basis at a tendered hourly rate
Cost and Volume – (block plus spot) – PREFERRED OPTION

13. VOLUNTARY, COMMUNITY AND FAITH SECTOR GRANT AID FUNDING 2017-18 ONWARDS

13.1 The Executive Director, Communities submitted a report seeking approval for a new three-year grant funding strategy for Sheffield's voluntary, community and faith (VCF) sector from the Council's corporate grant aid budget for the period 1st April 2017 to 31st March 2020. The strategy will replace the current corporate grant aid arrangements which operate an annual cycle of grant awards.

13.2 **RESOLVED**: That Cabinet, having had due regard to the provisions of Sections 149 and 158 of the Equality Act 2010 and Section 17 of the Crime and Disorder Act 1998 and to the issues raised within those provisions, endorses a three-year year grant funding strategy for Sheffield's voluntary, community and faith (VCF) sector from the Council's corporate grant aid budget for the period 2017 to 2020, as described in the report.

In particular Cabinet:-

(a) approves the grant aid budget and grant fund structure for 2017-2020 as detailed at paragraph 4 and contained in Appendix 3 and Table 1 (para 4.1) of the report, and notes that:-

(i) whilst the total grant aid budget is subject to approval by full Council each financial year, the Executive Director, Resources has advised that a minimum figure can be guaranteed for the subsequent budgets in years 2 and 3 based on 80% and 75% respectively of the total budget in year 1; and

(ii) the actual budgets in years 2 and 3 will depend on what is agreed at full Council at the annual budget discussions, so may be more but not less than the guaranteed minimum up to a maximum of 100% of the award;

(b) agrees the principle of offering three-year grant awards for all successful grant applicants as standard, offered on the basis that in years 2 and 3 grant recipients are guaranteed a minimum of 80% and 75% of the value of the initial award in year 1, and notes that:-

(i) an exception to this proposal are the grant awards made from the Lunch Club Fund, which will be awarded for 2 years as it is proposed that this funding will be reviewed during 2018-19;

(ii) in all cases, the relevant delegated decision maker will retain the discretion to award single year grants or multi-year grants of less than 3 years if circumstances warrant it and there is a clear rationale for doing so; and

(iii) the actual value of the grant awards in years 2 and 3 of any multi-year agreements will depend on what is agreed at full Council. If the Grant Aid budget in years 2 and 3 allows for awards of more than the guaranteed minimum, an increase to the award will be automatically applied equally (in % terms) across all existing multi-year agreement recipients;

(c) approves the list of organisations prioritised for a Core Service Grant to start from April 2017 as detailed in Appendix 4, and the process for agreeing the value and length of each grant funding agreement;

(d) agrees a minimum and maximum range of £850,000 to £876,000 for the value of the strategic Core Service Grant to Sheffield Citizen's Advice, included in Appendix 3 and delegates authority to the Executive Director, Communities, in consultation with the Cabinet Member for Community Services and Libraries, to enable them to exercise their discretion, within the range, to agree actual grant award value to start from April 2017;

(e) approves the proposals at section 1.4 of the report, to establish and deliver two new open grant funds – the Infrastructure Grant Fund of circa £190,000 and the Tackling Inequalities Fund of circa £107,674, and their eligibility criteria detailed in Appendix 5;

(f) approves the proposals outlined at section 1.8 and Appendix 6 of the report, to establish and deliver the Lunch Club Fund totalling £189,000, which combines financial support to individual lunch clubs and infrastructure support specific to lunch club development, with a review of this funding pot during 2018-19 in order to consider how this funding could better support the outcomes of the People Keeping Well in their Community Partnerships within the City;

(g) approves the proposals at paragraph 1.5.10 of the report, to establish a Grant Recommendation Panel, who will consider appropriately delegated officer assessments of applications to all open Grant Funds within the new Grand Aid structure and to make recommendations to the relevant decision maker for individual grant awards;

(h) agrees to transfer £14,000 from the Grant Aid budget permanently to the

City Centre Management team to commission a mobility scheme for the city centre;

(i) agrees to transfer £30,000 from the Grant Aid budget permanently to the Head of Libraries and Community Services to support the delivery of community cohesion work;

(j) authorises the Executive Director, Communities to agree, in consultation with Legal Services, the terms of any funding agreements or other agreements entered into by the Council in relation to awards from the new Fund;

(k) takes specific note of a shift in the decision making route of individual grant awards from the Grant Aid budget which will apply until 2020, as follows. Previously the Leader's Scheme of Delegation was not used and Cabinet approved all awards over £20,000. To progress with applications and awards in a timely manner and for continuity of funding arrangements where it is needed, the decision making routes for all grant awards made from the Grant Aid budget will default to adhering to the relevant delegations outlined in the Leader's Scheme;

In short, this means:

- the Executive Director, Communities has the delegated authority to decide all grant awards from the Grant Aid budget up to the value of £49,999, in consultation with the Cabinet Member for Community Services and Libraries;

- the Cabinet Member for Community Services and Libraries has the delegated authority to decide all grant awards from the Grant Aid budget of over £50,000;

When making grant award decisions, the appropriate decision maker will adhere to all relevant grant processes agreed in this report and act in accordance with the Leader's Scheme of Delegation;

For multi-year agreements, the grant value levels above apply to the total maximum amount that could be awarded over the length of the grant agreement. For example, if an award is £10,000 for one year and the agreement is for 3 years the total maximum value of the award would be £30,000;

The delegations outlined in the Leader's Scheme also apply when agreeing the amounts, purposes and recipients of any individual grants awarded from the grant aid budget during 2017-18 to 2019-20, including any additional sums received or returned or unpaid grants. They also apply when considering the withdrawal of grants where (a) a change of circumstance affects the ability of an organisation to deliver the purpose of the grant awarded or (b) the relevant decision maker considers the performance of the organisation to be below an acceptable standard or (c) an organisation has breached any of the award conditions contained in their funding agreement;

(l) (i) agrees the indicative figures for each of the new grant aid funds, noting that as the grants awarded from each fund are finalised, as per timetable, in paragraph 1.4.2 of the report, this will affect the amount of funding available for the Tackling Inequalities and Better Health & Wellbeing Fund and the remaining money will become that fund, and (ii) authorises the delegation of allocating available money in the open fund to the Executive Director of Communities, in consultation with the Cabinet Member for Community Services and Libraries, using the Recommendation Panel as appropriate and in line with authorisation limits; and

(m) notes that, for the three-year period that this strategy applies, the Equality and Fairness Grants and the BME Older People's Fund will be administered using the grant process proposed in this paper but budgets will still be held by the current budget holders.

13.3 **Reasons for Decision**

13.3.1 The proposed grant aid structure of a mixture of invites and advertised funds allows the Council to ask prioritised groups to come forward with ideas for how they could use a 3-year grant award to continue and develop their services and the benefits to Sheffield people; as well as giving an opportunity for new ideas or groups not funded before to come forward with ideas that they believe will have a positive impact for Sheffield people.

13.3.2 The priorities link to the Corporate Plan outcomes, and emphasis on demonstrating impact in the application forms and monitoring will help assure value for money.

13.4 **Alternatives Considered and Rejected**

13.4.1 The current grants regime has been running since 2012. Since then there has been a new corporate plan and the context that public services, including the voluntary sector, operates in has been changing. There is a desire to open up opportunities for different groups to offer their ideas and support them with grant aid.

13.4.2 The Council could have run an entirely advertised pot. However, there are some groups that strategically it makes sense to continue to support with grant aid because of their links to council services and corporate outcomes. It is preferable for the Council to be clear about intentions in this regard rather than have an entirely advertised pot.

13.4.3 The Council could have run an entirely invite pot. However, this would have excluded new organisations and / or new ideas for the grant aid fund.

13.4.4 The consultation has helped to refine the proposals. The responses to the consultation have given a steer to the following decisions:

- Agreements will be for 3-years, unless a sound reason for them to be shorter.
- If a fund is over-subscribed, then rather than splitting money across multiple organisations, the strongest applications will be awarded the full amount asked for.
- Have a VCF representative on Recommendation Panels where no conflict of interest is presented.
- The priorities for the infrastructure fund were broadly even, so infrastructure organisations will be asked to consider how best to meet all four priorities.
- The fund will be prioritised for work with the most vulnerable and marginalised groups in the city.
- Organisations previously receiving money from this fund can still apply.
- Feedback will inform how outcome measures are agreed with successful applicants.

14. REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2016/17 MONTH 3 AS AT 30 JUNE 2016

14.1 The Acting Executive Director, Resources submitted a report providing the Month 3 monitoring statement on the City Council's Revenue Budget and Capital Programme as at 30 June 2016.

14.2 **RESOLVED:** That Cabinet:-

(a) notes the updated information and management actions provided by this report on the 2016/17 Revenue Budget position;

(b) approves the additional funding required to support the implementation of the Refine project; and

(c) in relation to the Capital Programme:-

(i) approves the proposed additions to the Capital Programme listed in Appendix 6.1 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, deletions and slippage in Appendix 6.1 of the report; and

(iii) notes the variations authorised by Directors under the delegated authority provisions and the latest position on the Capital Programme.

14.3 **Reasons for Decision**

14.3.1 To record formally 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.

14.4 **Alternatives Considered and Rejected**

14.4.1 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.

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Author/Lead Officer of Report:
Simon Hughes/Principal Committee Secretary

Tel: 27 34014

Report of:	*Acting Executive Director, Resources*
Report to:	*Cabinet*
Date of Decision:	*19 October 2016*
Subject:	*Staff Retirements*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	[ ]	No	[x]
- Expenditure and/or savings over £500,000		[ ]		
- Affects 2 or more Wards		[ ]		

Which Cabinet Member Portfolio does this relate to? *N/A*

Which Scrutiny and Policy Development Committee does this relate to? *N/A*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	[ ]	No	[x]

If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information?	Yes	[ ]	No	[x]

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

Purpose of Report:

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

Recommendations:

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 20 years' service.

Background Papers: None
(Insert details of any background papers used in the compilation of the report.)

1. PROPOSAL

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

Name	Post	Years' Service
Children, Young People and Families		
Jill Hallsworth	Headteacher, Hunters Bar Junior School	38
Sallie Sell	Domestic Assistant, Mossbrook Primary School	28

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Author/Lead Officer of Report: Joe Fowler, Director of Commissioning, Communities.

Tel: 27 35060

Report of: *Laraine Manley, Executive Director of Communities*

Report to: *Cate McDonald Cabinet Member for Health and Social Care*

Date of Decision: **19 Oct 2016**

Subject: **Procurement of Healthwatch Sheffield**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	X	No	
- Expenditure and/or savings over £500,000		X		
- Affects 2 or more Wards		X		

Which Cabinet Member Portfolio does this relate to? *Health and Social Care*

Which Scrutiny and Policy Development Committee does this relate to? *Healthier Communities and Adult Social Care; Children and young People and Family Support*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	X	No	
If YES, what EIA reference number has it been given? **833**				
Does the report contain confidential or exempt information?	Yes		No	X
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:- *“The (**report/appendix**) is 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).”*				

Purpose of Report:

The Health and Social Care Act 2012 made provisions for new commissioning and funding arrangements in the UK including the establishment of local and national Healthwatch.

The Act requires local authorities to establish a local Healthwatch in their area. Although local authorities have a considerable freedom to determine the appropriate approach, the local Healthwatch (Healthwatch Sheffield) has to be an independent body, commissioned by the local authority.

Healthwatch is a consumer champion for health and social care. The local Healthwatch brings views and represents local children, young people and adults to health and social care commissioners and providers.

The report seeks approval for a re-tender for Healthwatch Sheffield. The contract to deliver Healthwatch Sheffield was first let to Voluntary Action Sheffield in 2013. The Contract was for three years with the option to extend for a further one year. Extension clauses were utilised and the contract will now expire on the 31st of March 2017.

The report seeks approval to tender for a provider, who will meet the requirements listed below. The successful provider will be contracted for 5 years with a possible extension for another 2 years.

Delivering the service may also include establishing sub-contracts and partnerships with existing voluntary and community organisations and groups to help Healthwatch Sheffield deliver its functions and services.

Recommendations:

- **That Sheffield City Council (SCC) commissions Healthwatch Sheffield core service via formal commercial tender process in the interests of the citizens of Sheffield and to ensure that SCC statutory duties are fulfilled.**

- **That the service is known as "Healthwatch Sheffield"**

- **That the new contract is let for a period of 5 years with options to extend for up to 2 further years.**

- **That authority to initiate the tender process and award the contract to the most suitable bidder is delegated to the Director of Commissioning in consultation with the Cabinet Member for Health and Social Care.**

Background Papers:

N/A

<table>
<tr><th colspan="3">Lead Officer to complete:-</th></tr>
<tr><td rowspan="4">1</td><td rowspan="3">I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</td><td>Finance: Jane Wilby</td></tr>
<tr><td>Legal: Janusz Siodmiak / Henry Watmough Cownie</td></tr>
<tr><td>Equalities: Liz Tooke</td></tr>
<tr><td colspan="2">Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</td></tr>
<tr><td>2</td><td>EMT member who approved submission:</td><td>Laraine Manley</td></tr>
<tr><td>3</td><td>Cabinet Member consulted:</td><td>Cate McDonald</td></tr>
<tr><td rowspan="3">4</td><td colspan="2">I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.</td></tr>
<tr><td>Lead Officer Name:

Joe Fowler</td><td>Job Title:

Director of Commissioning</td></tr>
<tr><td colspan="2">Date: 23/09/17</td></tr>
</table>

1. PROPOSAL

1.1 The purpose of this report is to describe plans for procuring Healthwatch Sheffield to operate from the 1st of April 2017.

1.2 The Health and Social Care Act 2012 made provision for new commissioning and funding arrangements in the UK including the establishment of Healthwatch. Local Authorities have a duty under the 2012 Act to commission local Healthwatch as an independent consumer champion, to give citizens and communities a stronger voice to influence and challenge how health and social care services are provided within their locality – Heathwatch Sheffield.

1.3 Healthwatch Sheffield was originally established in April 2013 after a robust tendering process. The contract to deliver Healthwatch Sheffield was let to Voluntary Action Sheffield in 2013. The Contract was for three years with the option to extend for a further one year. Extension clauses were utilised and the contract will now expire on the 31st of March 2017.

1.4 Healthwatch is a statutory provision that SCC has to provide through a third party. The legislation requires SCC to enter into a commercial agreement with a body to provide the service.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 Whilst the Health and Social Care Act 2012 requires local authorities to have a local Healthwatch, SCC and partners recognises the value and benefits of a strong and credible independent consumer champion to give the people of Sheffield a voice to influence and challenge how health and social care services are provided in Sheffield.

2.2 The service requirements for Healthwatch Sheffield are grouped into 5 bespoke themes which pull together 8 statutory functions. The 5 themes are based on Local Healthwatch Quality Statements developed by Leeds Beckett University; adapted and validated in Sheffield by consultation with local citizens.

2.3 Themes are set out below, in order reflecting priorities determined by Sheffield citizens during the 2016 consultation exercise.

- Theme 1: Making a difference to Sheffield health and care services (statutory function 3)
- Theme 2: Representing Sheffield people with strategic decision-makers, influencing big system changes & bringing the citizen voice (statutory function 4)

- Theme 3: Enabling community voice and influence on health and social care services in Sheffield (statutory function 1 & 2)
- Theme 4: Informing people of health and social care services available in Sheffield (statutory function 5)
- Theme 5: Telling Healthwatch England what's important to influence change nationally (statutory function 6,7 & 8)

3. HAS THERE BEEN ANY CONSULTATION?

3.1 Sheffield City Council together with NHS and Clinical Commissioning Group stakeholders has adopted a co-production approach to the development of the key themes and priorities for Healthwatch Sheffield. This has been done via written consultation exercises, meetings with patient, citizen and service user groups and forums and by focused involvement from key citizen/user representatives as members of the procurement project group.

3.2 Views and conclusions expressed have been used to directly influence and produce the vision, service specification and procurement process within legal parameters. Conclusions reached early on have been tested with stakeholders to ensure that plans reflect local views.

3.3 The service specification sets out essential elements of the service with clear outcome indicators agreed using the co-production methodology described in 3.1.

3.4 In addition to recent collaborative work the vision for Healthwatch Sheffield was determined by early consultation and co-production, prior to Healthwatch Sheffield being first commissioned. The vision which is contained in **Appendix A** continues to be extremely important and relevant. It describes the benefit of having a local Healthwatch and affirms how Sheffield people wish their local Healthwatch to operate.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 An Initial Equalities Impact Assessment (EIA) has been completed, reference 833 (See Appendix B)

4.2 Financial and Commercial Implications

4.2.1 The maximum budget available for Healthwatch Sheffield is £239,619 per annum and this report has been signed off by Finance on the assumption that we will retain the same level of grant funding as in 2016-17.

4.2.2 The budget is held within Communities Commissioning and will remain in place throughout the life of the contract unless reductions in government grants require otherwise.

4.2.3 No other financial or commercial implications have been identified in connection to the procurement of Healthwatch Sheffield.

4.3 Legal Implications

4.3.1 The Health and Social Care Act 2012 requires local authorities to establish in their area, a local Healthwatch.

4.3.2 The Act provides that the body contracted to be the local Healthwatch must be a ‘body corporate’ (i.e. a legal entity which is a social enterprise). It is an independent body but still accountable to SCC for any public money input.

4.3.3 Council Standing Orders require that any money spent on service with a contract value of over £50K require a tendering process.

4.3.4 A change in provider might have an impact on the staff currently delivering the service and TUPE may apply if a new provider is awarded the contract. Bidders will be made aware that they should consider the potential impact of TUPE and the current provider will be required to share information as appropriate in accordance with their existing contract and TUPE regulations.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Healthwatch is a statutory provision that SCC has to provide through a third party. The legislation requires SCC to enter into a commercial agreement with a body to provide the service and therefore ‘doing nothing’ and allowing the contracts to expire is not an option.

5.2 Other Local Authorities have used different mechanisms to commission their local Healthwatch, for example entering into strategic partnerships or grant funding arrangements.

5.3 SCC made the decision to commission Healthwatch Sheffield via an open tender process; the service was let under a commercial contract with clear extension options and contract end date.

5.4 The current contract for Healthwatch Sheffield will end at the end of March 2017 and arrangements made to procure a provider from April 2017.

5.5 Due diligence in identifying our ongoing partner to deliver Healthwatch Sheffield continues to be of primary importance. A full commercial tender, rather than a grant award, is recommended as the best mechanism to ensure the required level of diligence; compliance with CSO's and avoid challenge.

6. REASONS FOR RECOMMENDATIONS

6.1 During February and March 2016 SCC undertook a soft market test to determine if there were sufficient qualified, able and interested organisations to make a full tender process worthwhile. Five detailed responses were received four of which were from existing local Healthwatch organisations. This offers strong evidence of a vibrant provider market and supports the recommendation to go out to the market with a full commercial tender.

6.2 Local Authorities must follow a robust selection process to ensure high quality outcomes, accountability and value for money and enter into a commercial agreement with their local Healthwatch.

6.3 Local Authorities are bound by domestic and European legislation as well as the Standing Orders of the Council when it comes to entering into commercial relationships.

6.4 Due diligence in identifying our ongoing partner to deliver Healthwatch Sheffield is of strategic importance and a full commercial tender continues to be the best mechanism to offer the required level of diligence and compliance with Council Standing Orders.

Sheffield Vision for Healthwatch

- Sheffield Healthwatch will be a **strong local consumer voice** that **makes a difference** to Health and Social Care provision on behalf of the people of Sheffield.
- Sheffield Healthwatch will be a **network of networks** that builds on the work of other groups which have an interest and role in promoting and ensuring high quality health and social care services.
- It will **expand and utilise the existing expertise** of third sector organisations and groups of people in Sheffield.
- It will provide a mechanism for **diverse voices** across Sheffield to be heard and ensure that where there are people who are seldom heard, Healthwatch will **provide innovative ways** to gather and include their views.
- It will be a **respected and credible** organisation that is unafraid to challenge service providers and commissioners.
- It will bring together robust, **evidence based local intelligence** that influences key decision making for Health and social care.
- It will ensure that every individual who approaches Healthwatch for information and advice, receives **timely and good quality information** for Healthwatch or one of its signposting organisations.
- Sheffield Healthwatch will be well known within the city with an **excellent communications strategy.**

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Equality Impact Assessment and Consultation

Introductory Information

Reference number
833

Budget/project proposal name
Health Watch Sheffield Procurement (Core Service)

Entered on Q Tier
○ Yes ◉ No

Budget/project proposal status
Project

Years

12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
☐	☐	☐	☐	☑	☑	☐	☐	☐	☐

EIA date
29/01/2016

EIA lead
Liz.Tooke@sheffield.gov.uk

EIA contact
Liz.Tooke@sheffield.gov.uk

Lead corporate plan priority
Better Health and Wellbeing

Portfolio, Service and Team

Cross portfolio
◉ Yes ○ No

Communities
◉ Yes ○ No

Service
Commissioning

Team

CYPF
◉ Yes ○ No

Service

Team

Place
○ Yes ◉ No

Resources
○ Yes ◉ No

PPC

○ Yes ◉ No

Health (including Director of Public Health)

◉ Yes ○ No

Service

CCG

Team

Brief aim(s) of the proposal and the outcome(s) you want to achieve

To re-commission Healthwatch Sheffield, a local healthwatch - as an independent consumer champion as required by the Health and Social Care Act 2012. The current contract was let in 2013 and expires at the end of March 2017 after all contract extension periods have been ustlised.

To ensure via procurement and contract management that Healthwatch Sheffield gives citizens and communities a stronger voice to influence and challenge how health and social care services are provided within their locality.

Community profiles, census data and data from NHS and other partners will be used to set targets and ensure 'reach' across the popultation of Sheffield, to people of all ages, races, faiths and beliefs, including individuals with long and short term health conditions, disabilities, health and social care support requirements.

There are no plans for funding to be reduced.

Transitional arrangements for indiviudals are not required as this service is not a 'one on one' service for indiviudals.

TUPE may apply and will be dealt with using statutory mechanisms.

Specialist Provision

Proposal impacts on or relates to specialist provision

○ Yes ◉ No

Poverty (Financial Inclusion)

Proposal has an impact on poverty or financial inclusion

○ Yes ◉ No

Health

Proposal has significant impact on health and well-being (including effects on the wider determinants of health)

◉ Yes ○ No

Customer impact

Positive

Level

None/Low

Summary of impact

Acting as a credible consumber champion local healthwatch are responisbile for gathering the views of patient and the wider publich and ensure represetation fo r voices which may otherwise have gone unheard. Enanching control over peopl es lives and their experiences of health and social care services.
See also overall summary of impact

Supporting evidence

Building on the strengths and success of LINKS local Healthwatch have been succ esful nationally in instigating changing and informing health and social care com missioning of the views of their local popultation. It is a statutory requirement f or Local authortities to establish and maintain a local Healthwatch in their areas.

Action plan bring drawn up

○ Yes ◉ No

Comprehensive health impact assessment being completed

○ Yes ◉ No

Public Health Leads has signed off the health impact(s) of this EIA

○ Yes ◉ No

Health lead

Select...

Age

Staffing

○ Yes ◉ No

Customers

◉ Yes ○ No

Impact

Positive

Level

Medium/High

Details on impact

Medium positive impact

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patient and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with adults, children and young people across Sheffield in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

See also overall summary of impact

Supporting evidence

see above

Action plan

◉ Yes ○ No

Action and mitigation

Consultation - inclusive and will inform plans - analysis by age

Specificiation will include targets derived from Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin plans, set targets and inform methods and strategies to ensure success.

Contract monitoring will include age

Disability

Staffing

○ Yes ◉ No

Customers

◉ Yes ○ No

Impact

Positive

Level

Medium/High

Details on impact

Medium positive impact

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

This includes ensuring reach in relation to disabled people with all disabilities and health conditions

See also overall summary of impact

Supporting evidence

19% of people in Sheffield are disabled or have a long term limiting health condition.

Action plan

◉ Yes ○ No

Action and mitigation

Specificiation will include targets derived from Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin plans, set targets and inform methods and strategies to ensure success.

Consultation was inclusive and has inform service specification and plans - analysis by disability

Specification and contract monitoring will include targetsfor reacing people will disabilities and long term health conditions.

Pregnancy/maternity

Staffing

○ Yes ◉ No

Customers

◉ Yes ○ No

Impact

Positive

Level

None/Low

Details on impact

Low positive impact

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions and at all stages in their lives, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

This includes ensuring reach in relation to pregnancy and maternity.

See also overall summary of impact

Supporting evidence

see above

Action plan

(•) Yes ( ) No

Action and mitigation

Consultation - inclusive and will inform plans - analysis in relation to pregnancy/maternity

Spec will include targets in relation to pregnancy and maternity

Contract monitoring will include in relation to pregnancy and maternity

Race

Staffing

( ) Yes (•) No

Customers

(•) Yes ( ) No

Impact

Positive

Level

None/Low

Details on impact

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions and at all stages of their lives, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

This includes ensuring reach across BME communities.

See also overall summary of impact

Supporting evidence

19% of Sheffield's population come from a BME background.

Health data shows that different ethnic groups sometimes have differing health issues. For example, nationally, Caribbean, African and other black groups have higher rates of contact with Community Mental Health teams and higher rates of mental health detentions

Action plan

◉ Yes ○ No

Action and mitigation

Specificiation will include targets derived from Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin plans, set targets and inform methods and strategies to ensure success.

Consultation - inclusive and will inform plans - analysis in relation to race

Spec will include targets in relation to race
Contract monitoring will include in relation to race

Religion/belief

Staffing

○ Yes ◉ No

Customers

◉ Yes ○ No

Impact
Positive

Level
None/Low

Details on impact
Positive low

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

This includes ensuring reach in relation to different religion/belief groups, as well as for those with no religion/belief.

See also overall summary of impact

Supporting evidence
There are different understandings / stigma in relation to mental health within some religions.

Action plan

◉ Yes ○ No

Action and mitigation

Specificiation will include targets derived from Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin plans, set targets and inform methods and strategies to ensure success.

Consultation - inclusive and will inform plans - analysis in relation to religion/belief

Spec will include targets in relation to religion/belief

Contract monitoring will include in relation to religion/belief

Sex

Staffing

○ Yes ◉ No

Customers

◉ Yes ○ No

Impact

Positive

Level

None/Low

Details on impact

Positive low

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

This includes ensuring reach in relation to men and women.

See also overall summary of impact

Supporting evidence

Health data shows that men and women sometimes have differing health issues. For example, statistics from the Mental Health Foundation show that women are more likely than men to have a common mental health problem, for example women are almost twice as likely to be diagnosed with anxiety disorders

Action plan

◉ Yes ○ No

Action and mitigation

Consultation - inclusive and will inform plans - analysis in relation to sex

Specificiation will include targets derived from Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin plans, set targets and inform methods and strategies to ensure success.

Contract monitoring will include in relation to sex

Sexual Orientation

Staffing

○ Yes ◉ No

Customers

◉ Yes ○ No

Impact

Positive

Level

None/Low

Details on impact

Positive low impact

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

This includes ensuring reach in relation to the LGB community.

See also overall summary of impact

Supporting evidence

Between 5 - 7 % of the population are LGB.

Health data shows that different LGBT people have higher prevalence of some health issues. For example, **the Mental Health Needs Assessment carried out in 2015 states that LGBT people experience higher rates of common mental disorders.**

Action plan

◉ Yes ○ No

Action and mitigation

Consultation - inclusive and will inform plans - analysis in relation to sexual orientation

Specificiation will include targets derived from Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin plans, set targets and inform methods and strategies to ensure success.

Spec will include targets in relation to sexual orientation

Contract monitoring will include in relation to sexual orientation

Transgender

Staffing

○ Yes ◉ No

Customers

◉ Yes ○ No

Impact

Positive

Level

None/Low

Details on impact

Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known.

This includes ensuring reach in relation to the transgender community.

See also overall summary of impact

Supporting evidence
see above

Action plan
◉ Yes ○ No

Action and mitigation
Consultation - inclusive and will inform plans - analysis in relation to transgender

Spec will include targets in relation to transgender
Contract monitoring will include in relation to transgender

Specificiation will include targets derived from Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin plans, set targets and inform methods and strategies to ensure success.

Carers

Staffing
○ Yes ◉ No

Customers
◉ Yes ○ No

Impact
Positive

Level
None/Low

Details on impact
Acting as a credible consumer champion local healthwatch are responsible for gathering the views of patients and the wider public and ensuring representation for voices which may otherwise have gone unheard, enhancing control over people's lives and their experiences of health and social care services. The service specification requires Healthwatch Sheffield to consult widely with all adults, children and young people in Sheffield, with all disabilities and health conditions, in order to extend the 'reach' of the organisation. To gather and represent the views of all Sheffield Citizens including individuals and groups with protected characteristics, people who are marginalised and those who can find it hard to make their views known. This includes ensuring reach in relation to carers.

See also overall summary of impact

Supporting evidence
Health data shows that carers sometimes higher a higher prevalence of some health issues than people without caring responsibility.

Action plan
○ Yes ◉ No

Voluntary/Community & Faith Sectors

Staffing
○ Yes ◉ No

Customers
◉ Yes ○ No

Impact
Neutral

Level

Details on impact

The organisation which delivers Healtwatch Sheffield must be a body that operates to the principles of a social enterprise. This may take the form of a co-operative, mutual organisation, social business, community interest company, charitable organisation or other suitable form of social enterprise.

The Service specificationi for Healthwatch Sheffield requires collaboration with key stakeholders including groups in the VCF sector in order to learn from their experitse and add value to the operation of all parties.

Se also overall summary of impact.

Supporting evidence

Action plan

○ Yes ◉ No

Cohesion

Customers

○ Yes ◉ No

Partners

Customers

○ Yes ◉ No

Armed Forces

Staffing

○ Yes ◉ No

Customers

○ Yes ◉ No

Other/Additional

Staffing

○ Yes ◉ No

Customers

○ Yes ◉ No

Supporting Documentation

Summary of Impact

Overall summary of possible impact

Through its governance arrangements and the way it undertakes its work, Healthwatch Sheffield will be representative of the community of Sheffield and operate in a collaborative, open and transparent way.

The contract and service specification set out clear requirements and will be monitored to ensure compliance.

The new service specification and contract requirements for Healthwatch Sheffield will re-define and improve the 'reach' of Healthwatch Sheffield across the city to the benefit of all communities and individuals.

It is a fundamental requirement for Heathwatch Sheffield to gather and present the views and experiences of people of all ages (including children and young people), sex, race faith and belief; people with physical disabilities, mental health problems and other long or short term health conditions.

Overall the work of Healthwatch Sheffield will enhance the Council's fulfilment of their Equality Duty as it increases the opportunities for people from protected characteristic groups to have their voices heard in a way which will enhance their well-being.

The provider will be required to:

- develop a written time specific work plan with clear strategic and operational objectives which reflect current local priorities – as identified with the Public, Service Users and Carers as well as collaborative work with VCS groups, commissioners, scrutiny panels, service providers etc
- Use multiple communication channels and engagement methods
- Hold innovative events for a wide range of people and specifically to seek the views of the seldom-heard and minority groups, including those who work during the daytime
- Use Community profiles, data from the NHS and other partners and, very importantly, direct consultation with groups and communities themselves, to underpin their plans, set targets and inform methods and strategies to ensure success.

An equality and diversity plan will be developed to ensure any disparity in connection or representation across all protected characteristics is understood and plans put in place to revise and improve strategies and approaches to reaching under represented, disadvantaged or hard to reach groups and individuals.

Proposal has geographical impact across Sheffield

○ Yes ◉ No

Which local partnership area will be impacted

☐ All Partnership Areas

Proposal has a cumulative impact

◉ Yes ○ No

Year on year	Across a community	Geographical area	Other
☑	☐	☐	☐

Details of cumulative impact

Year on year impact over the term of the 5 year contract will be postive as Healthwatch Sheffield is increasingly recognised as a credible consumer champion and continuously improves it's reach into all communities, including hard to reach and seldon heard groups, people with protectedx charateristics and those who find it hard to make their views known.

Summary of evidence

see above

Review

Review date

30/03/2017

Risk rating

Low

Decision Type

Type of decision
Individual Cabinet Member

Lead cabinet member
Mcdonald Cate (LAB-CLLR)

Staff

Staff who may be affected by these proposals are aware

○ Yes ◉ No

Consultation

Consultation required

◉ Yes ○ No

Consultation start date

Consultation end date

Details of consultation

The provider will be required to develop a written time specific work plan with clear strategic and operational objectives which reflect current local priorities – as identified with the Public, Service Users and Carers as well as collaborative work with VCS groups, commissioners, scrutiny panels, service providers etc

Manager and Approval

Lead officer
Honeycombe Sharon

EIA approved

◉ Yes ○ No

EIA escalated due to significant poverty impact and sign-off agreed

○ Yes ◉ No

Form complete

Author/Lead Officer of Report: Jackie Robinson, Service Manager West MAST

Tel: 0114 2057331

Report of:	*Jayne Ludlam*
Report to:	*Cabinet*
Date of Decision:	*19 October 2016*
Subject:	Consultation on proposals relating to Children's Centres

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	x	No	
- Expenditure and/or savings over £500,000				
- Affects 2 or more Wards		x		

Which Cabinet Member Portfolio does this relate to? *CYPF*

Which Scrutiny and Policy Development Committee does this relate to?
The Children, Young People and Family Support Scrutiny and Policy Development Committee

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	x	No	

If YES, what EIA reference number has it been given? 896

Does the report contain confidential or exempt information?	Yes		No	x

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (**report/appendix**) is 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)."*

Purpose of Report:

This report requests permission to consult on a proposal to re-organise children's centres into an integrated locality model across 7 areas. The report sets out in principle, proposals to redesign children's centres; developing a new delivery model based on family centres for 0 -19 year olds (0-25 years old if the young person has a disability) located in the 20% most deprived areas of the City within 7 locality areas, with services being available across Sheffield from link and outreach sites including community venues and in the home.

Recommendations:

That Cabinet approve permission to consult on the proposal outlined in the paper to redesign Children's Centres; developing a new delivery model based on 0-19 Family Centres (0-25 years old if the young person has a disability) located in the 20% most deprived areas of the City within 7 locality areas, with services being available across Sheffield from link and outreach sites including community venues and in the home.

Background Papers:
Early Help Strategy, Map outlining proposals, Best Start Strategy and outcomes, Draft consultation document, Draft new model proposals.

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: *Andrew Bray*
		Legal: *Louise Bate*
		Equalities: *Bashir Khan*
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.	
2	**EMT member who approved submission:**	*Jayne Ludlam*
3	**Cabinet Member consulted:**	*Cllr Jackie Drayton*
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Jackie Robinson	**Job Title:** *Service Manager West MAST*
	Date: *7/10/2016*	

1. PROPOSAL

1.1 This report, sets out in principle, proposals to redesign children's centres; developing a new delivery model based on 0-19 family centres (0-25 years old if the young person has a disability) located in the 20% most deprived areas of the City within 7 locality areas, with services being available across Sheffield from link and outreach sites including community venues and in the home.

CYPF's vision for the delivery of services is that families will be able to obtain timely responses to their needs through flexible, locally based and co-located, multi-agency services. This means that services, staff and resources will be matched, as far as possible, to local demand and that staff will operate from a variety of locations within locality areas, embracing the full range of both SCC and partner accommodation for example using existing accommodation in Schools/GP Surgeries/Children's Centres/Early Years Providers etc. The emphasis will be on providing services where the families are already rather than making the families come to us.

The proposal supports the development of a more integrated approach with a greater focus on early help with a broader range of services provided across a network either delivered on site, in the family home, in a link site or other suitable community venues responding to a breadth of family needs such as health and wellbeing, housing, education, and employment. It is underpinned by information sharing protocols and builds on the premise that the safeguarding of children and young people and outcomes for families will be improved.

The proposal recognises the journey that early intervention prevention services and early years have been on, in improving services for families. However it recognises that further improvements need to be made

The model will :

- Provide a range of early help services for families with children pre-birth to 19 years (pre-birth to 25 years if the young person has a disability) either in the lead centre, link site or outreach venue using different channels to include face to face in the home, centre, drop ins, group work, internet access, online advice guides, email, text, telephone and social media.
- Provide services to include support with physical and emotional health, practical advice on keeping children safe, support with education and learning, support with parenting, home, money, work, training and volunteering.
- Be located in 20% areas of highest need based on the IDACI index of deprivation, with outreach services for all families delivered jointly with universal services.

- Be developed with families, partners and stakeholders within communities building on the current children's centre governance model in relation to community partnerships and stakeholder forums.
- Align to the seven localities with families being able to access services where it meets their needs.
- Be open during core hours offering ad hoc drop in basis, with opportunity to extend this.

Any proposed change to Children's Centre services is subject to statutory consultation and if approved consultation will take place between November 2016 and January 2017.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 **What does this mean for Sheffield People?**

The new proposed 0-19 Family Centre delivery model and way of working builds on the principle of early help and focuses on making interventions at an early stage once problems have begun but before they escalate.

The family centre proposal is to build on existing strengths, expertise and current infrastructure in children's centres and will join together and coordinate services around children and families with an extended remit from pre-birth to 19 years old (pre-birth to 25 years if the young person has a disability). It recognises the critical role that Children's Centres have played in prevention and early intervention services and will join together and coordinate services offering community universal, targeted and specialist services.

It moves away from a single centre delivery model to a networked locality model based on the achievement of common outcomes. The proposal is that in the seven localities there will be a lead centre acting as a base for a full range of integrated services. To ensure compliance with statutory duty the lead centre will remain a designated children's centre with a cluster approach in some areas of the City and will be inspected under the current Children's Centre Ofsted Inspection framework in relation to services for children and families pre-birth to five years old.

Outreach sites and community venues will offer clinics, group and drop in services on a timetabled basis; however families will be able to access support outside these times through a main family centre, or one to one support in the home.

Information, advice and guidance would be available for all parents locally with different channels offered for example, face to face, drop ins, internet access, online advice guides, email, text, telephone and social media.

2.2 **Outcomes and sustainability**

The proposal, if approved, will provide families with accessible locally based services offering information, advice and guidance, with a focus on early help identifying need when it first appears offering a holistic support service. This would mean that whatever point of access for parents they would be able to find a service or range of services to meet their needs and those of their children.

The proposal ensures that the council continues to meet its statutory duty as set out in the Childcare Act (2006) and fulfils its duty to improve outcomes for all children whilst reducing inequalities between them.

It builds on the importance of identifying children and families who would benefit from early help as set out in Working Together to Safeguard Children (March 2016).

The Joint Needs Assessment (2013) for the City recognised the necessity to 'find new ways of responding to need which places a premium on prevention and early intervention, integrated working and care in the community'.

The proposal builds upon the current arrangement of integrated services with health, education, social care, employment services but offers opportunities for further co-location and joint delivery of integrated services for the ' whole family'.

3. HAS THERE BEEN ANY CONSULTATION?

As yet there has been no consultation as the decision recommended at this stage is 'permission to consult'.

There is a statutory requirement for consultation which is proposed to take place between November 2016 and January 2017.

There will be a questionnaire to gather opinions on our proposals and views from the consultation will be considered and taken into account in further developing the proposed model. The final proposals will then be presented to Sheffield City Council Members in Spring 2017 for their consideration.

It is the intention to publicise the consultation widely through the Partnerships Boards, community groups and forums, through children's centre partners, schools and stakeholder forums and to use social media in order to engage a good cross section of the public.

The consultation will seek views on:

- The change of focus of services from under 5s only to 0-19 age group (0-25 years if the young person has a disability.
- the change from a generally centre based delivery model to delivery at outreach venues in the community where the families

are

- on the launch of Family Centres in the most deprived areas of each of the seven localities, to co-ordinate and provide early help services for families with children pre-birth to 19 years (pre-birth to 25 years if the young person has a disability)
- The types of services that families would like to see offered
- How services are delivered

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 Decisions need to take into account the requirements of the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010. This is the duty to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- To help evidence meeting the requirements of the duty, we have carried out an Equality Impact Assessment (EIA) and which is attached as Annex 2.

The Equality Act 2010 identifies the following groups as a protected characteristic:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

The EIA highlights that the consultation will be promoted through a range of general methods as well as specific methods to ensure that we reach specific target audiences including those who are hard to reach or hard to engage. We are mindful of the variance of voice and influence across different characteristics within our user profile and the EIA identified the groups that require specific or bespoke work to ensure that their voice is effectively heard.

The consultation will take access considerations for disabled people into account and make information available in alternative and accessible formats, reach pregnant women through clinics held at children's centres and briefing partner organisations to engage with them, BME groups will include specific and focussed activity with hard to reach communities, for example the Roma / Slovak and Pakistani community, we are not anticipating a faith impact but are mindful of days/times to avoid for consultation events, we are mindful of the difficulties in engaging with fathers and male carers and we will look at how we can widen our reach to include men, we will use take all practical steps to ensure that we reach carers, use a wide range of approaches to ensure that we reach the voluntary/community and third sector, for example via the Equality Hub Network, Stakeholder Forums, by electronic communications etc.

4.2 Financial and Commercial Implications

4.2.1 This paper seeks approval to consult on the proposals. If approved, and following consultation, a further paper will be produced in Spring 2017 which will outline the proposed model and at that stage the full financial implications will be detailed. The present assumption is that these proposals will be no worse than cost neutral.

4.3 Legal Implications

4.3.1 Duties to arrange services / provide Children's Centres:

Section 3(2) of the Childcare Act 2006 places a duty on the local authority to make arrangements to secure that early childhood services in their area are provided in an integrated manner which is calculated to–
(a) facilitate access to those services, and
(b) maximise the benefit of those services to parents, prospective parents and young children.

Section 5A of the Childcare Act (2006) places a specific duty on the local authority to, so far as is reasonably practicable, include arrangements for sufficient provision of Children's Centres to meet local need.

Duty to consult:

Section 5D of the Childcare Act 2006 places a duty on the local authority to:

(1) secure that such consultation as they think appropriate is carried out—
(a) before making arrangements under section 3(2) for the provision of a children's centre;
(b) before any significant change is made in the services provided through a relevant children's centre; and
(c) before anything is done that would result in a relevant children's centre ceasing to be a children's centre.

(2) have regard to any guidance given from time to time by the Secretary

of State.

The Act defines a change of services as ‘a change in the manner in which, or the location at which, services are provided’.

The DfE has issued statutory guidance, to which the local authority must have regard, entitled ‘Sure Start children’s centres statutory guidance - April 2013’.

The guidance states that the local authority should consult everyone who could be affected by the proposed changes; for example, local families, those who use the centres, children’s centres staff, advisory board members and service providers. Particular attention should be given to ensuring disadvantaged families and minority groups participate in consultations.

Consultation should explain how the local authority will continue to meet the needs of families with children under five as part of any reorganisation of services. It should also be clear how respondents’ views can be made known and adequate time should be allowed for those wishing to respond. Decisions following consultation should be announced publicly. This should explain why decisions were taken.

The guidance goes on to state that the local authority should not close an existing children’s centre site in any reorganisation of provision unless they can demonstrate that, where they decide to close a children’s centre site, the outcomes for children, particularly the most disadvantaged, would not be adversely affected and will not compromise the duty to have sufficient children’s centres to meet local need. The starting point should therefore be a presumption against closures.

There are no statutory time limits for consultation, but sufficient time should be allowed for those wishing to respond to do so.

4.4 Other Implications

4.4.1 There are no other implications at this time the paper seeks permission to consult on proposed changes; a further cabinet paper will be developed following the consultation detailing the findings and any implications.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 The alternative approach would be for the council to continue to deliver Children’s Centre Services from 16 standalone centres, this approach does not align to the principles set out in the early help model, the Best

Start 'A Great Start in Life' strategy, the SEND reform and Working Together to Safeguard Children which are underpinned by delivery of services based in localities where services work together to achieve improved outcomes for families as close to their homes and communities as possible.

Fundamental to the proposal is a whole household approach, by not extending the age range of services and developing Family Centres with link and outreach sites, the alternative would be to continue to deliver services to families pre-birth to five years old. This would not support the provision of integrated early help for families, would not align to the early help services for families aged five to eleven years or to the targeted youth support service leading to more negative outcomes for both children and families.

6. REASONS FOR RECOMMENDATIONS

6.1 There is a statutory duty on the local authority to provide early childhood services and children's centres, and a statutory duty to consult in relation to changes affecting those children's centres as detailed in 4.3.1.

The Munro review of child protection calls for local authorities to take a greater focus on preventative services, providing Early Help to children and families and summarises three key messages:

- Preventative services will do more to reduce abuse and neglect than reactive services
- Coordination of services is important to maximise efficiency and with preventative services
- There needs to be good mechanisms for helping people identify those children and young people who are suffering or likely to suffer harm from abuse or neglect and who need a referral to children's social care

Munro, (2011), The Munro Review of Child Protection: final report, DFE

The All party Parliamentary Group on Sure Start Children's Centres 2015 pre-election report states that 'One of the greatest strengths of Children's Centres has always been their capacity to join up a wide range of services around a child to provide a true "holistic" model of support'.

The report continues to state that 'the ultimate aim should be to position children's centres at the heart of service provision in their communities , to enable them to provide the sort of holistic offer we know to be valued and effective'.

The Centre for Social Justice argued that 'children's centres should become " Family Hubs" which enable parents to access all family related support including universal support and specialist help to meet their most pressing needs'.

Councils should ensure that Children's Centres form part of their wider early help strategy and provide differentiated support to children and families according to their needs by:

- Offering access to integrated information and support to all prospective parents, new parents and parents of children.
- Encouraging and providing access to early help and targeted support for children and families who experience factors which place them at risk of poor outcomes
- Helping families to access appropriate wider and specialist support to meet their needs.

There is a need to align to the early help model when re designing children’s centres. Family centres, will be a gateway to services for all families in their local community recognising that targeted interventions and outreach services are vital in supporting the families who need it the most.

Author/Lead Officer of Report: Mike Thomas, Interim Assistant Director of Strategic Finance.

Tel: 0114 273 4358

Report of:	*Eugene Walker*
Report to:	*Cabinet*
Date of Decision:	*19 October 2016*
Subject:	Medium Term Financial Strategy 2017/18 to 2021/22

Is this a Key Decision? If Yes, reason Key Decision:- Yes ✓ No ☐

- Expenditure and/or savings over £500,000 ✓
- Affects 2 or more Wards ☐

Which Cabinet Member Portfolio does this relate to? *Finance and Resources*

Which Scrutiny and Policy Development Committee does this relate to?
Overview and Scrutiny Management Committee

Has an Equality Impact Assessment (EIA) been undertaken? Yes ☐ No ✓

If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information? Yes ☐ No ✓

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (**report/appendix**) is 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)."*

Purpose of Report:

- Provide Members with details of the forecast financial position of the Council for the next 5 years; and
- To recommend the approach to budgeting and business planning that will be necessary to achieve a balanced budget position over the medium term.

Recommendations:

- Note the forecast position for the next 5 years;
- Agree the approach to budgeting and business planning;
- Agree to delegate authority to the Executive Director of Resources, in consultation with the Cabinet Member for Finance & Resources, to apply to take up the multi-year settlement supported by the Efficiency Plan at Appendix 6;
- Endorse one of the key points of the Council's response to the Government's consultation on 100% Business Rates Retention, namely the call for Improved Better Care Fund Grant to be brought forward; and
- Agree the following approach to capital planning:
    - Maximise flexibility in capital resources including New Homes Bonus, capital receipts and Community Infrastructure Levy (CIL) to ensure that Council-wide objectives are achieved.
    - Review policies in relation to Affordable Housing, CIL and New Homes Bonus to ensure that the generation of these funding streams is optimised.
    - Reaffirm the existing Corporate Resource Pool (CRP) allocation principles.

Background Papers: N/A

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications	Finance: *Dave Phillips*

	indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Legal: *Sarah Bennett* Equalities: No
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.	
2	**EMT member who approved submission:**	*Eugene Walker*
3	**Cabinet Member consulted:**	*Ben Curran*
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: *Dave Phillips*	**Job Title:** *Head of Strategic Finance*
	Date: *10th October 2016*	

1. PROPOSAL

(Explain the proposal, current position and need for change, including any evidence considered, and indicate whether this is something the Council is legally required to do, or whether it is something it is choosing to do)

1.1 Provide Members with details of the forecast financial position of the Council for the next 5 years.

2. HOW DOES THIS DECISION CONTRIBUTE?

(Explain how this proposal will contribute to the ambitions within the Corporate Plan and what it will mean for people who live, work, learn in or visit the City. For example, does it increase or reduce inequalities and is the decision inclusive?; does it have an impact on climate change?; does it improve the customer experience?; is there an economic impact?)

2.1 *To recommend the approach to budgeting and business planning that will be necessary to achieve a balanced budget position over the medium term.*

Please refer to paragraph 6 of the main report for the recommendations.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 *No*

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 *No*

4.2 Financial and Commercial Implications

4.2.1 *Yes. Cleared by Dave Phillips*

4.3 Legal Implications

4.3.1 *No*

4.4 Other Implications

4.4.1 *No*

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 *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.*

6. REASONS FOR RECOMMENDATIONS

6.1 To provide a strategic framework for the development of budget proposals and the business planning process for 2017/18 and beyond.

MEDIUM TERM FINANCIAL STRATEGY: 2017/18 TO 2021/22

Purpose of the Report

1. The purpose of the Report is to:

   - provide Members with details of the forecast financial position of the Council for the next 5 years;

   - recommend the approach to budgeting and business planning that will be necessary to achieve a balanced budget position over the medium term; and

   - recommend that Members accept the DCLG offer of certainty over Revenue Support Grant for the 3 years to 2019/20.

Executive Summary

2. The Medium Term Financial Strategy (MTFS) sets out the Council's latest financial forecast for the period 2017/18 to 2021/22. Over the next 5 years, it is estimated that the Council's cumulative budget gap will increase from circa £40m in 2017/18 to £116m by 2021/22. This takes account of changes to the Council's main sources of income, as well as pressures on services arising from inflation, demand or legislative changes such as the increase to the minimum wage.

3. The projected budget gap for the Council's social care services is caused by the increase in new funding (i.e. social care precept and Improved Better Care Fund grant) failing to keep pace with the inexorable rise of cost pressures (especially due to national living wage inflation as well as demand). This underlines the importance of lobbying the Government for the Improved BCF Grant to be brought forward to 2017/18.

4. This year the MTFS is recommending a new approach to business planning that will be necessary to achieve a balanced budget position over the medium term. Each portfolio is developing a four-year programme of transformative strategic changes. By following this approach, the portfolios' proposals will remain consistent with the Council's Corporate Plan.

5. One of the critical success factors of this new approach is maximising certainty and stability over the Council's financial future. For this reason the MTFS recommends that the Council applies to take up the offer of a multi-year settlement from the Government – see the 'Efficiency Plan' section for further details.

Recommendations

6. It is recommended that Members:

   - Note the forecast position for the next 5 years;

   - Agree the approach to budgeting and business planning;

- Agree to delegate authority to the Executive Director of Resources, in consultation with the Cabinet Member for Finance & Resources, to apply to take up the multi-year settlement supported by the Efficiency Plan at **Appendix 6**;

- Endorse the call for Improved Better Care Fund Grant to be brought forward;

- Agree the following approach to capital planning:

    - Maximise flexibility in capital resources including New Homes Bonus, capital receipts and Community Infrastructure Levy (CIL) to ensure that Council-wide objectives are achieved.
    - Review policies in relation to Affordable Housing, CIL and New Homes Bonus to ensure that the generation of these funding streams is optimised.
    - Reaffirm the existing Corporate Resource Pool (CRP) allocation principles.

Background

7. The last report on the Medium Term Financial Strategy (MTFS) was considered by Cabinet on 14 October 2015. The MTFS has been updated to reflect the budget decisions of Full Council in March 2016.

8. This updated MTFS sets out the broad issues that will impact on the Council's financial position for 2017/18, outlines some of the decisions facing the Council over the medium term and sets out the planning parameters for the next 5 years.

9. The full details of the provisional Local Government Finance Settlement for 2017/18 will not be known until December 2016, although a range of technical issues concerning the Settlement are currently subject to consultation[1]. However as part of the final Local Government Finance Settlement for 2016/17, announced on 8 February 2016, the Government issued an indicative set of Revenue Support Grant (RSG) figures for the four years to 2019/20.These were accompanied by an offer of a guarantee of a multi-year settlement for any authority which signed up by 14 October 2016. The only condition of this offer is that the authority will need to publish an 'efficiency plan'. Further details can be found in the Efficiency Plan section of this report (from paragraph 34). In light of heightened economic uncertainty in the wake of the EU Referendum result, it is recommended to apply to take up the Government's offer in order to gain certainty about future years' RSG, which will provide a more solid platform for medium-term financial planning. The proposed Efficiency Plan can be found in **Appendix 6**.

10. In the wake of the EU Referendum result in late June 2016, the then Chancellor hinted that the Autumn Statement in November/December 2016 would need to

[1] DCLG: 'Local government finance settlement 2017 to 2018: technical consultation' (15 September 2016)

reflect the impact of "Brexit" on the nation's finances. To what extent this will result in further public sector spending cuts is not yet known. However, in a further speech on 1 July the then Chancellor stated that the target of achieving a budget surplus by 2020 would have to be deferred. This statement has subsequently been reinforced by the current Chancellor and Prime Minister, and it suggests that the Government may be willing to opt for further borrowing instead of tax rises or spending cuts.

11. We have now reached a watershed in local government finance. Six years into austerity, the national deficit reduction programme has raised many questions about the purpose and sustainability of funding for local authorities. The Government's response to these questions is two-fold:

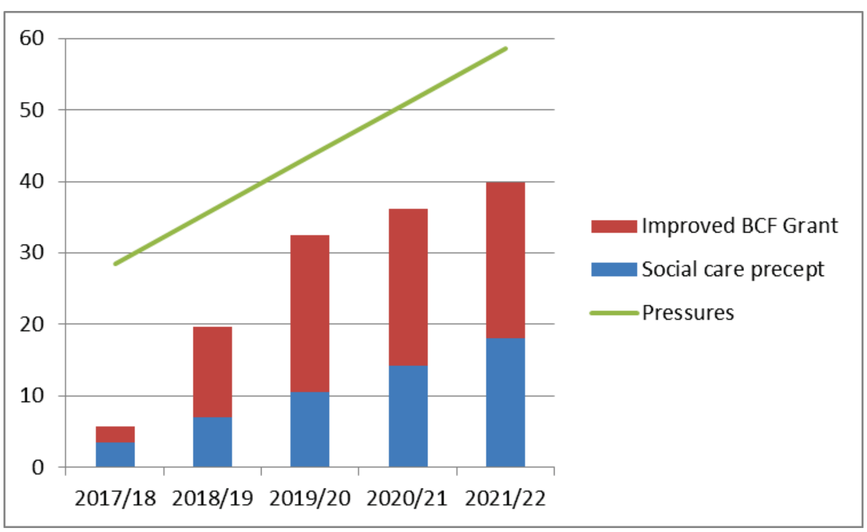
    a. To devolve 100% of business rates to the local government sector by 2020, and;

    b. To provide local authorities with responsibility for adult social care additional flexibility around council tax increases (the 2% social care precept).

12. Sheffield City Council is actively participating in the design of the new business rates system and has been publicly recognised as a prospective 'pilot' authority[2].

13. However, the social care precept (introduced by the Government in 2016/17) on council tax increases does not go far enough in addressing the social care funding crisis in the longer term. This is illustrated by the chart below, which shows the projected budget gap for the Council's social care services, caused by the increase in new funding (i.e. social care precept and Improved Better Care Fund grant) failing to keep pace with the inexorable rise of cost pressures (especially due to national living wage inflation and demand).

Figure 1 – Comparison of Social Care Cost Pressures and New Funding (£m)



[2] See para 2.31 on page 13 of "Self-sufficient local government: 100% Business Rates Retention" published on 5 July 2016 (this document is also referenced in the Bibliography at the end of this report)

14. This underlines the importance of lobbying Government for the Improved BCF Grant to be brought forward to 2017/18. Indicative allocations of this grant were published in the 2016/17 Local Government Finance Settlement. The first instalment (circa £2m) will come through in 2017/18, and it will increase to circa £13m in 2018/19 and then £22m in 2019/20. As the chart above shows, the Council would require all of the 2019/20 grant allocation to be brought forward to 2017/18 in order to close the funding gap.

15. The Council's view is shared by The King's Fund (an independent charity which works to improve health and social care in England) in its latest report on the financial sustainability of social care services for older people:

"*…to achieve 'more with less' is important and necessary but our conclusion is that these efforts will not in themselves be sufficient to meet immediate funding needs. In the words of NHS England Chief Executive, Simon Stevens, 'There is a strong argument that were extra funding to be available, frankly we should be arguing that it should be going to social care.' The forthcoming Autumn Statement should recognise the likelihood of major provider failure over the next two years by bringing forward the additional Better Care Fund money planned from 2018/19 and accelerate progress towards establishing a single pooled budget for health and social care in all areas by 2020.*"[3]

16. That is why – as referenced in paragraph 6 – one of the main recommendations of this report is to call on the Government to accelerate the payment of Improved BCF grant to local authorities. This has also been done via the Council's formal response to the consultation entitled "Self-sufficient local government: 100% business rates retention", which was launched on 5 July 2016. This is one of two major interdependent publications launched by DCLG on the same day.

17. The consultation seeks views on the implementation of the Government's commitment to allow local government to retain 100% of the Business Rates that they raise locally. Specifically, this consultation seeks to identify some of the issues that should be kept in mind when designing the reforms. The other publication, "Fair Funding Review: Call for evidence on Needs and Redistribution" is also relevant to Business Rates reform. The aim of the review is to evaluate what the needs assessment formula should be in a world in which local government spending is funded by local resources not central grant.

18. Both documents demonstrate that local government finance is subject to fundamental reform in the middle of the period covered by this MTFS. This reform, as well as many other factors, creates too many variables to predict the future with certainty. This report therefore includes 'sensitivity analysis', the purpose of which is to show our financial projections in three different scenarios: 'best' (most optimistic view), 'base' (our assessment of the most likely outcome) and 'worst' (most

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[3] Page 78, 'Social care for older people: home truths' (The King's Fund, September 2016)

pessimistic view). We have also tried to ensure that all key assumptions and risks are clearly stated, and that those assumptions have been benchmarked against our peer group and independent advisors' forecasts.

19. Regardless of the outcome of the forthcoming Settlement, one point is clear: with the Government's ongoing commitment to spending cuts in unprotected public sector budgets as part of the deficit reduction programme, in the future the Council's financial position will be significantly determined by the level of business rate income and council tax income, each of which may be subject to considerable volatility. This injects a higher level of risk and uncertainty into financial planning. The key financial risks and assumptions associated with the MTFS are summarised as appendices to this report.

20. On 2 October 2015 it was announced that the Council and the other eight authorities in the area had successfully negotiated a Sheffield City Region devolution deal with HM Treasury. One of the headlines of the deal was the ability to keep 100% of the growth in Business Rates from 2016/17. The detail of this and other aspects of the deal are being worked through, especially as business rates income is complex and subject to a wide range of variable factors. Therefore, the business rates figures included in the MTFS have not been revised at this stage. However, as further details become available, any changes will be fed into later updates of the MTFS.

Summary

21. Every year the Council is required by law to set a balanced budget. The approval of the Council's budget in March is the culmination of the annual business planning process. This report seeks Cabinet endorsement of the proposed approach to this year's business planning process, which differs from previous years. For further details, please see paragraph 76 onwards.

22. The first step in the business planning process for 2017/18 is to estimate the gap between the Council's resources and expenditure. In addition to cuts to Revenue Support Grant of almost £100m over the last 3 years, we now have strong indications that the remaining RSG of £90.6m will reduce to £36.9m by 2019/20. The cut to RSG in 2017/18 will be £22.8m. However, due to corporate savings the Council is able to make, and additional income forecasts, it is estimated that the Council's budget gap for 2017/18 will be reduced to circa £13.5m. This estimate reflects expenditure variations such as the cost of half increments, pensions related costs and expansion in the Streets Ahead contract. However, this does not include pressures on services arising from inflation, demand or legislative changes such as the increase to the minimum wage. These pressures are becoming harder to deal with as budgets reduce and are currently forecast at approximately £26.5m for 2017/18. Further details on the gap can be found from paragraph 44 as well as in **Appendix 1**.

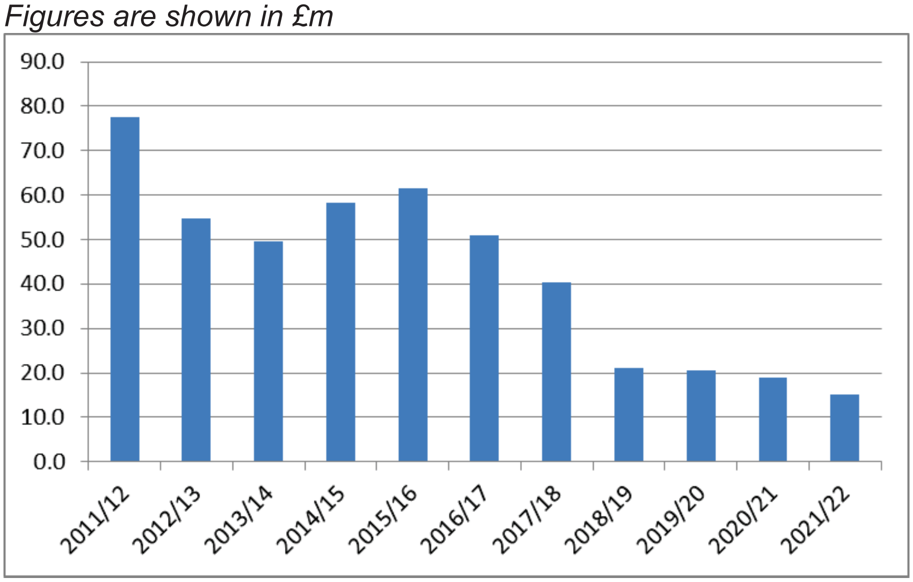
Figure 2 – Summary of Projected Budget Gap for the 5 years to 2021/22

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Reductions in RSG	22.8	15.4	15.5	0.0	0.0
Business Rates & Council Tax Income	(7.7)	(9.5)	(7.2)	(6.2)	(6.2)
Corporate Grant movements	(2.2)	(10.4)	(9.3)	0.0	0.0
Expenditure variations	0.6	9.1	5.1	8.9	5.0
Budget Gap	**13.5**	**4.6**	**4.1**	**2.7**	**(1.2)**
Balance B/F	**0.0**	13.5	18.1	22.2	24.8
Cumulative position	**13.5**	**18.1**	**22.2**	**24.8**	**23.6**

23. The chart below shows how the forecast gap for the next 5 years from 2017/18 to 2021/22 compares to the revenue budget savings for the last 6 years from 2011/12 to 2016/17.

Figure 3 – Comparison of Revenue Budget Savings in the 6 Years to 2016/17 vs Projected Budget Gap for the 5 years to 2021/22 (including an estimate of pressures in future years)

Figures are shown in £m

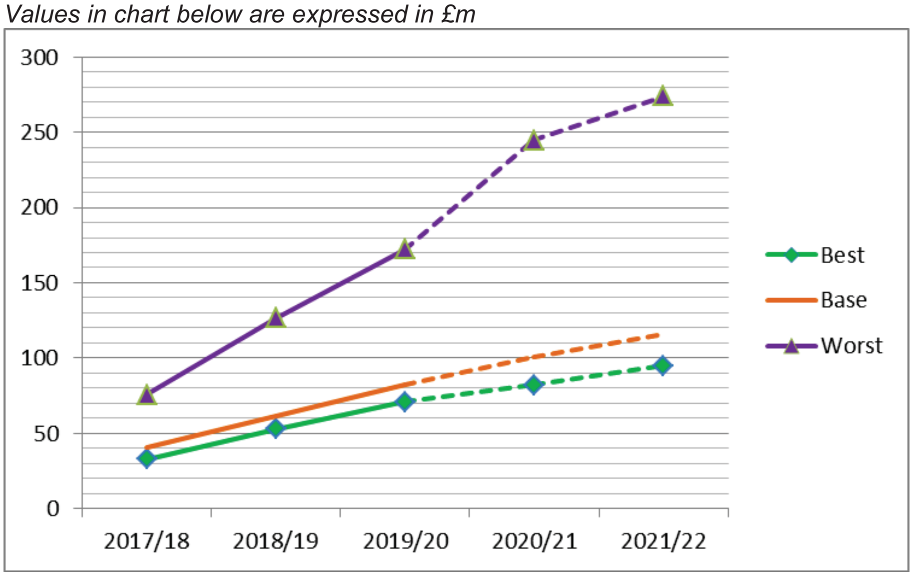


24. Whilst the forecast gap for 2017/18 appears to be relatively small compared to the budget savings required in each of the last 6 years, it should be noted that there are around £26.5m of portfolio pressures, plus a further £15m of risks which, if they crystallised, could increase the total budget gap to around £55m, as shown above.

25. As shown in Figure 4 there is a variation of at least £179m in the cumulative budget gap by 2021/22 between the best and worst case scenarios. The principal factor which underpins the scale of variation is our assessment of the extent to which the Council will be affected by loss of Central Government funding (primarily RSG and Public Health) coupled with potential deterioration in business rates. We are entering uncharted territory in the final 2 years of the 5-year period covered by this MTFS. We will continue to monitor developments in respect of business rates reform and update our projections accordingly.

Figure 4 – Illustration of Sensitivity of Assumptions

Values in chart below are expressed in £m



Reform to Local Government Finance

26. On 5 July 2016 DCLG launched two consultations, both of which have far-reaching implications for the future of local government finance. The two consultations cover:
    a. 100% localisation of business rates, including additional responsibilities
    b. Fair funding

27. A summary of the topics covered by each consultation is shown in the section below. As there are many options subject to further discussion, with no working model available from which to make any robust assumptions, it is not possible to take account of either consultation whilst preparing the financial projections in this MTFS. However, we do have officers directly involved in the working groups jointly chaired by DCLG and LGA, the members of which are charged with developing further detailed options and modelling the potential scenarios.

28. The Council has responded to both consultations, the closing date for which was 26 September 2016.

100% localisation of business rates

29. This consultation contains thirty six questions which cover a broad range of themes, the majority of which have far-reaching implications for the Council as well as the City Region. These themes include:
    - The devolution of responsibilities;
    - The operation of the system, including how growth is rewarded and risk is shared;
    - Local tax flexibilities;
    - Accountability and accounting in a reformed system.

30. The first theme – devolution of responsibilities – provides opportunities to those authorities who wish to take greater control of functions which they believe they can manage more efficiently and effectively than central government. However, "to ensure that the proposal for 100% business rates retention is fiscally neutral, local government will need to take on new responsibilities to match this increased income, and existing central government grants will need to be phased out."[4]

31. One of these 'existing' central government grants is the Improved BCF grant, which is due to be rolled out directly to local government from 2017/18 to ensure that health and social care services work together to support older and vulnerable people. When this grant was announced in the 2016/17 Settlement, the LGA made the following statement:

    "*There is a continuing lack of proportionality between additional funding for the NHS and adult social care. While much of the funding for the NHS is frontloaded, additional resources from the Better Care Fund will not be available until 2017 and only £105 million will be available in 2017/18. This, with the incremental nature of the new adult social care council tax precept, means a further two years of pressure on a system that is already under significant strain. To ease this pressure the £700 million of new funding in the Better Care Fund must be brought forward to 2016/17.*"[5]

32. As has been argued earlier in this report, the Council agrees that this new funding should be brought forward as soon as possible in order to address the social care funding crisis.

Fair Funding

33. The Fair Funding Review will address the following issues:
    - What is meant by relative 'need' and how should it be measured?
    - What are the key factors that drive relative need?

[4] Paragraph 3.3 on page 15 of "Self-sufficient local government: 100% business rates retention"
[5] Page 2 of "Local Government Association briefing, House of Commons debate, final Local Government Finance Settlement 2016/17" (10 February 2016)

- What should the approach be for doing needs assessments for different services?
- At what geographical level should a needs assessment be done?
- How should ‘resets’ of the needs assessment be done?
- How, and what, local government behaviours should be incentivised through the assessment of councils’ relative needs?

Efficiency Plan

34. Since central government cuts began in 2010, the local government sector has been calling on central government to provide as much certainty as possible with regard to the finance settlement in order to plan their spending priorities strategically.

35. In the 2016/17 Local Government Finance Settlement these concerns were recognised, and an offer of a ‘guaranteed minimum grant envelope’[6] for the four-year period from 2016-20, covering RSG, transitional funding and Rural Services Delivery Grant, would be made available to local authorities on the condition that they submit an efficiency plan by 14 October 2016.

36. The then Secretary of State for Communities & Local Government wrote to all Council Leaders on 10 March 2016, clarifying his expectations of what an efficiency plan should contain:

“*…they [efficiency plans] should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your neighbours and public sector partners and link into devolution deals where appropriate.*”

37. DCLG did not issue guidance on what an efficiency plan should contain. The consensus across local government is that this is welcome, because it gives the sector sufficient flexibility to set out its plans as it sees fit.

38. The recommendation is to apply to take up this offer because it provides the Council with more certainty when planning the implementation of its strategic priorities. For example, some transformation programmes will take several years to develop from concept design to implementation, with additional time programmed to ensure that proposals are rigorously tested and consulted with external partners. A lack of certainty would undermine this process.

39. Accepting the Government’s offer also mitigates the risk of being left with a disproportionate share of reduced RSG.

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[6] Page 1 of “Preparing And Submitting An Efficiency Plan” (June 2016) by CIPFA/LGA

40. In completing the Council's efficiency plan, the following questions have been considered:
    1. What are the targets, and how clear are they?
    2. What role is partnership working expected to take?
    3. What aspirations does the Council have in relation to transformation programmes?
    4. How does the Council intend to achieve its efficiencies?
    5. Is there clear ownership and accountability?
    6. How robust is the process for measuring, managing and monitoring the outcomes of the plan?

41. The Council's efficiency plan has been produced alongside the annual MTFS because the process for compiling the MTFS involves as a matter of course collating responses to the above questions.

42. For instance, the MTFS includes appendices covering key financial risks and the reserves strategy, the main objective for both of which is to provide assurance that the Council has a good understanding of the primary causes of volatility and is in a good position to mitigate them.

43. The draft efficiency plan can be found at **Appendix 6**. It is recommended that Members delegate authority to the Executive Director of Resources to submit the final version of the plan to DCLG, in consultation with the Cabinet Member for Finance and Resources.

Assessment of the Budget Gap

44. As shown in Figure 2, the scale of the budget gap is affected by changes in the Council's resources (Revenue Support Grant, Business Rates, Council Tax and other specific grants) and expenditure, as well as one-off and exceptional items. This section deals with each of these key components in turn.

Revenue Support Grant

45. For 2016/17, the Council will receive £90.6m of RSG from Government. The Local Government Finance Settlement announced in December 2015 detailed the levels of planned RSG reductions until 2019/20. The level of funding will fall from the £90.6m awarded in 2016/17 to £36.9m in 2019/20. At this point, it is assumed that any remaining RSG will be exchanged for a greater level of retention of business rates income as part of the aforementioned government plan on localisation of business rates.

Business Rates

46. With the introduction of the national business rate retention scheme in April 2013, a significant proportion of the Council's income now comes from the Council's 49% share of business rates collected locally. This Council's share of business rates is currently set to increase to 100% from 2020 with RSG set to decline even further.

The financial position of the Council will now be substantially dependent on its ability to raise and collect the expected level of business rates.

47. The amount of business rates an individual authority is capable of collecting differs significantly across the country, depending on its location and characteristics. For example, relatively prosperous areas will expect to collect more business rates because their billing areas include a large proportion of business premises with high rents and therefore high rateable values. In contrast to this, authorities in regions of relatively high deprivation will expect to collect less in business rates because their billing areas are likely to comprise a large proportion of small business premises with low rents and therefore low rateable values which are subject to small business rate relief.

48. In order to counteract this national imbalance, the Government has introduced a system of top-ups and tariffs to re-distribute business rates across the country. Authorities with a relatively high level of business rates pay a tariff into a national pot, which is then used to pay top-ups to those authorities with relatively low levels of business rates. With effect from April 2013, the Government has set the level of tariffs and top-ups for a period of at least seven years, although top-ups and tariffs will increase by the rate of inflation over that period.

49. As the Council is deemed to have a level of need in excess of the business rates it is capable of collecting, it receives a top-up grant which amounts to £29.1m in 2016/17 and which is assumed to increase by 1% per annum over the next five years.

50. A series of complex assumptions need to be made in arriving at an estimate of how much business rate income the Council will collect, and therefore how much it will rely upon in setting the budget for 2017/18 and beyond. For instance, the Council's assumptions about growth (if any) in the amount to be collected, the losses on collection, the levels of reliefs that may be given and the levels of outstanding appeals. All of these carry significant risk and will involve assumptions about performance in 2017/18 and future years that will be based on experience of recent years and the use of the most up to date information available.

51. In arriving at a reasonable estimate of retained business rate income in 2017/18 and beyond, the following key assumptions have been made:

- Multiplier Inflation: This is based on the forecasts made by the Office for Budget Responsibility in March 2016 (e.g. 2.4% for 2017/18) minus 1% to account for market volatility. RPI was used as the basis for inflation for the period up to 2019/20. From 2019/20 the inflation figure drops down to CPI in line with policy announced by the Chancellor in the 2015 Autumn Statement.

- A business rates growth model has been developed to analyse potential growth. This model pulls information from a variety of sources in order to quantify growth in the business rates base. Any forecasts of potential growth need to be treated with caution as there may be reductions in business rate income elsewhere as businesses relocate or have their rate liability re-assessed by the Valuation Office Agency (VOA). For the purposes of this forecast, the business rates growth model was used to forecast potential growth figures up to 2018/19. The figures for 2018/19 have been used for the subsequent years as we do not have enough substantial data past this point.

- The VOA is in the process of re-assessing all premises subject to business rates in preparation for full-scale national revaluation with effect from April 2017. At the time of writing this report, no information was available to evaluate the potential impact of revaluation on the Council, so it is assumed in this MTFS that there will be a neutral impact.

- Reliefs: there are a number of reliefs against business rates liability, including small business rates relief, charitable relief, and deductions for empty properties and partly occupied premises. It is estimated that the total value of these reliefs and deductions will remain constant at 2016/17 levels (circa £37.0m).

- Losses and costs of collection of business rates: this includes an estimate of the bad and doubtful debts in 2016/17, the potential legal and other recovery costs. It is assumed that losses on collection will stay at 2016/17 levels, i.e. £3m.

- Refunds of business rates due to successful appeals: business ratepayers can seek an alteration to the rateable value of a property by appealing to the VOA. However, because of the large volume of appeals, decisions by the VOA can take several years. Although the then Chancellor announced in the Autumn Statement in December 2013 that he had set a target for the VOA to work through 95% of outstanding appeals (as at 30th September 2013) by July 2015, this target was not achieved. A prudent provision has been taken for the appeals and as such this should not impact on the MTFS.

- It is difficult to arrive at a reliable estimate of the potential refunds due on outstanding appeals in addition to any new ones that may be lodged. Based on the most recent data provided by the VOA, it is assumed that the cost of refunds due to appeals will remain at 2016/17 levels (£3.4m).

52. Significant risks in respect of business rates are described further in **Appendix 3**.

Council Tax

53. The Council set a Council Tax Requirement for 2016/17 of £176.5m. The Band D equivalent council tax was £1,360.48, a 1.99% increase on the previous year. The overall level of Council Tax income is dependent on the following:

    - The Council Tax base: i.e. the overall number of properties that the Council can collect council tax from;

    - Any restrictions on the ability of the Council to increase the level of council tax: i.e. the policy of the Government to prescribe an increase that will trigger a local referendum.

54. The phrase “Band D equivalent properties” is used throughout this report because Band D is used by the Government as the standard for comparing council tax levels

between and across local authorities. This measure is not affected by the varying distribution of properties in bands that can be found across authorities. A definition of Council Tax can be found in **Appendix 5**.

<u>Council Tax base</u>

55. The Council Tax base for 2016/17 was set at 132,253.72 Band D equivalent properties. This was an increase of 2,022 properties (1.6%) compared to the figure for 2015/16, partly due to an additional 1,510 properties, but also as a result of 1,174 fewer properties being entitled to the Council Tax Support Scheme (CTSS) offset by 661 properties that are entitled to discounts and exemptions.

56. The statutory date for the determination of the tax base for 2017/18 is not until early next year. However, for the purposes of the MTFS, a review of the current position has been made based on information presently available:

- The overall number of properties: at the present time, the prudent assumption being made is that there will be at least an additional 500 band D equivalent properties for each of the next five years. Some increase was to be expected with additional properties being constructed or brought into use. It is not known to what extent this figure will grow in the coming months.

- Number of properties eligible to discounts and exemptions (not including CTSS). The tax base for 2016/17 assumed that 35,868 properties would be eligible for discounts and exemptions. At the present time, it is assumed that the number of properties claiming discounts/reliefs in future years will remain the same. However, this figure is subject to fluctuations throughout the year, particularly as a result of student homes exemptions.

- Number of properties eligible for CTSS. The current CTSS in Sheffield which was introduced in 2013 requires council tax payers of working age to pay a minimum of 23% of their council tax bills. For financial planning purposes, it has been assumed that the scheme will not be altered in the medium term. However this will be an issue for Members to consider alongside the savings proposals for 2017/18.

- Estimated collection rate: for budgeting purposes, the practice has been to set a prudent in-year collection rate as part of the tax base calculations, although eventually the Council recovers up to 99% of council tax. The introduction of CTSS has also had an impact on the collection rate. The forecast level of council tax income for 2017/18 assumes an in-year collection rate of 95.5% (unchanged from 2016/17).

<u>Council Tax referendum limits</u>

57. Government policy regarding the trigger point for a local referendum is announced by the Secretary of State for Communities and Local Government in February each year. In February 2016, the Secretary of State set a principle that an increase in council tax of 2% or above would trigger a local referendum. In addition, headroom of 2% applied to Councils with social care responsibilities. Councils were required to certify that the funds raised by the additional 2% headroom were spent on social

care. The trigger point for 2017/18 will not be known with certainty until the principles are issued in February 2017.

58. It will be for the Council to decide the policy regarding future Council Tax increases. For the purposes of this report, a modest increase in Council Tax income is included in the forecast from April 2017 through growth in the current tax base.

Collection Fund Surplus

59. The Council is required to estimate, for Council Tax setting purposes, the projected year-end balance on the Collection Fund. This estimate must take account of payments received to date, the likely level of arrears and provision for bad debts etc., based on information available by 15 January. It has been assumed that there will not be a surplus or deficit for the period of this strategy.

Specific Grant funding beyond 2016/17

60. The table below shows the main grants that the Council has taken into account when setting the 2016/17 revenue budget.

Figure 5 – Specific Grants

	Budget 2016/17 £000
Public Health	35,100
Business Rates Top Up Grant	29,124
NHS Funding	12,399
New Homes Bonus	9,323
Education Services Grant	4,417
Housing Benefit Admin Grant	2,551
S31 Grants for Business Rate Reliefs	2,880
Independent Living Fund	2,780
S31 Grant for Business Rate Cap 2014/15 & 2015/16	1,490
Council Tax Support Admin Subsidy Grant	873
Total	**100,937**

61. As very little information has been provided on future allocations of specific grants by the Government, assumptions have been made about each of the grants listed in Figure 5 on a case by case basis. The following paragraphs focus on those grants where there is a relatively high degree of risk in terms of future cuts, or where certain assumptions have been made in the forecast.

Public Health

62. Following the transfer of responsibilities for health visitor services for children aged 5 years and under from the NHS in October 2015, the total amount of funding from the Department of Health has now increased to £35.1m for 2016/17. It is worth noting that Sheffield suffered a £2.2m in-year grant cut during 2015/16.

63. Consultation on the Public Health Grant formula was undertaken during the autumn of 2015; the findings are still to be published. Based upon information provided within the consultation document, we are of the view that the most likely outcome will result in a 2.5% to 2.6% reduction per year in the grant received between 2017/18 and 2019/20.

64. There is also a risk that if a revised formula for Public Health is implemented before the ring-fence is removed at the end of 2017/18, the national redistribution effect could result in circa £2m being cut from Sheffield's current allocation.

65. In the 100% Business Rates Retention consultation document launched by DCLG on 5 July 2016, the Public Health grant is among the grants it is proposed will cease altogether at the point of full localisation of business rates, although local authorities would still retain responsibility for public health functions. We envisage that cessation of the Public Health grant is likely for two reasons. Firstly, the ring-fence is due to be removed after 2017/18 (a common precursor to significant cuts to grant). Secondly as the second largest grant to local authorities by value after RSG, without its cessation the Government would struggle to find alternative grants to swallow the 'headroom' (i.e. the difference between the additional business rates transferred to local authorities by 2020 and the remaining RSG at that point).

Dedicated Schools Grant (DSG)

66. During March 2016 the Government launched a Schools Funding Formula consultation which seeks to fundamentally change the way DSG will be allocated and distributed to schools.

67. Currently there are three blocks of funding, the Schools Block, the High Needs Block and the Early Years Block. The Local Authority has some flexibility in how it uses these funds to support schools and other services. However, the proposal is to restrict the current flexibility by ensuring that all of the Schools Block is passported directly to schools.

68. In addition to this change, there is a proposal is to create a fourth block – 'Central Schools Block'. This would contain funding for central schools services, historic local authority spending commitments and the retained rate of the ESG. Unlike the other blocks of funding that are to be transferred to schools and are likely to be protected, the Central block will be subjected to reductions in funding over the coming years. This reduction in funding will inevitably create budget pressures for a number of council departments.

Education Services Grant

69. Of the £4.4m reported above, £1.1m is for retained duties and £3.3m is General funding rate. As aforementioned, the Schools Funding Formula consultation was launched in March 2016 and the retained duties income of £1.1m will be rolled into DSG and subject to cuts from 2017/18. The General funding element of ESG of £3.3m will completely cease from September 2017. The Council will receive a reduced amount of the General funding element for the first 5 months of 2017, but this is to cover transitional arrangements. The DFE recognise that whilst some of this reduction can be made from efficiency savings, the rest cannot. They are seeking views on the statutory duties that could be removed or reformed.

70. The Council may be able to retain some of their maintained schools' DSG to cover statutory duties, but it is not clear at this stage how this will work. For these reasons, the Children's, Young People and Families portfolio have accounted for this reduction and/or cessation of the grant within the budget pressures figures for 2017/18 and beyond.

Better Care Fund (BCF)

71. The Council currently receives £12.4m of funding via the NHS centrally to meet the costs of providing adult social care. In addition, from April 2015 the Council has pooled its adult social care budget with that of the local NHS Clinical Commissioning Group (CCG).

72. The actual amount which the Council will receive from the CCG for the BCF is subject to ongoing discussions with the CCG. The Council's 2016/17 budget includes a £9.3m corporate savings target that assumes either the CCG will provide additional income or recurrent savings on adult health and social care expenditure will be found.

Independent Living Fund (ILF)

73. The ILF scheme was administered by Department for Work & Pensions (DWP) until 30 June 2015, after which point the responsibility for service users transferred to local authorities. The scheme delivers financial support to disabled people so they can choose to live in their communities rather than in residential care.

74. After initial concerns of large scale funding reductions, the DCLG provided indicative grant funding figures for 2016/17 to 2019/20. The grant award will fall from £2.8m to £2.5m for this period.

Forecast revenue expenditure

75. The Council set a net revenue budget for 2016/17 of around £406.5m. There will be a number of items of additional expenditure that are likely to be incurred in future financial years and there will be other issues, about which there is currently uncertainty but which may also subsequently involve expenditure for the Council. A key issue for the budget process will be the approach to including additional budget

provision during a period in which resources are constrained. Compared to the amounts budgeted for in 2016/17, there are a number of potentially significant additions and reductions to annual expenditure in future years:

- Local Government Pensions costs: as a result of the triennial valuation of the South Yorkshire Local Government Pension Scheme (LGPS) completed by 31 March 2014, the Council's financial obligations with regard to the LGPS have increased significantly over the period 2014-17 compared to the previous triennial period. The Council set aside a further £2.2m to meet these obligations in 2016/17 compared to the previous year. The final results of the next triennial valuation will not be known until December 2016; given the potential impact of Brexit on any revaluation, £5m per year of additional costs has been assumed in the MTFS. This likely increase in costs will be managed in some part by way of an early payment of the deficit recovery contribution during 2016/17, which should in turn reduce the contributions required over the next three years.

- Pay strategy: the Council agreed a new 4 year pay strategy with effect from April 2014. As part of this strategy the increment freeze was extended to March 2015, although there was a payment of £250 for the lowest paid employees. The other elements of the strategy – involving the introduction of mandatory unpaid leave, the introduction of half increments and a Christmas shutdown – took effect from April 2015.

  The introduction of the new pay strategy will amount to a pressure of c. £2.0m in 2017/18, rising to £9.1m cumulatively (largely due to the cost of increments) by 2021/22, based on the current staffing structures. This assessment will change as more is known about revised staffing structures and any subsequent pay deals from 2018/19 onwards. These pressures are included under expenditure variations.

- Capital Financing costs: an assessment has been made of the likely level of capital financing costs in future years across the whole of the Council. We anticipate that the capital financing budget can be reduced by £2.0m in 2018/19, with the potential for further reduction of £1.0m in 2020/21. This is for two main reasons. Firstly, future borrowing is likely to be taken at lower rates of interest than we have achieved historically. Secondly, some of the capital programme has been temporarily funded from borrowing from internal resources, lowering the overall level of interest incurred during this period.

- Streets Ahead contract: the Council investment in the Streets Ahead contract will result in the required amount increasing by approximately £1.8m per annum from April 2017, as planned. The costs rise as the contractor invests in bringing the highways infrastructure up to the agreed standard. This includes the full debt charges associated with borrowing £135m to finance the acquisition of assets (a saving on the previous borrowing via PFI).

- Sheffield City Trust (SCT) debt charges: in 2013 Cabinet approved proposals to restructure the funding for SCT. Part of this restructuring allowed for the release of one-off funding supporting the revenue budget over 4 years. The additional costs shown against the 'MSF ongoing increase' line in **Appendix 1**, in addition to the planned £0.45m per annum, are a result of this one-off support unwinding.

- Howden House PFI: there will be additional costs associated with the annual inflation uplift in the unitary charge. Based on current inflation forecasts, the additional annual cost is expected to be approximately £100k from 2017/18.

- Capita contract: in-depth negotiations have taken place between Council officers and Capita to identify the potential for further savings on the Capita contract. It was announced in Autumn 2014 that the negotiations were successfully concluded, resulting in savings of £1.8m in 2015/16 and £1.6m in 2016/17. Further savings of £0.2m are expected to be realised during 2017/18.

- MSF Bond Capitalisation: during 2013, as planned, a bond deposit of £140m was released to pay the final lease premium for the MSF. The principle and interest repayments due on this bond were initially charged to revenue. Following discussions with our external auditors, the principal element of the bond repayment is now capitalised, which has allowed the released revenue funding to support the budget from 2017/18 onwards.

- Impact of 2016/17 budget monitoring: the budget monitoring position for 2016/17 is presently showing a forecast overspend of £17.6m. Although it is expected that management action will be reflected in forecasts in future months, there are difficulties associated with delivering the full extent of the contract savings. For the purposes of the MTFS forecast, it has been assumed that there will not be any issues hanging over from 2016/17 or, if there are, these will be dealt with as part of the approach to managing pressures.

- In terms of portfolio cost / demand pressures, these amounted to approximately £26m in 2016/17 and were offset by savings of an equivalent figure. The majority of the pressures in 2016/17 related to difficulties in delivering prior year savings with the Streets Ahead and waste management contracts but also adult social care costs. The adult social care costs are likely to feature prominently in the review of potential pressures in 2017/18.

  The level of pressures for 2016/17 included a provision for staff pay awards of 1%, amounting to approximately £2m. Following meetings with local government representatives in early 2016, trade unions agreed to accept the proposal for a 1% increase for most staff in 2016/17 and 2017/18. This agreement for 2017/18 is reflected in the portfolio pressures.

Approach to balancing the budget

76. 2017/18 is the seventh year of the Government's austerity programme, and we have had to plan for another cash reduction in our Revenue Support Grant, this year by £22.8m. Given the scale of the year-on-year reductions we have faced, it is becoming increasingly difficult to balance our budget whilst protecting our front-line

services, particularly by trying to make a series of across-the-Council percentage cuts to each service.

77. Consequently for 2017/18 we have changed approach from a blanket requirement for portfolios to find a given percentage of savings in their net budget, to concentrating on finding savings from a smaller number of discrete areas. This means that we are identifying a four-year programme of transformative strategic changes in individual services, intended to release sufficient savings to enable our budget to be balanced. This programme is supported by a Council-wide continuing search for lower level “tactical” reductions in expenditure, where we identify that there is scope for further efficiencies in individual services.

Reserves

78. The Medium Term Financial Strategy is prepared against a backdrop of uncertainty and potential risk. There is nothing new in this, and whilst some of the risks have been managed by the Council for many years, it is important that the Council has adequate financial reserves to meet any unforeseen expenditure. For an organisation of the size of Sheffield City Council, relatively small movements in cost drivers can add significantly to overall expenditure.

79. The Executive Director of Resources has reviewed the position relating to Reserves and has produced a Reserves Strategy as part of the 2015/16 revenue budget which is attached at **Appendix 4.** This sets out the estimated requirement for Reserves and explains the purpose of earmarked reserves.

Capital Programme for 2016/17

80. Capital spending pays for buildings, roads and council housing and for major repairs to them. It does not pay for the day-to-day running costs of council services. The Council’s Corporate Capital Strategy is shaped by a number of Government policies.

- The devolvement of capital funding to City Region authorities and the involvement of the Local Enterprise Partnerships (LEP) in capital allocation decisions

- The shift towards capital funding for economic regeneration projects which generate a financial return from capital receipts or government incentive schemes like New Homes Bonus, to repay the initial investment and create a revolving fund;

- Moreover, these schemes can also generate income for the local authority through the initial Community Infrastructure Levy on the development and subsequent business rates or Council Tax from additional commercial or residential premises respectively;

- The Government austerity programme, which has had a major impact on the rest of the non-housing programme. This has not only led to less capital funding, but is also reducing revenue budget funding reducing the scope for contributions to the capital budget;

- The education policy mandating that all new schools should be academies. This policy transfers maintenance responsibilities away from the Council's Local Education Authority (LEA) role and will subsequently reduce central grant funding which is formula driven based on pupil numbers;

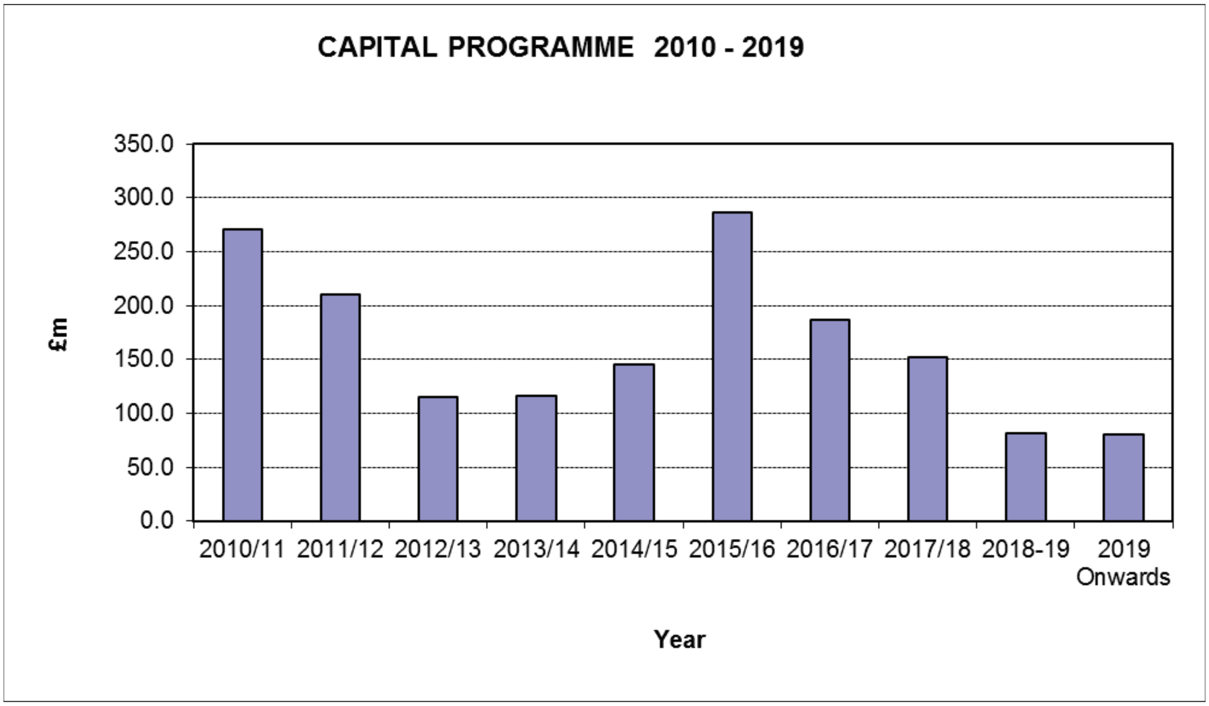
- The self-financing regime for the Housing Revenue Account (HRA) has provided for a relatively well funded programme of investment in existing and new Council housing stock;

- The Streets Ahead programme is providing massive investment in the City's roads and street lighting over the next few years, funded via the Private Finance Initiative (PFI), which is outside the capital programme.

81. As a result of the above, the Housing investment programme therefore now accounts for almost sixty per cent of the Capital Programme. The next biggest applications include economic regeneration and infrastructure renewal of highways, schools and leisure facilities.

82. The Council's Affordable Housing policy will increasingly be delivered through council housing investment and, for private sector, affordable housing, local housing associations or the Sheffield Housing Company initiative. This initiative involves the Council working in partnership with a private sector developer to increase the number of affordable homes and regenerate housing estates.

83. In the Strong Economy priority, the focus will be on creating the necessary infrastructure to support economic regeneration. Declining central government support will place increased reliance on the Council's Asset Enhancement programme to generate capital receipts to use on the Council's own priorities. The graph below illustrates the change in activity levels in the Capital Programme over the last decade.



84. The forecasts reduce beyond 2016/17 as only approved projects are included. The Council is preparing other bids to secure funds for programmes such as Flood Defence (£35m) or from the Sheffield City Region Investment Fund (SCRIF) to provide infrastructure which will support the development of the local economy. The potential redevelopment of Sheffield city centre could significantly expand the capital programme.

Corporate Resource Pool (CRP)

85. The CRP funds elements of the capital programme not funded by other dedicated funding streams. The Council already has established provision for housing, transport and education schemes – be that internal funds for housing (Housing Revenue Account and housing land) or government funds for education and transport. A large number of Council priorities have no clear source of funding, and have to be funded by the CRP, which is largely financed by capital receipts from land sales.

86. Capital receipts plug gaps in funding, and provide match funding to lever in external funding. Recent examples include;

- the significant enhancement of the City's recreational leisure facilities, which should also deliver revenue budget savings. The Council has put £2.5m into the £7.1m North Active facility to gain £2.3m from the Department of Health's National Centre for Sport Exercise and Medicine (NCSEM) initiative. A further £750k has been used by Sheffield International Venues at Concord Leisure Centre;

- £3m has been invested in improving football pitches.

87. Without capital receipts, these projects would not have happened. Other projects requiring CRP support include the demolition of vacant property which again helps the Revenue budget. The demolition of Castle Market buildings is an example where the Council has invested £4m in anticipation of winning further external funds to develop the site.

88. A large proportion of the Council's capital is already allocated to social housing, but in addition many housing sites are disposed at under value or at nil value to deliver social housing (e.g. for housing association schemes where the council is obliged often to give its land at little or no value to make the scheme affordable).

89. To ensure the CRP reaches the projects it is intended to support, allocations are based on the principles set out in the 2016/17 Capital Programme approved by Full Council in March 2016.

90. For the last four years, officers have recommended that no commitments beyond one year are made from the CRP. This reflects the uncertain and lower level of receipts due to the general economic downturn. The impact of the Affordable Housing policy has created further pressure whilst diverting more funds towards Housing investment.

91. The timing of future capital receipts has been very difficult to forecast. All land transactions are inherently fraught with difficulty because of the contractual process and timetables often slip. The relatively low level of receipts in recent years means that the pool has reduced. Approved and potential commitments, plus the need to maintain reserves for emergencies like major infrastructure failures or the floods of 2007, mean that these cumulative demands exceed the current reserves, and a future stream of receipts is essential.

92. The situation is under constant review, but the report on the 2017/18 Capital Programme is likely to recommend again that no further commitments are made beyond 2017/18.

Pressures on the Capital Programme

93. The capital programme faces several challenges:

- Decreasing central government funding, e.g. for local transport;

- Increasing demand pressures, e.g. for additional school places plus local building standards, which is likely to mean that additional support beyond that provided by central government is required in order to create the places for children when and where they are needed. This pressure is becoming particularly acute. A Cabinet report in February 2016 estimated the pressure in 2018/19 could be up to £17.5m;

- Increasing costs as the construction sector recovers from the recession and tender prices rise. Those increases mean the Council gets less for its money or needs to spend more to deliver the same scope;

- Providing a contingency for overspends to cover unforeseen risks;

- Providing a contingency for assumed future funding streams such as Community Infrastructure Levy (CIL) not materialising;

- Providing capital to enable revenue saving projects to go ahead and deliver savings to meet the Council's revenue budget gap;

- The increasing age of the Council's building estate requiring life-extension maintenance. This may incur significant costs to make infrastructure compliant with current standards (e.g. electrical systems, fire risk assessment) or make buildings accessible. These have to be funded from the Council's own internal resources like capital receipts; and

- Member priorities.

Alternative Funding Opportunities

94. Faced with the pressures identified above, the Council needs to look at alternative funding streams. The General Fund is not likely to be an option given the continuing austerity measures and the budget pressures described earlier in the report. At best there may be some limited headroom *if* there is a genuine increase in National Non Domestic Rates (NNDR) from additional development activity – but there are many competing demands on these resources.

95. There are a number of other funding sources and these are described in **Appendix 8**.

Capital Strategy

96. The Council funds its capital programme from a variety of external and internal sources. Traditionally these sources of funding have been managed within services for a relatively narrow range of purposes. Paragraph 80 identifies the changing capital funding landscape where projects deliver economic and policy benefits across a range of activities.

97. In response to the changing landscape, the Council has established a "Growth Investment Fund" comprising flexible capital funds like New Homes Bonus and CIL. This can be deployed to create one-off and future revenue budget inflows (some of which might be reinvested in the fund). The aim is to create a revolving fund which replenishes itself from the cash inflows generated by the projects.

98. The Strategic Capital Board will oversee the allocation of the Fund which will be directed towards the Council's priorities of Growth, Homes and Schools.

Conclusions on Capital Strategy

99. The Capital programme funding strategy needs to be flexible enough to respond to the above opportunities.

100. The traditional approach to funding capital is not sustainable. A *passive* approach relying on central government grants is likely to result in a much diminished programme and undelivered priorities. The Council will only be able to expand the programme to meet its priorities by winning alternative external funding. Many of these funding streams are the subject of competitive bidding. Three consequences follow:

- The Council will have to ensure that it is organised such that it has the necessary skills to construct successful bids for funds;
- The Council will need to have its own resources to pledge as match funding; and
- The Council's Priority Boards must proactively select and supervise projects to ensure that approved projects deliver maximum benefits and offer real value for money.

101. The current programme is heavily skewed towards Housing schemes because of three things that ensure that a significant proportion of the council's capital programme already goes to social or affordable housing:

- The capital programme itself is nearly 60% housing;
- A large number of housing land sales are under value;
- Affordable housing obligations reduce the capital receipt from Council owned land.

102. The current discussions and recommendations are seeking to ensure that a reasonable proportion of potential receipts go to fund the other unfunded commitments in the capital programme to meet a broad range of Corporate Plan objectives. The budget process will test if Council priorities are accurately reflected in the current distribution of capital funds.

Housing Revenue Account

103. The Housing Revenue Account (HRA) is the statutory financial account of the Local Authority as landlord. The Council owns approximately 40,200 homes that are home to around 47,281 people as tenants. In addition, 2,369 leaseholders also receive housing services from the Council. It is the Council's current and future tenants and leaseholders who are impacted by the decisions made in the HRA Business Plan.

104. For budgetary purposes, the HRA is kept separate to the General Fund revenue budget, hence any proposed changes to the HRA business plan are not expected to have any impact on the MTFS. The next update to the HRA Business Plan will be presented alongside the HRA revenue budget for 2017/18 to Cabinet in January 2017.

Implications of this Report

Financial & Commercial Implications

105. This is a revenue & capital financial report, and as such all financial and commercial implications are detailed in the main body of the report.

Legal Implications

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

Equal Opportunities Implications

107. There are no specific equal opportunities implications arising from the recommendations in this report.

Alternative Options Considered

108. 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.

Mike Thomas

Interim Assistant Director (Strategic Finance)

10 October 2016

Appendix 1 – Forecast Revenue Position 2017/18 to 2021/22

		2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Grant variations:						
	RSG					
	Reductions in RSG	22.8	15.4	15.5	0.0	0.0
	Re: Business rates					
	Top-up grant - inflation	-0.4	-0.6	0.0	0.0	0.0
Other specific grants						
	Improved BCF	-2.2	-10.4	-9.3	0.0	0.0
Business rate income:						
	Inflation on business rate multiplier	-1.5	-2.3	-2.3	-1.1	-1.1
	Growth in Business rate base	-1.7	-2.2	-0.7	-0.7	-0.7
Council Tax income:						
	Growth in Council Tax Income	-4.1	-4.3	-4.2	-4.5	-4.5
Collection Fund surplus:						
	Fall out of 2014/15 Collection Fund surplus paid in 2015/16	0.0	0.0	0.0	0.0	0.0
Expenditure variations:						
	Pay Strategy	1.8	2.0	1.8	1.8	1.7
	Pensions deficit	5.0	0.0	0.0	5.0	0.0
	Living Wage Increase (LWF)	0.2	0.2	0.3	1.1	0.8
	Council Tax Hardship Fund	0.2	0.2	0.2	0.2	0.2
	Streets Ahead contract	1.8	1.8	1.8	1.8	1.8
	MSF ongoing increase	2.2	5.7	0.4	0.5	0.5
	Howden House PFI	0.0	0.1	0.0	0.1	0.0
	Capital Financing costs	0.0	-2.0	0.0	-1.0	0.0
	Capita contract costs	-0.2	1.1	0.6	-0.6	0.0
Account Adjustments						
	MSF Bond Capitalisation	-10.5	0.0	0.0	0.0	0.0
Use of Invest to Save:						
	Ongoing budget support	0.1	0.0	0.0	0.0	0.0
TOTAL	**Year on year movement**	13.5	4.6	4.1	2.7	-1.2
	add bf position	0.0	13.5	18.1	22.2	24.8
	Cumulative position	13.5	18.1	22.2	24.8	23.6

Appendix 2 – Key Assumptions

Assumption / Scenario	Base Case	Best Case	Worst Case
RSG	Indicative reductions as per 2016/17 Local Govt Finance Settlement, i.e.: • £22.8m (2017/18) • £15.4m (2018/19) • £15.5m (2019/20)	Indicative reductions as per 2016/17 Local Govt Finance Settlement, i.e.: • £22.8m (2017/18) • £15.4m (2018/19) • £15.5m (2019/20)	Indicative reductions as per 2016/17 Local Govt Finance Settlement, i.e.: • £22.8m (2017/18) • £15.4m (2018/19) • £15.5m (2019/20) Full withdrawal of RSG £36.9m (2020/21)
Business rates	• Annual increases of £0.6m, 2.0m, £1.2m, £1.2m & £1.2m in the 5 years from 2017/18 to 2021/22 respectively in locally retained business rate income • Multiplier increases by OBR forecast minus 1% per annum, i.e. 1.4%, 2.2% and 2.2% for 2017/18, 2018/19 and 2019/20 respectively • Neutral impact from 2017 revaluation • Neutral impact from small business rate relief and other changes announced in Chancellor's March 2016 Budget • Reliefs, costs of collection and appeals will remain at 2016/17 levels	• Annual increase of £2m in locally retained business rate income • Multiplier increases by OBR forecast per annum • Neutral impact from 2017 revaluation • Neutral impact from small business rate relief and other changes announced in Chancellor's March 2016 Budget • Reliefs, costs of collection and appeals will remain at 2016/17 levels	• Annual decline of £1.4m in locally retained business rate income • Multiplier increases by OBR forecast minus 2% per annum • Neutral impact from 2017 revaluation • Neutral impact from small business rate relief and other changes announced in Chancellor's March 2016 Budget • Reliefs, costs of collection and appeals will remain at 2016/17 levels
Council tax	• >500 additional band D equivalent properties per annum • Local Council Tax Support Scheme stays the same • Referendum trigger remains at 2%, and Full Council approves 1.99% increase for each of the next 5 years • In-year collection rate remains at 95.5% • No change to reliefs & discounts • Hardship Fund increases by £0.2m per annum	• >500 additional band D equivalent properties per annum • Local Council Tax Support Scheme stays the same • Referendum trigger remains at 2%, and Full Council approves 1.99% increase for each of the next 5 years • New power to increase council	• 100 additional band D equivalent properties per annum • Local Council Tax Support Scheme stays the same • Band D remains at 2016/17 level for the next 5 years • In-year collection rate remains at 95.5% • No change to reliefs & discounts • Hardship Fund

		tax up to an additional 2% through a social care precept is exercise for each of the next 5 years, subject to Full Council approval • In-year collection rate remains at 95.5% • No change to reliefs & discounts • Hardship Fund increases by £0.2m per annum	increases by £0.2m per annum
Collection Fund surplus/ deficit	• Collection Fund balances in each of the next 5 years	• Collection Fund has a surplus of £2.5m in 2017/18 and balances in each of the next 4 years	• Collection Fund has a deficit of £2.5m in 2017/18 and balances in each of the next 4 years
Specific grants	• Improved BCF grant as per 2016/17 Local Govt Finance Settlement indicative allocation,	• BCF Grant assumed same as base case.	• BCF funding is either not used for corporate gap or carries additional responsibilities.
Pay inflation (set nationally)	1% per annum from 2017/18, to be absorbed by portfolios	1% per annum from 2017/18, to be absorbed by portfolios	1% per annum from 2017/18, to be absorbed by portfolios
Apprenticeship Levy (set nationally)	0.5% per annum from 2017/18, to be absorbed by portfolios	0.5% per annum from 2017/18, to be absorbed by portfolios	0.5% per annum from 2017/18, to be absorbed by portfolios
Pay inflation in line with Living Wage Foundation (set locally)	This is expected to cost on average an additional £0.2m per annum for the 3 years to 2019/20, jumping by a further £1.1m and £0.8m in 2020/21 and 2021/22 respectively due to the rate at which LWF increases and overtakes the lower end of the SCC payscale.	This is expected to cost on average an additional £0.2m per annum for the 3 years to 2019/20, jumping by a further £1.0m and £0.7m in 2020/21 and 2021/22 respectively due to the rate at which LWF increases and overtakes the lower end of the SCC payscale.	This is expected to cost on average an additional £0.2m per annum for the 3 years to 2019/20, jumping by a further £1.1m and £0.8m in 2020/21 and 2021/22 respectively due to the rate at which LWF increases and overtakes the lower end of the SCC payscale.
Pay strategy (set locally)	Half increments and mandatory 3 days' unpaid leave to continue from 2017/18 at an average cost of £1.8m per annum	Half increments and mandatory 3 days' unpaid leave to continue from 2017/18 at an average cost of £1.8m per annum	Current pay deal ceases in 2017/18 and increments are reinstated, along with removal of 3 day compulsory leave
Employers'	After the introduction of the new	After the introduction	After the introduction of

national insurance	state pension from April 2016 which led to the abolition of the "contracted out" rate of employers' contribution and additional costs of approximately £3.1m from 2016/17, no further changes to NI.	of the new state pension from April 2016 which led to the abolition of the "contracted out" rate of employers' contribution and additional costs of approximately £3.1m from 2016/17, no further changes to NI.	the new state pension from April 2016 which led to the abolition of the "contracted out" rate of employers' contribution and additional costs of approximately £3.1m from 2016/17, no further changes to NI.
Local Government Pension Scheme (LGPS) costs	As a result of the LGPS triennial valuation in 2013/14, the Council's financial obligations with regard to the LGPS have increased significantly over the period 2014-17 compared to the previous triennial period. The Council plans to set aside a further £5.0m to meet these obligations in 2017/18 compared to the previous year. The final results of the next triennial valuation will not be known until December 2016. An additional £5m has been set aside in 2020/21 to cover the possible impact of the next triennial valuation	As a result of the LGPS triennial valuation in 2013/14, the Council's financial obligations with regard to the LGPS have increased significantly over the period 2014-17 compared to the previous triennial period. The Council plans to set aside a further £2.0m to meet these obligations in 2017/18 compared to the previous year. The results of the next triennial valuation will not be known until December 2016.	As a result of the LGPS triennial valuation in 2013/14, the Council's financial obligations with regard to the LGPS have increased significantly over the period 2014-17 compared to the previous triennial period. The Council plans to set aside a further £6.0m to meet these obligations in 2017/18 compared to the previous year. The results of the next triennial valuation will not be known until December 2016. An additional £5m has been set aside in 2020/21 to cover the possible impact of the next triennial valuation
Streets Ahead contract inflation	Council investment in the Streets Ahead contract will result in the required amount increasing by approximately £1.8m per annum. The costs rise as the contractor invests in bringing the highways infrastructure up to the agreed standard	Council investment in the Streets Ahead contract will result in the required amount increasing by approximately £1.8m per annum. The costs rise as the contractor invests in bringing the highways infrastructure up to the agreed standard	Council investment in the Streets Ahead contract will result in the required amount increasing by approximately £1.8m per annum. The costs rise as the contractor invests in bringing the highways infrastructure up to the agreed standard
2016/17 & prior year budget savings	All savings approved by Full Council in March 2016 (and all prior years) will be achieved in full. If in-year	All savings approved by Full Council in March 2016 (and all	All savings approved by Full Council in March 2016 (and all prior

	monitoring of the deliverability of these savings identifies a high risk of non-achievement, portfolios will be expected to find mitigating savings.	prior years) will be achieved in full. If in-year monitoring of the deliverability of these savings identifies a high risk of non-achievement, portfolios will be expected to find mitigating savings.	years) will be achieved in full. If in-year monitoring of the deliverability of these savings identifies a high risk of non-achievement, portfolios will be expected to find mitigating savings.
MSF	MSF Bond Capitalisation: Following advice from our external auditors, the principal element of the deposit bond repayment for MSF is now capitalised, which has allowed the released revenue funding to support the budget from 2017/18 onwards	Same as Base Case	Same as Base Case
Capital financing costs	£2m reduction in costs anticipated in 2018/19 and £1m in 2020/21.	£2m reduction in costs anticipated in 2018/19 and £1m in 2020/21.	No reduction in costs factored in for the period.
Better Care Fund	The £9.3m contribution from reserves to temporarily bridge the gap between the Council's current level of expenditure and the amount of resources which it can afford to contribute to the BCF pooled budget will be replaced with either additional funding from the CCG or through recurrent savings on adult health and social care expenditure.	In this instance the Best Case and Base Case assumption are the same.	No additional funding from the CCG is forthcoming and no recurrent savings on adult health and social care expenditure can be found.
Capita contract	Assumed £0.2m additional saving in 2017/18 after which point the level of overall saving reduces by £1.1m and £0.6m in 2018/19 and 2019/20 respectively. These anticipated savings adjustments are as per the contract negotiated during 2014/15.	Assumed £0.2m additional saving in 2017/18 after which point the level of overall saving reduces by £1.1m and £0.6m in 2018/19 and 2019/20 respectively. These anticipated savings adjustments are as per the contract negotiated during 2014/15.	Assumed £0.2m additional saving in 2017/18 after which point the level of overall saving reduces by £1.1m and £0.6m in 2018/19 and 2019/20 respectively. These anticipated savings adjustments are as per the contract negotiated during 2014/15.

Appendix 3 – Key Financial Risks

RSG reductions	Current assumption cannot be validated until Local Government Finance Settlement is announced in December 2016. Although RSG is part of the multi-year settlement offer made by the Government, there is a risk that the offer could be affected by external factors such as global recession.
Business rates	Key sensitivities relate to: • Growth forecasts (approximately 2% per annum) – a shift of 1% in these forecasts is equivalent to £1m • 2017 revaluation – local authorities have been assured that the outcome of revaluation will be fiscally neutral • 2020 reset – no indications presently available, but could have a significant impact on the Council's top-up grant • Appeals – highly volatile; the Council seeks to mitigate fluctuations in appeals by regular monitoring and communications with VOA • Future increases in the multiplier
Council tax	One of the key risks is around the referendum trigger set by Central Government, which will not be confirmed until February 2017. If the trigger was reduced from 2% to 1%, this would limit the Council's ability to generate additional income by circa £1.7m. It will be for the Council to decide the policy regarding future Council Tax increases.
Spending Review	National policy announcements affecting the future of local government funding, in particular the Autumn Statement due in late November 2016, could have a profound effect on all sources of Central Government funding, including RSG and specific grants such as Public Health.
Pay inflation	A 1% variance in pay equates to around £1.7m. Public sector pay is expected to be capped at 1%; this has been used as the basis for calculating portfolios' pay pressures
2016/17 budget savings	Any risk of non-achievement of agreed savings in the 2016/17 budget is reported in monthly budget monitoring reports. Portfolios will be expected to find mitigating savings.
Better Care Fund	If additional funding from the CCG or recurrent savings on adult health and social care expenditure cannot be found by year-end, the Council will face an additional pressure of £9.3m on next year's budget. Discussions are underway with CCG to resolve this.

Appendix 4 – Reserves Strategy

Introduction

- This appendix reports on the latest position in relation to the level of the Council's reserves. This assessment of reserves is even more important in the context of the significant and sustained cuts in central government funding in the six years from 2011/12 to 2016/17, and the further 3 years of cuts announced in the Chancellor's 2016 Summer Budget.
- As at the 31 March 2016 the balance of General Fund reserves was £164.5m. However, as part of the assessment of the adequacy of reserves, a number of reserves are set aside or "earmarked" to cover liabilities for expenditure which is already committed but not yet paid for. The following table shows the split of earmarked and non-earmarked reserves. All but £12.6m the aforementioned £164.5m is set aside as earmarked reserves for future liabilities.
- The table shows that during 2016/17 earmarked reserves levels are planned to decrease by £53.7m. This is primarily as a result of the planned temporary use to fund an early pension deficit payment to delivery savings for 2017/18 to 2019/20. This is a repetition of the process followed in 2014/15.

Summary of Non-Earmarked & Earmarked Reserves at 31 March 2016 & Estimate of balance at 31 March 2017

Description	Balance at 31/03/16 £000	*Movement in 2016/17 £000*	Balance at 31/03/17 £000
Non-earmarked Reserves			
General Fund Reserve	12,599	0	12,599
	12,599	***0***	**12,599**
Earmarked Reserves			
Invest to Save Post 2015	**(2,113)**	**2,477**	**364**
PFI Reserve	16,979	(32,210)	(15,232)
Highways PFI Reserve	11,331	3,900	15,231
Total PFI Reserve	**28,310**	**(28,310)**	**(1)**
Major Sporting Facilities	**40,118**	**(8,830)**	**31,288**
New Homes Bonus	**5,527**	**918**	**6,445**
Insurance Fund Reserve	**10,653**	**0**	**10,653**
Public Health	**1,032**	**0**	**1,032**
Other earmarked	**68,398**	**(19,970)**	**48,428**
Total Earmarked Reserves	**151,924**	**(53,715)**	**98,209**
Total Revenue Reserves	**164,523**	***(53,715)***	**110,808**

* a negative number (in brackets) indicates that the reserve is in deficit: in this case because of up front investment that is to be repaid in future years from savings.

General (Non-Earmarked) Revenue Reserves

- The purpose of general revenue reserves is to provide funding for any unforeseen risks and expenditure which may arise in the year, but only as the last resort, such as for emergency funding. Reserves also provide flexibility in managing fluctuations between budgets and actual expenditure or emergencies: a good example being the Sheffield floods in 2007 when we had to use reserves to fund spending on the recovery operation before reclaiming costs from insurance or the Government. Finally, cash reserves and other working capital generate interest which is used in the funding of the budget.

- Non-earmarked General Fund Reserves (the “working balance”) are estimated to be £12.6m at 31 March 2017, representing only 3.0% of the 2016/17 budget (at the maximum net budget requirement of £406m). If this £12.6m were ever used, it would have to be replaced as soon as possible as the Council would always need a minimum level of emergency reserves.

- There is no overall formula that can calculate what the level of reserves should be; it is a matter of judgement based on the known risks, budgetary pressures and local factors. The 2012 Audit Commission report ‘Striking a Balance’ indicated that:

  “most Chief Finance Officers in our research regarded an amount between 3 and 5 per cent of the council’s net spending as a prudent level for risk-based reserves…”

- Sheffield’s level of general fund reserves at 3.0% of the 2016/17 net revenue budget is at the low end benchmark. It is also low in comparison to most other major cities. The table below shows that Sheffield had the lowest level of General Fund reserves as a percentage of their 2015/16 net revenue budgets when compared to similar councils.

	Estimated Un-Earmarked Reserves 31st March 2015 (£m)	% of Net Revenue Budget (2015/16)
Birmingham	137.8	15.8%
Nottingham	19.5	7.3%
Liverpool	24.7	5.8%
Bristol	20.0	5.7%
Manchester	27.1	5.1%
Leeds	22.3	4.3%
Newcastle	10.1	4.2%
Sheffield	11.2	2.6%

Earmarked Reserves

- Earmarked reserves are set aside to meet known or predicted liabilities, but ones that are not certain enough to create an exact provision in the accounts. The liabilities are, however, likely enough to say that the earmarked reserves are not normally available to fund the budget or other measures.

- A detailed list of earmarked reserves, their purpose and proposed use are set out in the audited 2015/16 Statement of Accounts, Usable Reserves Note 26 in the following link: https://www.sheffield.gov.uk/your-city-council/finance/statement-of-accounts.html

Appendix 5 – Glossary of Terms

Term	Definition
Abbreviations	The symbol 'k' following a figure represents £thousand. The symbol 'm' following a figure represents £million. The symbol 'bn' following a figure represents £billion.
Capital Expenditure	Expenditure that is incurred to acquire, create or add value to a non-current asset.
Capital Receipts	The proceeds from the sale of capital assets which, subject to various limitations (e.g. Pooling Arrangements introduced in the Local Government Act 2003) can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.
Community Infrastructure Levy (CIL)	A charge to be introduced from 1st April 2015 which will raise funds from developments on a differential scale linked to the location and type of development. It is intended to cope with the costs of growth e.g. additional schools and transport infrastructure.
Collection Fund	A fund administered by the Council recording receipts from Council Tax, National Non-Domestic Rates and payments to the General Fund. All billing authorities (including the Council), are required by law to estimate the year-end balanced on the Collection Fund by 15 January, taking account of various factors, including reliefs and discounts awarded to date, payments received to date, the likely level of arrears and provision for bad debts. Any estimated surplus on the Fund must be distributed to the billing authority (the Council) and all major precepting authorities (Police, Fire and DCLG) in the following financial year. Conversely, any estimated deficit on the Fund must be reclaimed from the aforementioned parties.
Contingency	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within the Council's control.
Corporate	An internal source of capital funding, which is largely financed by

Resource Pool (CRP)	capital receipts from land sales.
Council Tax	A banded property tax that is levied on domestic properties. The banding is based on assessed property values at 1 April 1991, and ranges from Band A to Band H. Around 60% of domestic properties in Sheffield fall into Band A. Band D has historically been used as the standard for comparing council tax levels between and across local authorities, as this measure is not affected by the varying distribution of properties in bands that can be found across authorities.
Council Tax Freeze Grant	Grant funding provided by national government to support councils that freeze their Council Tax charges. The grant scheme is open to all billing and major precepting authorities, including police and fire authorities, which decide to freeze or reduce their council tax. If they do, they receive additional funding equivalent to raising their council tax by 1%.
Council Tax Support	Support given by local authorities to low income households as a discount on the amount of Council Tax they have to pay, often to nothing. Each local authority is responsible for devising its own scheme designed to protect the vulnerable. CTS replaced the nationally administered Council Tax Benefit.
DCLG	Department for Communities & Local Government
Designated Areas	These are specific parts of the city referred to as the New Development Deal and Enterprise Zone. They are significant because any growth in business rates above the “baseline” established in 2013/14 can be retained in full locally, rather than half being repaid to Government.
General Fund	The total services of the Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Government grants and National non-domestic rates.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an Authority’s revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
National Non-	These are often referred to as Business Rates, and are a levy on

Domestic Rates (NNDR)	business properties based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines the national rate multiplier and the Valuation Office Agency determine the rateable value of each business property. Business Rates are collected by the Local Authority and paid into their collection fund, this amount is then distributed 49% to the Local Authorities general fund, 1% to the South Yorkshire Fire and Rescue Authority and 50% to Central Government. The Central Government share is then redistributed nationally, partly back to Local Authorities through Revenue Support Grant.
Precepts	The amount levied by another body such as the South Yorkshire Police Authority that is collected by the Council on their behalf.
Private Finance Initiative (PFI)	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by the Council. The Council will pay for the provision of this service, which is linked to availability, performance and levels of usage.
Provisions	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
Reserves	Result from events that have allowed monies to be set aside, surpluses, decisions causing anticipated expenditure to have been postponed or cancelled, or by capital accounting arrangements.
Revenue Expenditure	Expenditure incurred on the day-to-day running of the Council, for example, staffing costs, supplies and transport.
Revenue Support Grant (RSG)	This is a Government grant paid to the Council to finance the Council’s general expenditure. It is based on the Government’s assessment of how much a Council needs to spend in order to provide a standard level of service.
Specific	These are designed to aid particular services and may be

Government Grants	revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
Spending power	DCLG measures the impact of government funding reductions against local authorities' combined income from both government funding and council tax. This combined measure of income is called revenue spending power. NB: in a press release from the Chartered Institute of Public Finance & Accountancy (CIPFA) following the Local Government Finance Settlement, CIPFA made the following notable comment: "*CIPFA's measure of funding used in this analysis is "unfenced spending power". This is funding that councils have available to meet their priorities and fund existing staff and commitments and which is not already ring-fenced for other use. This includes Revenue Support Grant (RSG), retained business rates, council tax and a number of special grants that authorities are free to spend as they wish. In contrast DCLG's measure also includes Public Health Grant (which can only be spent on public health matters) and the Better Care Fund (which is largely NHS money or budgets that local authorities have pooled with the NHS, and can only be spent on priorities agreed with local NHS managers).*"
Unsupported (Prudential) Borrowing	Borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Appendix 6 – Efficiency Plan

1. This document sets out Sheffield City Council's Efficiency Plan which covers the 5 years from 2017-22. This Plan has been published alongside the Council's Medium Term Financial Strategy (MTFS) for the same 5-year period, which is scheduled for approval at Cabinet on 19 October 2016.

2. Both the MTFS and the Efficiency Plan are aligned to the Council's Corporate Plan 2015-18, which was approved by Cabinet on 18 March 2015.

3. The Corporate Plan is structured around 5 priorities that capture the Council's long term ambitions for Sheffield:

    - An in-touch organisation;
    - Strong economy;
    - Thriving neighbourhoods and communities;
    - Better health and wellbeing;
    - Tackling inequalities.

4. The Efficiency Plan is structured around 6 key questions which are recognised as best practice according to a joint piece of work by CIPFA and the LGA:
    i. What are the targets, and how clear are they?
    ii. What role is partnership working expected to take?
    iii. What aspirations does the Council have in relation to transformation programmes?
    iv. How does the Council intend to achieve its efficiencies?
    v. Is there clear ownership and accountability?
    vi. How robust is the process for measuring, managing and monitoring the outcomes of the plan?

5. As well as the MTFS, we have also included key extracts from the following documents to provide useful background information to the reader of this plan, with links to the full documents where relevant:

    - 2016/17 revenue budget and capital programme – see item 9 on the March 2016 Full Council agenda accessible via https://imgmeetings.sheffield.gov.uk/ieListDocuments.aspx?CId=154&MId=6051&Ver=4

    - 2015-18 corporate plan – this was approved by Cabinet in March 2015 https://www.sheffield.gov.uk/your-city-council/policy--performance/what-we-want-to-achieve/corporate-plan.html

Targets

6. The MTFS sets out the Council's estimated corporate budget gap for the 5 years to 2021/22, as well as indicative portfolio cost and demand pressures. In summary, the corporate gap is as shown in the table below. This can also be found as Figure 2 under paragraph 22 of the MTFS.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Reductions in RSG	22.8	15.4	15.5	0.0	0.0
Business Rates & Council Tax Income	(7.7)	(9.5)	(7.2)	(6.2)	(6.2)
Corporate Grant movements	(2.2)	(10.4)	(9.3)	0.0	0.0
Expenditure variations	0.6	9.1	5.1	8.9	5.0
Budget Gap	**13.5**	**4.6**	**4.1**	**2.7**	**(1.2)**
Balance B/F	**0.0**	13.5	18.1	22.2	24.8
Cumulative position	**13.5**	**18.1**	**22.2**	**24.8**	**23.6**

7. This table shows that on a cumulative basis, the Council currently believes that its financial position over the medium term is broadly balanced. A more detailed breakdown of the above figures can also be found in Appendix 1 of the MTFS. A word of caution: whilst this base case view suggests that the Council has a financially resilient foundation from which to build in the longer term, there are many assumptions and risks which need to be taken into account. These are set out in further detail in Appendices 2 & 3 of the MTFS.

8. The fourth section of this report explains how the Council intends to meet the immediate budgetary challenge of the next 3 years, during which period projected increases in council tax, business rates and new central government funding for adult social care will be more than offset by RSG cuts and social care demand and cost pressures.

Role of partnership working

9. The Council is involved a whole host of partnership working arrangements. The following examples are regarded as some of the most significant in terms of the Council's strategic priorities.

10. Better Care Fund (BCF) – the Council continues to work in close partnership with the Sheffield Clinical Commissioning Group (CCG), further developing the single budget of £280m that has been established to deliver health and social care in Sheffield. The BCF includes expenditure on four areas of need, focussing on those at risk of admission to hospital and those for whom there is the greatest opportunity to maintain their wellbeing:

- People keeping well in their local community;
- Independent living solutions;
- Active support and recovery;
- Ongoing care.

11. Police & Crime Commissioner (PCC) – the Council continues to work closely with the PCC to ensure that the Council spends its budget relating to community safety in the best way, by building on the coordinated and intelligence-led approach to ensure that money is being spent where it can have the biggest possible impact.

12. Sheffield City Region (SCR) – the Council is a constituent member of the SCR Combined Authority. Even before its official inauguration in April 2014, the member authorities worked collaboratively to secure a series of City Deals. 18 months later, the Council and the other eight authorities in the city region signed the Sheffield City Region devolution deal with HM Treasury. This deal is important because it gives the Combined Authority control of a new additional £30m a year funding allocation over 30 years, to be invested to boost growth.

<u>Transformation Programmes</u>

13. The 'Approach to balancing the budget' section of the MTFS sets out the broad framework which the Council will use as part of its approach to budgeting and business planning. Any prospective transformation programmes will be evaluated against this framework.

14. The Council has a good track record of implementing change, even before the era of austerity. Some examples of the Council's change programmes include:

    - Reviewing and re-tendering the Council's information & communication technology and finance and human resources business transaction services;
    - Launching the Streets Ahead programme to improve the quality of the city's highways network;
    - Reviewing all of the Council's community assets;
    - Reducing the Council's office accommodation;
    - Reviewing the senior management and staff pay structures.

15. Going forward, the Council will continue to use its programme management capacity, capability and experience to deliver the projects required to ensure that the Council remains financially sustainable.

<u>Delivering the efficiency targets</u>

16. As mentioned in paragraph 8 of this plan, the immediate challenge is to set a balanced budget over the next 3 years, whilst continuing to monitor developments in the arena of local government finance reform especially in relation to business rate retention, the devolution of additional responsibilities and the review of fair funding.

17. The Council is therefore proposing to set efficiency targets for each portfolio of 3%, 1% and 1% for 2017/18, 2018/19 and 2019/20 respectively. Senior officers in each

portfolio are currently in the process of preparing savings options using parallel strategies: (a) top-down, i.e. focusing on a few, large-scale programmes which will deliver a high proportion of savings, and (b) bottom-up, i.e. reviewing all areas to identify potentially a higher volume of relatively low value savings. The preference is to adopt the savings identified via strategy (a). If the savings from this strategy are insufficient, they will need to be supplemented by savings options identified via strategy (b).

<u>Ownership and accountability</u>

18. The governance arrangements for the Council's business planning process involve a number of checkpoints to ensure that all savings proposals are rigorously reviewed before they are formally submitted to Members as part of the annual budget report to Full Council in March.

19. Portfolio-specific savings proposals are initially formulated and signed off by the relevant programme board and/or leadership team. Thereafter, strategic savings proposals are peer-reviewed firstly by the Business Planning Operations Group which is chaired by the Head of Strategic Finance, and secondly by the Business Improvement Board which is chaired by the Executive Director of Resources, before onward submission to the Executive Management Team. This process ensures that all proposals:

- are congruent with the Council's strategic priorities;
- are scrutinised by the relevant experts in Finance, Legal and HR, and;
- are supported by equality impact assessments.

<u>Measuring, managing and monitoring the outcomes of the plan</u>

20. There are a number of key milestones in the annual budgeting process which will serve to test the effectiveness of the Efficiency Plan.

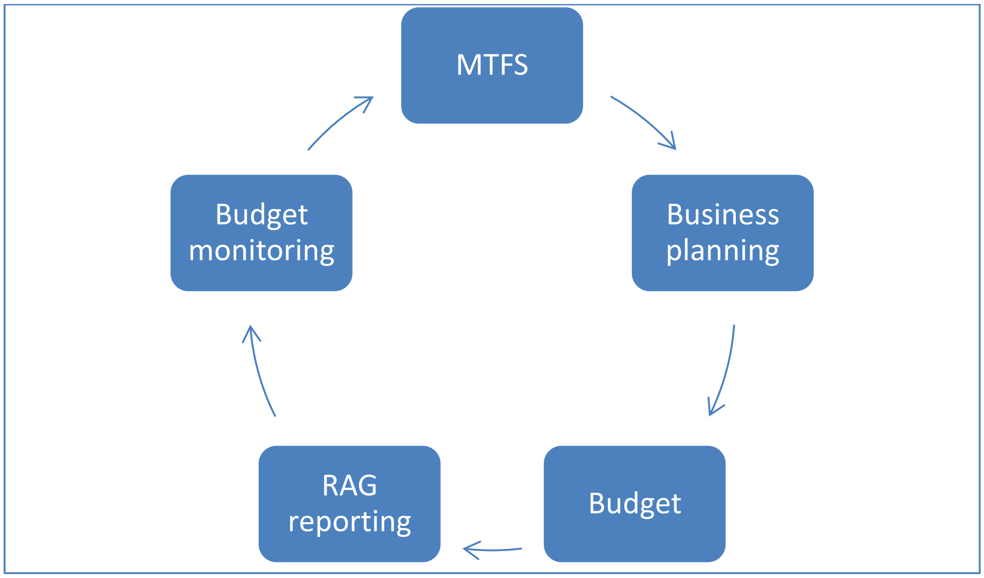
- <u>MTFS</u> – the accuracy of the forecast assumptions are constantly checked against the latest available information, and revised as necessary, for example in light of the Local Government Finance Settlement;

- <u>Business planning</u> – the corporate gap is combined with portfolios' best estimate of pressures in order to formulate a saving target for each portfolio;

- <u>2017/18 budget</u> – a detailed set of revenue budget and capital programme reports are compiled, with portfolio savings options converted into budget implementation plans for Members to review and approve at the annual Budget Council meeting in March;

- <u>RAG reporting</u> – five bi-weekly reports are submitted to the Executive Management Team from April to June, setting out a risk assessment of the deliverability of budget savings approved at Council;

- Budget monitoring – monthly reports of the forecast position in every portfolio are submitted to Executive Management Team and Cabinet.



Appendix 7 – Bibliography

Title	Link	Paragraph reference
Local government finance settlement 2017 to 2018: technical consultation	https://www.gov.uk/government/consultations/local-government-finance-settlement-2017-to-2018-technical-consultation	9
'Social care for older people: home truths' (The King's Fund, September 2016)	King's Fund - social care for older people	15
Self-sufficient local government: 100% business rates retention	https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention	26
Fair Funding Review: Call for evidence on Needs and Redistribution	https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention	26
Local Government Association briefing, House of Commons debate, final Local Government Finance Settlement 2016/17 (10 February 2016)	LGA Briefing on 2016/17 Final Local Government Finance Settlement	31
LGA & CIPFA's "Preparing And Submitting An Efficiency Plan" (June 2016)	Preparing and Submitting an Efficiency Plan	35

Appendix 8 – Capital Programme: Alternative Funding Opportunities

Sheffield City Region Investment Fund (SCRIF)

1. This Fund is not new money but comprises central government grants devolved to City Regions to allocate in pursuance of their local priorities. Funds are likely to be allocated to large economic development projects (e.g. city or town centre redevelopments, transport infrastructure), for instance:
    - £2.1m has been secured to support the Grey-to-Green project to redevelop West Bar to Castlegate;
    - £4.9m to provide the public realm and infrastructure for the Olympic Legacy Park;
    - £4m of support to deliver the BRT North Bus Rapid Transit corridor which benefits the whole of the Lower Don Valley corridor across the City Region.

Over £20m of other bids submitted for city centre redevelopment.

Tax Incremental Financing (TIF)

2. This initiative is useful for large scale infrastructure projects which are expected to generate future revenue streams, e.g. through business rates. It is to be employed to fund the city centre development work.

Community Infrastructure Levy (CIL)

3. Introduced in Sheffield from July 2015, this charge will raise funds from developments on a differential scale linked to the location and type of development. It is intended to cope with the costs of growth, e.g. additional schools and transport infrastructure.

4. Expectations around the impact of this money need to be carefully managed. It represents a significant opportunity, but the annual income is likely to be no more than £2m, and the first receipts will be used to fund the BRT North project which will help regenerate the Lower Don Valley.

New Homes Bonus

5. A scheme which incentivises Councils to facilitate additional housing through either new construction or bringing long term empties back into use with premiums for Affordable Housing. Typically this generates between £1,400 and £1,800 per unit, which could amount to £7m - £9m in each of the next three years. £9m of existing planned commitments over this period have already been made, but there is still a substantial sum to be used. However, NHB is not additional money. It is top sliced out of the Revenue Support Grant, and most empirical studies suggest that Northern

metropolitan councils are “net losers” compared to those areas in the South East experiencing very active housing construction.

Better Care Fund (BCF)

6. Proposals for this initiative are being developed. However, compared to the scale of BCF and the capital programme these proposals are very small scale. However it does fund work to adapt homes to enable people to live independently which is a Member priority.

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7. There is about £3.5m of unallocated funding from previously made agreements which can be used as part of the capital strategy for funding the programme.

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Author/Lead Officer of Report: Dave Phillips, Head of Strategic Finance

Tel: 0114 273 5872

Report of: *Eugene Walker*

Report to: *Cabinet*

Date of Decision: *19 October 2016*

Subject: *Revenue and Capital Budget Monitoring 2016/17 – As at 31 August 2016*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	✓	No	
- Expenditure and/or savings over £500,000		✓		
- Affects 2 or more Wards				

Which Cabinet Member Portfolio does this relate to? *Finance and Resources*

Which Scrutiny and Policy Development Committee does this relate to? *Overview and Scrutiny Management Committee*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes		No	✓

If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information?	Yes		No	✓

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (**report/appendix**) is 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)."*

Purpose of Report:

This report provides the month 5 monitoring statement on the City Council's Revenue and Capital Budget for 2016/17.

Recommendations:

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

Please refer to paragraph 24 of the main report for the recommendations.

Background Papers:

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: *Dave Phillips* Legal: *Sarah Bennett / Lawrence Gould* Equalities: No
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.	
2	**EMT member who approved submission:**	*Eugene Walker*
3	**Cabinet Member consulted:**	*Ben Curran*
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: *Dave Phillips*	**Job Title:** *Head of Strategic Finance*
	Date: 7th *October 2016*	

1. **PROPOSAL**
(Explain the proposal, current position and need for change, including any evidence considered, and indicate whether this is something the Council is legally required to do, or whether it is something it is choosing to do)

1.1 *This report provides the month 5 monitoring statement on the City Council's Revenue and Capital Budget for 2016/17.*

2. **HOW DOES THIS DECISION CONTRIBUTE?**
(Explain how this proposal will contribute to the ambitions within the Corporate Plan and what it will mean for people who live, work, learn in or visit the City. For example, does it increase or reduce inequalities and is the decision inclusive?; does it have an impact on climate change?; does it improve the customer experience?; is there an economic impact?)

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

Please refer to paragraph 24 of the main report for the recommendations.

3. **HAS THERE BEEN ANY CONSULTATION?**

3.1 *No*

4. **RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

4.1 Equality of Opportunity Implications

4.1.1 *No*

4.2 Financial and Commercial Implications

4.2.1 *Yes. Cleared by Dave Phillips*

4.3 Legal Implications

4.3.1 *No*

4.4 Other Implications

4.4.1 *No*

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 *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.*

6. REASONS FOR RECOMMENDATIONS

6.1 *To record formally 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.*

REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31st AUGUST 2016

Purpose of the Report

1. This report provides the Month 5 monitoring statement on the City Council's Revenue Budget and Capital Programme for August 2016. The first section covers Revenue Budget Monitoring, and the Capital Programmes are reported from paragraph 18.

REVENUE BUDGET MONITORING

Summary

2. For the purpose of this report, we have presented the Council's financial position in two elements, namely the underlying position on the services commissioned/provided by the Council, and the position on services that are commissioned and funded jointly with the health service. This is on the basis that the approach to achieving a balanced outturn for 2016/17 will require parallel strategies.

3. The latest monitoring position at month 5 for the services commissioned/provided by the Council shows the potential for a forecast overspend of £5.3m to the year end. It should be stressed that this is the forecast position before any additional mitigating savings are found, and that an ongoing process to identify mitigating savings is taking place. It is therefore considered to be the worst case scenario and does not represent an overspend currently incurred. The position is summarised in the table below:

Portfolio	FY Variance: £000s
CYPF	5,019
COMMUNITIES	3,239
PLACE	(89)
POLICY, PERFORMANCE & COMMUNICATION	314
RESOURCES	145
CORPORATE	(3,379)
GRAND TOTAL	**5,250**

4. In terms of the month 5 overall forecast position of £5.3m overspend, the key reasons are:

   - **Children, Young People and Families (CYPF**) based on trends to date are forecasting to overspend by £5.0m. Placements are reporting a £3.0m overspend; this reflects the full year impact on the current number of placements and the costs for the remainder of the year, Fieldwork Services forecast overspend of £1.0m resulting from pressures on social workers as a result of increased number of caseloads. Additional pressures within the service include delayed savings of £663k on Short Break and Direct Payments and £534k on integrated residential and disability services with health.
   - **Communities** based on trends to date are forecasting an overspend of £3.2m, due primarily to demand pressures in Care and Support relating to Learning Disability Services and Long Term Support.
   - **Policy, Performance and Communications** are forecasting an overspend of £314k due to lower than anticipated advertising income as a result of contract delays.
   - **Resources** are forecasting an overspend of £145k due mainly to the additional employee costs of £262k as a result of the Customer Engagement Programme being unachievable in this financial year and £297k of additional pressure within Transport and Facilities Management arising from additional costs on Burngreave New Deal for Communities Property and reduced income to support the Voluntary Registration of Land project. These overspends are partly offset by £231k reduction in spending within Central Costs due mainly to lower than anticipated former employee pensions costs and £206k on Commercial Services due to confirmation of all the early payments discounts and project savings.
   - **Corporate** are showing a forecast underspend of £3.4m due predominantly to an anticipated £2.7m pressure relating to the Independent Living Fund not materialising in 2016/17, an increase in cash balances available for investment, and reduced borrowing costs..

5. In parallel to the above position, the Council faces a series of significant challenges in delivering savings in conjunction with the health care system. Since the 2016/17 revenue budget was set, various cost pressures and risks to funding levels have emerged. These challenges are as follows.

- **Children, Young People and Families (CYPF**) are showing a forecast overspend of £750k as a result of not yet securing agreement to joint contributions with the CCG for Children's Services.

- **Communities** are showing a forecast overspend of £4.0m, due mainly to an emerging overspend against Commissioned Mental Health Services of £3.5m and £500k of pressures arising from CCG activity in the Learning Disability Service, as the profile of demand has shifted to costs funded by SCC and not the NHS. A more integrated approach is being urgently explored.

- **Corporate** are showing a forecast overspend of £5.8m, which is due to an anticipated shortfall in the Better Care Fund (BCF). We and the CCG agreed when the BCF was set up that £9.3m of funds would be made available in total by the two partners. The NHS would fund £5m, and the Council would fund £4.3m as a one-off in 2015/16, with the aim that the BCF would identify savings to eliminate the need for this contribution after 2015/16, or the CCG would identify a source of funds for it. However we now have a significant concern that slippage on this approach is occurring without the underlying savings yet emerging on a joint budget of £280m. SCC is the junior financial partner in this arrangement. Consequently the £4.3m is now a corporate pressure, and in addition the CCG is currently only able to guarantee £3.5m of the £5m of its share of the funding. We and the CCG continue to discuss the funding and management of the BCF.

6. The combined impact of the forecast potential overspends in Council-run services and in services run jointly with the NHS is that the latest monitoring position at month 5 is showing a forecast overspend of £15.8m. This is an improved position of £1.8m since the month 3 monitoring report. The combined position is summarised in the table below.

Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 3
CYPF	72,774	67,005	5,769	⇩
COMMUNITIES	144,358	137,119	7,239	⇩
PLACE	144,857	144,946	(89)	⇧
POLICY, PERFORMANCE & COMMUNICATION	2,281	1,967	314	⇔
RESOURCES	53,814	53,669	145	⇔
CORPORATE	(402,285)	(404,706)	2,421	⇩
TOTAL	**15,800**	**(0)**	**15,800**	⇩

7. The cumulative effect of funding cuts due to the national austerity programme, combined with emerging social care pressures and the challenge of securing funding from Health are making the Council's current financial predicament extremely difficult. Based on the current trajectory, it would appear highly likely that the Council is going to overspend this year. Although emergency measures are being considered, and plans are being put in place to balance the budget for 2017/18, the strategy to bring social care pressures under control will take at least a year to implement.

Commentary

8. The main variations since Month 3 are:

- **CYPF** are forecasting an adverse movement of £2.4m since Month 3. This is due predominantly to £2.3m of additional costs on placements; this reflects the full year impact on the current number of placements and the cost of these placements for the remainder of the year.

- **Place** are currently forecasting an improvement of £873k, which is due predominantly to budget savings with the Streets Ahead contract.

- **Policy, Performance & Communications** are forecasting an improvement of £211k due to the renegotiation of a payment from the advertising income to the City Centre Events Strategy down from £232k to £150k, increased income from schools, and an increase in the mark-up on print brokerage services from 5% to 10%.

- **Resources** are forecasting an improvement of £212k due to early payment discounts and project savings income which have now been confirmed and re-profiled.

- **Corporate** are showing a forecast improvement of £3.3m due predominantly to an anticipated £2.7m pressure relating to the Independent Living Fund not materialising in 2016/17, an increase in cash balances available for investment, and reduced borrowing costs..

9. Full details of all reductions in spend, overspends and movements from the previous month within Portfolios are detailed in **Appendix 1**.

Approval Requests

Budget Virements

10. **Communities** are requesting to repurpose an obsolete budget line used to fund previous contract provision (Forge Centre) to cover pressure within the social worker staffing budgets in Adult Social Care £60k. It should be noted if the virement is approved, this will have a nil impact on the overall Communities position.

Public Health

11. The Public Health ring-fenced grant is currently forecasting a £230k underspend against the original grant allocation. Further details of the forecast outturn position on Public Health are reported in **Appendix 2**.

Housing Revenue Account

12. The 2016/17 budget is based on an assumed in year surplus of £13m which is to be used to fund the ongoing HRA Capital Investment Programme. In accordance with the HRA's financial strategy any further in-year funds generated by the account will be used to provide further funding for the future HRA Capital Investment programme.

13. As at month 5, early indications suggest an improved full year outturn position of £4m. As such, the funding contribution to the capital investment programme will be revised from £13m to £17m. Further details of the HRA forecast outturn can be found in **Appendix 3** of this report.

New Homes Bonus Fund

		£m
Income	Reserves as at 1/04/16	-7.1
	Anticipated 16/17 NHB Grant	-9.3
	Total Income	-16.4
Expenditure	2016/17 Spend to Date	0.6
	Forecast to Year End	0.9
	Future Years' Approved Commitments	2.5
	Total Expenditure	4.0
	Funds Available for Investment	**-12.4**

14. Most of the expenditure to date has been on capital schemes improving London Road shop fronts and redeveloping the Arbourthorne area. Officers are working on a number of substantial projects which will utilise the unspent balance and accelerate housing development and regeneration. These will be brought forward for approval by Members when ready.

15. A review is currently being undertaken of the application of NHB so that it is directed to the Council's strategic priorities, especially the promotion of growth within the city. One option would be to add the unallocated NHB to other capital funds to create a Growth Investment Fund with the capacity to fund substantial projects which would enable, and drive growth forward.

Collection Fund

16. Collection Fund monitoring will be reported in month 6 and will include the second quarter results. **Appendix 4** has been retained for the Collection Fund as blank for continuity for future months.

Corporate Risk Register

17. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. The Corporate Risk Register is reported quarterly and will be reported in month 6. **Appendix 5** has been retained for the Corporate Risk Register as blank for continuity for future months.

Capital Summary

18. The forecast for 2016/17 has been increased by £11.1m on the Month 3 forecast to £246.5m. The Approved programme budget is £255.2m, a difference of £8.7m. This represents a slippage rate of 3.4% which if delivered would be the best performance to date. The majority of the difference is in the Housing programme which is forecasting an underspend of £4.2m split equally between acquiring or building new council housing stock and refurbishment of existing properties.

19. Further details of the Capital Programme monitoring are reported in **Appendices 6 to 6.2**.

Implications of this Report

Financial implications

20. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2016/17, and as such it does not make any recommendations which have additional financial implications for the City Council.

Equal opportunities implications

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

Legal implications

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

Property implications

23. 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

24. Members are asked to:

(a) Note the updated information and management actions provided by this report on the 2016/17 Revenue Budget position.

(b) Approve the budget virement proposed by Communities detailed in paragraph 10;

(c) Approve additional funding to support the delivery of the Local Plan detailed at paragraph 39 subject to delivery of specific milestones. The project will be funded from Reserves and repaid from future efficiencies to be identified by the Director of Development Services as part of the Council's Business Planning process in the Place portfolio. The profile of funding support and repayment is to be delegated to the Director of Finance and Commercial Services in consultation with the Head of Planning. Should alternative funding become available e.g. central government grant, this could be used instead.

(d) In relation to the Capital Programme:

(i) Approve the proposed additions to the Capital Programme listed in **Appendix 6.1**, 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;

(ii) Approve the proposed variations, deletions and slippage in **Appendix 6.1**;

(iii) Approve the acceptance of the grant detailed on **Appendix 6.2:**

and note

(iv) the variations authorised by directors under the delegated authority provisions and the latest position on the Capital Programme: and

(v) the latest position on the Capital Programme.

Reasons for Recommendations

25. To record formally 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

26. 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.

Dave Phillips
Head of Strategic Finance

PORTFOLIO REVENUE BUDGET MONITORING AS AT 31st AUGUST 2016

Children Young People and Families (CYPF)

Summary

1. As at month 5 the Portfolio is forecasting a full year outturn of an overspend £5.8m, an adverse movement of £2.4m from the month 3 position. The key reasons for the forecast outturn position are:

- **Business Strategy -** £115k forecast overspend, the key reason is a forecast overspend of £106k on Transport, due to increased demand.
- **Children and Families -** £5.7m forecast overspend, the key reasons are:
- Fieldwork Services - a forecast overspend of £1m, this is mainly due to a forecast overspend on fieldwork staffing budgets of £342k, due to pressures on social workers and an increase in the number of caseloads, the planned tapering down model of social workers has been delayed and a number of temporary staff have been recruited to meet this increase in demand. £429k forecast overspend on non-staffing budgets, due to increased transport costs and contact time for Looked After Children. £206k forecast overspend on legal fees, due to an increase in the number of cases.
- Health Strategy – a forecast overspend of £663k on Short Break and Direct Payments, due to the delay in anticipated savings due in year.
- Provider Services – a forecast overspend of £534k, due to delays in anticipated savings on integrated residential and disability services with health, due in year.
- Early Intervention and Prevention – a forecast overspend of £570k due to anticipated savings of £246k on uncommitted contracts, offset by a reduced expected contribution of £750k from the CCG, leaving a net overspend of £570k.
- Placements – forecast overspend of £3m, this reflects the full year impact on the current number of placements and the costs of these placements for the remainder of the year. Also includes £250k overspend due to a reduction in the expected contribution from the CCG.
- **Inclusion and Learning Service –** A forecast reduction in spend of £119k which is a number of small underspends across the service.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS STRATEGY	2,488	2,373	115	⇔
CHILDREN & FAMILIES	63,641	57,939	5,702	⇧
INCLUSION & LEARNING SERVICES	(142)	(23)	(119)	⇩
LIFELONG LEARN, SKILL & COMMUN	6,787	6,716	71	⇔
GRAND TOTAL	**72,774**	**67,005**	**5,769**	⇧

DSG

2. The following is a summary of the position on DSG budgets at month 5:

	Month 3 £000	Month 3 £000
Business Strategy	(172)	(173)
Children and Families	42	149
Inclusion and Learning Services	679	1,060
Lifelong Learning, Skills and Communities	16	334
	565	**1,370**

Commentary

3. The following commentary concentrates on the changes from the month 3 position

Business Strategy

4. A forecast £115k overspend (shown in the table above) relating to cash limit and £173k forecast reduction in spend on DSG. Both cash limit and DSG are consistent with the month 3 position.

Children and Families

5. A forecast £5.7m overspend (shown in the table above) relating to cash limit and £149k forecast overspend on DSG. This is an adverse movement of £2.7m on the cash position and an adverse movement of £107k on the DSG position from the month 3 position.

6. The adverse movement on the cash position is due to an increase of £2.3m in Placements, this reflects the full year impact of the current number of placements and the cost of these placements for the remainder of the year. The forecast assumes that any further demand increases can be managed to within he current numbers. There is also an adverse movement of £645k due to delays in anticipated savings; these include £250k health income, £75k for Short Breaks, £170k for transition to independent living and £150k for an integrated approach to Health and Social Care.

7. The adverse movement on the DSG position of £107k is a £90k movement on Children with Disabilities (CWD) Placements, where the anticipated contribution from health, for shared cases, has been reduced, therefore, increasing the Council's contribution.

Inclusion and Learning Service

8. A forecast £119k reduction in spend (shown in the table above) relating to cash limit and £1.1m forecast overspend on DSG.
9. The cash limit position is an improvement of £167k from the month 3 position. This is an improvement in a number of areas across the service following a review of all budgets.
10. The DSG is an adverse movement of £381k from the month 3 position. The main reason for the movement is due to delays in the anticipated savings from the redesign of education services of £368k.

Lifelong Learning Skills and Communities

11. A forecast £71k overspend (shown in the table above) relating to cash limit and £334k forecast overspend on DSG.
12. The cash limit is consistent with the month 3 position.
13. The DSG is an adverse movement of £318k from month 3. The main reason for the movement is an increase in costs of Post 16 High Needs of £321k. This is due to an increase in demand of £180k and additional learners for the Sheaf Training Unit of £140k.

Communities Portfolio

Summary

14. As at month 5, the Portfolio is forecasting a full year outturn of an over spend of £7.2m. The key reasons for the outturn position are:

Performance, Information and Planning underspend of £259k:

- The underspend position for Performance, Information and Planning Service (PIPS) is mainly due to the pay award budget of £458k held in Executive but matched by spend across the portfolio along with a reduction in spend on mail and insurance contracts of £151k and supplies and services of £15k There are net over spends on staffing of £205k across the service and additional costs on software licences and the Whole Family Case Management project £130k. HR services charge of £34k is a further over spend.

Care & Support over spend of £4.3m:

- Access, Prevention and Reablement forecasts a net over spend of £78k due to spend on agency staff partly netted of by an under spend on minor works and adaptations.
- Learning Disabilities returned an outturn of £2.8m overspent. This is made up of:-
    - Purchasing LD is forecasting an over spend of £2.7m. This over spend is made up £3.0m of new client costs that have emerged in 2016/17, £904k of forecast unachieved savings, offset by an under spend against the clients rolled forwards from 2015/16 of £1.1m.
    - LD Assessment and Care Management is forecasting an over spend of £495k due to full year cost of additional review teams.
    - LD Provider services is forecasting an under spend of £470k due to reductions in client hours as a result of a movement of clients from in-house services to independent provision (hours moved to purchasing budget) and the subsequent reduction in use of agency staff and bank staff.
- Long Term Support is showing an over spend of £1.5m. This comprises the net position of an over spend in adults purchasing of £1.7m, with an under spend on staff of £158k along with the saving against Forge Centre £71k due to reduction in contracts.
- Provider Services is reporting an under spend against budget of £43k. The under spend is due to a £283k reduction in spend on Carers in the Adult Placement Shared Lives Service and under spends on salaries against Care4You Business and Performance £66k and Community Support Services £86k. This is netted down by a reported over spend against City Wide Care Alarms £391k as a result of lower income than budgeted. Reablement Services report a position which is almost balanced to budget as a result of drawdown of £184k of corporate funding to cover salary costs until full implementation of the MER.
- Contributions to Care has an over spend position of £119k against budget. This figure is made up of an over spend against Social Care Accounts Service (SCAS) staffing of £46k with additional pressure of £50k in Public Health Direct Payments. This is net of overachievements in Integrated Charge income of £217k and Residential income of £534k, offset by under achievements of £378k in Property Income and in Continuing Health Care (CHC) income of £397k.

- Safeguarding service is reporting an over spend of £33k as a result of spend on Deprivation of Liberty Safeguards (DoLS) advocacy services for hospitals.

Commissioning over spend of £3.2m:

- A forecast reduction in spend of £424k is reported by Commissioned Housing which is mainly due to a delay in implementation of new Housing Related Support Contracts coupled with annualised contracted savings.
- An over spend against Commissioned Mental Health Services of £3.3m. This is made up of a £3.7m overspend in Mental Health purchasing and £80k overspend in the S75 Mental Health contract offset by forecast under spends on the Older People Mental Health contract of £433k and the Partnership and Grant Aid budget of £80k. Further negotiations are on-going with the Care Trust to determine the cost of the S75 contract but the forecast over spend reflects current activity. There is an on-going conversation with the CCG to enable joint planning to be done in order to bring the over spend down within 2016/17. Future forecasting will be reflective of outcomes in this work.
- An over spend on Public Health Drug and Alcohol (DACT) of £89k. The majority of this is due to a forecast over spend on non-contract treatment costs of £47k. The Contract payment for DIP has a negotiated reduction which has resulted in an under spend against budget of £45k. This is offset with an over spend of £45k in the Drug programme, a £22k overspend on the DACT team and £17k in the Alcohol programme.
- Social Care Commissioning Service forecasts an over spend of £184k. There is a forecast overspend of £233k on the British Red Cross contract for Independent Living Solutions (Equipment and Adaptations) along with an additional £24k increase in PH Communities staff due to additional resource planned to continue past the original deadline of November. This is partly offset by an under spend in quality contracts of £46k and a £25k saving due to vacancies.

Community Services over spend of £292k:

- The Voluntary Sector area is showing an over spend of £182k, £57k of which is due to £119k unachieved 15/16 savings on Grants offset by a temp saving of £62k which has been found this year. The remainder is an "approved" staffing over spend on Health and Social Care integration budget £56k and loss of income from Sheffield Teaching Hospitals £65k.
- Locality Area is overspent by £20k as result of £45k unachieved 15/16 saving offset by £25k of temporary vacancy savings.

- Library Services are forecast to underspend by £14k. The Libraries and Archives over recovery of income of £48k and savings on staff costs are partly eliminated by loss of World Metal Index income £56k with the associated cost of redundancies (anticipated service closure within 2016/17) and over spends on the Leadership Team of £49k
- Public Health budgets are over spent by £106k as a result of contract values exceeding budget by £56k, the remainder £50k is as a result of an over spend on staffing due to slippage on the MER.

Housing General Fund under spend of £297k

- The under spend in Housing General Fund is mainly due to:
- City Wide Housing Services £214k under spend due of low uptake of small grants in Local Assistance Scheme, savings on staffing and higher than anticipated income.
- Business Planning £24k under spend resulting from savings on staffing.
- Neighbourhood Intervention and Support £164k under spend mainly as a result of higher than anticipated income.
- Sustainable City £105k projected over spend which is still subject to review.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
PIP	4,916	5,176	(259)	⇩
CARE AND SUPPORT	101,500	97,165	4,335	⇧
COMMISSIONING	27,852	24,684	3,168	⇩
COMMUNITY SERVICES	6,566	6,274	292	⇩
HOUSING GENERAL FUND	3,523	3,820	(297)	⇩
GRAND TOTAL	**144,358**	**137,119**	**7,239**	⇧

Commentary

15. The following commentary concentrates on the changes from the last report at Month 3.

PIPS

16. A forecast £259k reduction in spend. This is an improved position of £164k from the position in Month 3.
17. The favourable movement is mainly due to funding confirmed for BCF project which was recorded as a cost pressure in month 3. This is partly offset by

withdrawal of £56k of PH funding against Business Support posts and new costs for IT Licences/WFCM project.

Care and Support

18. A forecast £4.3m. This is a worsening position of £1.2m from the position in Month 3.

19. Assessment, Prevention and Reablement are reporting a £78k over spend, an adverse movement of £105k since month 3. This is due to the extension of contracts for agency staff working on SPA/TOC projects.

20. Long Term Care reports an over spend of £1.5m which is a £138k favourable move on the position reported in month 3. The position has improved mainly as a result of the review of the costs of social work staff.

21. The LD position has improved by £10k from Month 3. However this is net of an increase in client costs in the purchasing budget of £691k and an increase in the purchasing budget of £700k due to an overachievement of income in the Continuing Health Care budget.

22. Provider Services report an under spend £43k which is an adverse move of £190k since month 3. This adverse move is as a result of budgets moving to the STIT service which has reduced the call on corporate reserves.

23. Safeguarding Services report an over spend of £33k as a result of increased costs of DoLS advocacy for hospitals, this accounts for the adverse movement since month 3.

Commissioning

24. A forecast £3.2m over spend. This is an improved position by £313k from the previous month.

25. The improved position is due to Mental Health clients moving to adult services £200k coupled with a reduction in pressures built in for Sandford House and Bowden Lodge as we have now seen emerging which has been reflected in the forecasts. These improvements were slightly offset by a high cost package client moving from LD £147k. There had been further savings in Housing Commissioning due the slippage of projects for Homelessness, Single and Housing First of £288k as planned start dates are for December 2016. Social Care Commissioning has shown a worsened position by £27k due to previous forecast under spend against staffing where recruitment has now taken place. DACT has seen an improvement of £59k which is a reduction in prescribing costs in the non-contract treatment budget.

Community Services

26. A forecast £292k over spend. This is an improved position of £200k from the position in Month 3.

27. The favourable movement is due to savings as a result of the implementation of the MER.

Housing General Fund

28. A forecast £297k under spend. This is an improvement of £131k from the position in Month 3.

29. This is primarily due to lower than expected uptake of grants on the Local Assistance Scheme £45k and higher than anticipated income £76k.

Proposed Budget Virements for Month 5

30. Request from the Head of Long Term Care and Support to repurpose an obsolete budget line used to fund previous contract provision (Forge Centre) to cover pressure within the social worker staffing budgets in Adult Social Care £60k.

Year to date

31. The forecast £7.2m overspend is a slight reduction on the extrapolated full year effect of the variance at Month 5 of £3.5m. The reasons are mainly due to payment profiles in the purchasing budgets, especially where increases in activity forecasted are not yet showing in actuals. In other areas accruals have not been taken where for example payments are made in advance or where additional funding has been received and spend is expected on staffing and contracts as the year progresses which Month 5 figures do not include.

Place Portfolio

Summary

- As at month 5 the Portfolio is forecasting a balanced full year outturn (£89k underspend), an improvement of £873k from the month 3 position.
- This position assumes the delivery of £1.2m of approved budget savings within the Streets Ahead programme of £1m and Parking Services activities of £200k, which are forecast to be implemented in the second half of the financial year. Any slippage in these timescales for delivery would have a significant impact on the current reported position and require immediate in year action.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS STRATEGY & REGULATION	32,242	32,357	(115)	⇩
CREATIVE SHEFFIELD	2,850	2,680	170	⇩
CULTURE & ENVIRONMENT	30,146	30,161	(15)	⇔
DEVELOPMENT SERVICES	79,619	79,748	(129)	⇩
GRAND TOTAL	**144,857**	**144,946**	**(89)**	⇩

Commentary

32. The following commentary concentrates on key risks and changes from the month 3 position.

Business Strategy & Regulation

33. As at month 5 there is a £115k forecast underspend, which shows an improvement of £431k on month 3, largely due to a one-off reduction in spend from the settlement of a contractor dispute on prior years income due on the waste management contract of £300k.

Creative Sheffield

34. As at month 5 there is a £170k forecast overspend, which shows an improvement of £136k on month 3, due to further cost reductions identified and additional income now secured.

35. The key pressure is within the City Regeneration Division which operates as a trading account and is forecasting a £132k shortfall in income to fund its activities, based on secured funding bids for approved projects. Plans are being developed for further bids and/or cost reductions to address this position.

Development Services

36. As at month 5 there is a £129k forecast underspend, which shows an improvement of £199k on the month 3 position.

37. The key change is additional forecast planning fee income of £240k which is ambitious compared to prior years and will require constant monitoring against specific planned developments in the City.

38. As identified above, the position assumes £1.2m savings will be secured in the second half year on Streets Ahead and Parking Services activities.

39. Cabinet is recommended to approve a temporary increase in the department's budget of up to £373k over the next two years in order to provide additional

staffing resource to improve the quality and accelerate the delivery of the Local Plan to meet national timescales. The allocation will be funded from Reserves and repaid from future efficiencies to be identified by the Director of Development Services as part of the Council's Business Planning process in the Place portfolio. Should alternative funding become available e.g. central government grant, this could be used instead

Resources Portfolio

Summary

40. As at month 5 the Portfolio is forecasting a full year outturn of an over spend of £145k, an improvement of £212k from the month 3 position. The key reasons for the forecast outturn position are:

- An over spend of £262k on Customer Services due to the Customer Engagement Programme being unachievable in this financial year and incurring additional employee costs in order to maintain operational KPIs.
- An over spend of £297k on Transport and Facilities Management mainly to the Voluntary Registration of Land project no longer being eligible for funding from the New Homes Bonus and no alternative funding having been approved, together with rising costs in relation to the operation of Burngreave New Deal for Communities for which no funding has been identified.

Offset by:

- A reduction in spend of £206k on Commercial Services (Savings) due to confirmation and re-profiling of all the Early Payment Discounts and Project Savings.
- A reduction in spend of £231k on Central Costs due mainly from reduced numbers requiring funding in relation to Former Employee Pensions.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
BUSINESS CHANGE & INFORMATION SOLUTIONS	944	997	(53)	⇔
COMMERCIAL SERVICES	707	745	(38)	⇔
COMMERCIAL SERVICES (SAVINGS)	(2,304)	(2,098)	-206	⇩
			0	⇔
CUSTOMER SERVICES	2,786	2,524	262	⇔
FINANCE	5,495	5,435	60	⇔
HUMAN RESOURCES	3,417	3,450	(33)	⇔
LEGAL SERVICES	3,655	3,567	88	⇧
RESOURCES MANAGEMENT & PLANNING	173	174	(1)	⇔
TRANSPORT AND FACILITIES MGT	16,316	16,019	297	⇔
TOTAL	31,189	30,813	376	⇩
CENTRAL COSTS	22,219	22,450	(231)	⇔
HOUSING BENEFIT	406	406	0	⇔
GRAND TOTAL	**53,814**	**53,669**	**145**	⇩

Commentary

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

Commercial Services

42. A forecast £206k reduction in spending, due to all the Early Payment Discounts and Project Savings income having now been confirmed and re-profiled. This is an improvement of £206k from the month 3 position.

43. The improvement from month 3 is due to all the Early Payment Discounts and Project Savings income having now been confirmed and re-profiled.

Policy, Performance and Communications Portfolio

Summary

44. As at month 5 the Portfolio is forecasting a full year outturn of an over spend of £314k, an improvement of £211k from the month 3 position. The key reasons for the forecast outturn position are:

   - £358k over spend on Communications mainly due to the Clear Channel small format advertising contract still not being completed and delays to the JC Decaux contract means that no income will now be received in relation to the large format advertising until January 2017.

Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
POLICY, PERFORMANCE & COMMUNICATION	2,416	2,102	314	⇩
PUBLIC HEALTH	(135)	(135)	0	⇔
GRAND TOTAL	**2,281**	**1,967**	**314**	⇩

Commentary

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

Policy, Performance & Communication

46. A forecast £314k overspend, due to under recovery of income arising from the delays in agreeing the advertising contracts. This represents an in-year cash flow issue, rather than an underlying structural problem with the budget. A proposal is to be put to the Executive Director Resources for an Invest to Save arrangement to use advertising income in future years to reduce the projected overspend in 2016/17. This is an improvement of £211k from the month 3 position.

47. The improvement from month 3 is due to the renegotiation of a payment from the advertising income to the City Centre Events Strategy down from £232k to £150k. Income has also increased from schools and the mark up on print brokerage services has been increased from 5% to 10% (though this still represents a reduction from last year's mark-up rate of 16%).

Corporate

Summary

48. As at month 5, the Corporate portfolio is forecasting a full year outturn of a £2.4m overspend.

- **Corporate Expenditure:** Corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs.

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

Financial Results

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

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
CAPITAL FINANCING	33,994	34,375	(381)
CORPORATE ITEMS	(436,279)	(439,081)	2,802
GRAND TOTAL	(402,285)	(404,706)	2,421

50. Corporate are showing a forecast overspend of £2.4m, which is due to the anticipated shortfall in the Better Care Fund (BCF). We have a significant concern that after 18 months the BCF has not realised any savings on a joint budget of £280m.

51. The improvement this month compared to month 3 is due predominantly to the anticipated £2.7m pressure relating to the Independent Living Fund not materialising in 2016/17, an increase in cash balances available for investment and reduced borrowing costs.

PUBLIC HEALTH BUDGET MONITORING AS AT 31st AUGUST 2016

Purpose of the Report

1. To report on the 2016/17 Public Health grant spend across the Council for the month ending 31st August 2016.
2. The report provides details of the forecast full year spend of Public Health grant compared to budget.
3. The net reported position for each portfolio/service area would normally be zero as public health spend is matched by a draw down of public health grant. For the purposes of this report, and in order to identify where corrective action may be necessary, we have shown actual expenditure compared to budget where there is an underspend position.

Summary

4. At month 5 the overall position was a forecast underspend of £230k which is summarised in the table below.

Portfolio	Forecast Full Year Expenditure	Full Year Expenditure Budget	Full Year Variance as at M5	Full Year Variance as at M3	Movement from Prior Month
CYPF	17,981	17,981	0	0	0
COMMUNITIES	12,340	12,387	-47	-9	-38
PLACE	2,682	2,783	-101	4	-105
DIRECTOR OF PH	2,081	2,163	-82	-42	-40
Total	35,084	35,314	-230	-47	-183

5. Key reasons for the forecast under spend are:
    - CYP forecast to budget
    - £47k underspend in Communities mainly due to reduced spend in Mental Health Commissioning contract activity.
    - £101k underspend in Place mainly due to employee reduced spend to budget

- £82k under spend in Director of PH due to reduced spend around GP health checks

6. Key Reason for month on month changes are:
    - £38k improvement in Mental Health Commissioning. Specifically, reduced spend against Older People and Partnership Contracts. However, these contracts are demand led so there is a possibility that costs will increase in the future.
    - £105k improvement due to £25k anticipated under spend on stop smoking project and £80k staffing underspend
    - £40 improvement is as a result of continuing under spend on GP Health Checks. In addition, there anticipated savings as a result of unfilled vacancies.

Appendix 3

HRA BUDGET MONITORING AS AT

31st AUGUST 2016

Purpose of this Report

1. To provide a summary report on the HRA 2016/2017 revenue budget for the month ending 31 August 2016, and agree any actions necessary.
2. The content of this report will be used as the basis of the content of the budget monitoring report to the Executive Management Team and to Members.

Summary

3. 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.
4. The 2016-17 budget is based on an assumed in year position of £13m which is to be used to fund the ongoing HRA Capital Investment Programme. In accordance with the HRA's financial strategy any further in- year funds generated by the account will be used to provide further funding for the future HRA Capital Investment programme.
5. As at month, 5 early indications suggest an improved full year outturn position of £4m. As such, the funding contribution to the capital investment programme will be revised from £13m to £17m (shown in the table). This is in line with the HRA Business Plan which sets out the Council's plans and priorities for council housing over the next five years.
6. Main areas contributing to the outturn include a net increase in income of £432k primarily as a result of a reduced level of bad debt provision offset by a higher turnover of vacant properties; an increase in other income of £80k mainly due to an increase in service charge income; a reduction in overall running costs of £2.9m and a reduction of £156k due to revised borrowing assumptions.

Financial Results

Housing Revenue Account (excluding Community Heating)	FY Outturn £000's	FY Budget £000's	FY Variance £000's
1.NET INCOME DWELLINGS	(147,182)	(146,750)	(432)
2.OTHER INCOME	(6,604)	(6,524)	(80)
3.HOMES-REPAIRS & MAINTENANCE	32,503	32,870	(367)
4.DEPRECIATION-CAP FUND PROG	39,436	39,436	-
5.TENANT SERVICES	49,856	52,855	(2,999)
6.INTEREST ON BORROWING	14,974	15,130	(156)
Total	**(17,017)**	**(12,983)**	**(4,034)**
7.CONTRIBUTION TO CAP PROG	17,017	12,983	4,034

Community Heating

7. The budgeted position for Community Heating is a draw down from Community Heating reserves of £293k. As at month 5 the forecast position is a contribution to reserves of £128k, an improvement of £421k. This is mainly due to lower than expected usage due to the mild weather and a reduction in overall energy costs.

Community Heating	FY Outturn £000's	FY Budget £000's	FY Variance £000's
Income	(2,832)	(2,723)	(109)
Expenditure	2,704	3,016	(312)
Total	**(128)**	**293**	**(421)**

Housing Revenue Account Risks

8. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit and changes to Housing Benefits, the Government has announced a number of further changes in the Housing and Planning bill and Welfare Reform and Work bill. These include a revision to social housing rent policy, which will reduce rents for the next three years. This will have a considerable impact on the resources available to the HRA. In addition, the Government's "Pay to Stay" proposals and other changes in the Housing and Planning bill will impact on both tenants and the HRA business plan. Work is continually ongoing to assess the financial impact of these. Other identified risks to the HRA are:

- **Interest rates:** Fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA. These are managed through the Council's Treasury Management Strategy.

- **Repairs and Maintenance:** Existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions) and future changes to contractual arrangements.

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CAPITAL PROGRAMME MONITORING AS AT 31st AUGUST 2016

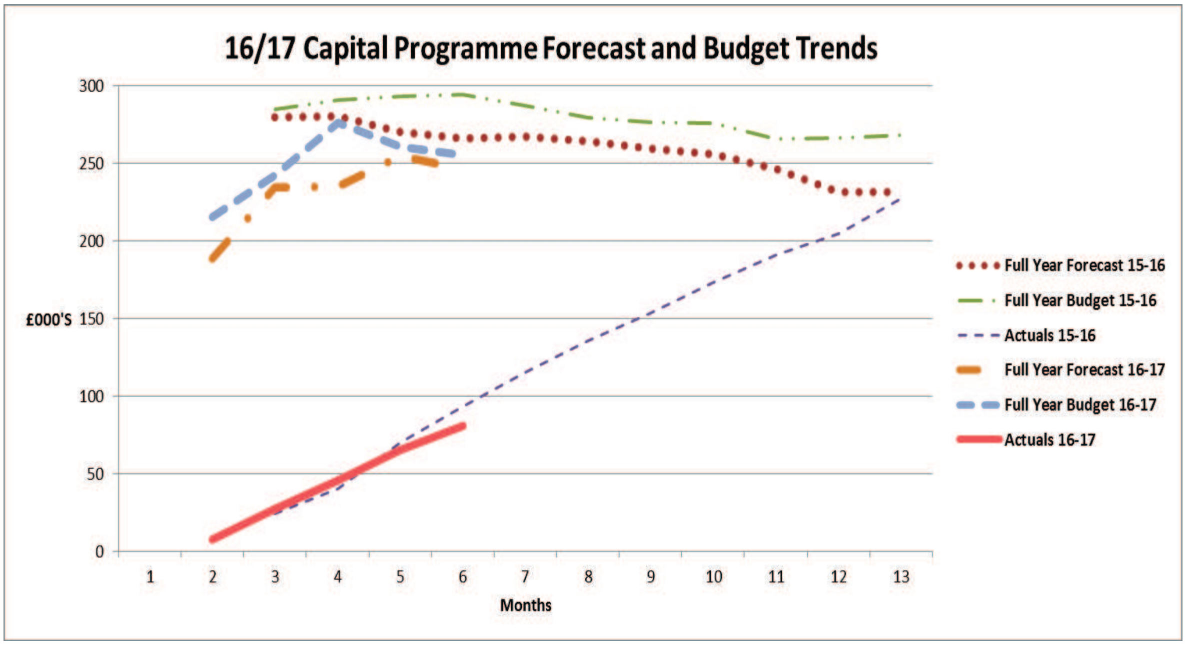
Summary

1. The forecast for 2016/17 has been increased by £11.1m on the Month 3 forecast to £246.5m. The Approved programme budget is £255.2m, a difference of £8.7m. This represents a slippage rate of 3.4% which if delivered would be the best performance to date. The majority of the difference is in the Housing programme which is forecasting an underspend of £4.2m split equally between acquiring or building new council housing stock and refurbishment of existing properties.
2. The table below shows that at Month 5, the year to date spend is £10.1m (11%) below programme reflecting further £4.5m of slippage in the last 2 months primarily in Housing (£2.1m) Highways (£0.6m) and CYPF (£1.6m). £8.7m (86%) of the slippage is in projects outside the Top 20 projects.
3. The chart at paragraph 4 shows that capital programme spend rates in 2016/17 are almost identical to 2015/16 where the Outturn was £232m. The current forecast is £246.5m requiring an increased rate of spend which should arise as a result of major projects such as the city centre development work.

Financials 2016/17

Portfolio	Spend to date	Budget to Date	Variance to date	Full Year forecast	Full Year Budget	Full Year Variance on Budget
	£000	£000	£000	£000	£000	£000
CYPF	9,281	12,945	(3,664)	34,448	36,231	(1,783)
Place	21,854	22,755	(900)	62,907	65,381	(2,474)
Housing	30,287	33,689	(3,402)	95,638	99,865	(4,227)
Highways	4,174	4,850	(676)	10,550	9,963	587
Communities	49	-	49	374	325	49
Resources	1,015	2,522	(1,506)	13,015	13,891	(876)
Corporate	13,947	13,947	(0)	29,582	29,582	(0)
Grand Total	**80,608**	**90,708**	**(10,100)**	**246,514**	**255,238**	**(8,724)**

4. **Forecast trends**



5. **Capital Programme**

Capital Programme

	2016-17 £m	2017-18 £m	Future £m	Total £m
Month 4 Approved Budget	260.9	203.0	261.6	725.5
Additions	2.4	0.6	0.0	3.0
Variations	-3.4	6.6	-1.6	1.7
Slippage & Acceleration	-4.6	-2.0	7.6	1.0
Month 5 Approved Budget	255.2	208.2	267.7	731.2

The revised programme shows a net increase of £5.7m reflecting additional spend on the schools expansion programme (£4.4m) and additional HRA funding of capital schemes in the Housing programme.

PROJECT MANAGEMENT

6. From the start of this year the Council has introduced an improved system of reporting and monitoring project delivery. This will collect in one place, all project highlight reports which will be accessible to all users and, from August, provide the basis for workflow driven meeting agendas for each stage of the Gateway Approval process. The progress of a project will be readily evident.

7. This should give better visibility of performance and lead to improved project controls because:

- Project Managers will create their monthly highlight reports in SharePoint - showing key issues, risks and items for the Sponsor to review - and these will be visible to all as well as providing a central repository which can be used in future audit work from external funders;

- Project sponsors can review and approve the reports within SharePoint; and

- Programme Boards will receive a “dashboard” report showing the status of projects. This should lead to improved supervision, better control and thus improved delivery performance of projects.

Commentary

8. The Top 20 projects in the Capital Programme accounts for 69% of the current 2016/17 budget. The key **forecast variances** from Budget at Month 5 include:

   - Housing programme is forecasting to be £4.2m below budget by the year end. Two appointed contractors on the new Build Housing Phase 2 (£4.5m) and Obsolete Heating (£3.7m) projects have gone into administration causing a delay whilst the work is reprocured. The new contractors programme of works are yet to be profiled. The remainder of the variance is accounted for by £1.0m of anticipated cost savings and £4.9m of schemes which are forecast but subject to Cabinet approval so have no approved budget;

   - Place programme is forecast to be £2.5m below budget principally due to 2 projects. The Lower Don Valley Flood Defence project is forecasting £1.3m slippage. This is a novel and complex project with multiple interventions along the river and has been very difficult to forecast the rate of spend and progress. The construction of the Olympic Legacy Park public realm and site infrastructure is also forecasting £1.0m slippage due to an aggressive initial forecast spend rate. Officers are developing a plan to pull this back on track.

- The Highways programme is forecasting to be £0.6m above budget due to further contaminated land costs associated with the construction of the BRT North link. A detailed cost assessment is being prepared and a further report and approval submission will prepared for Members within the next two months;

- The CYPF programme is forecast to be £1.8m below Budget of which £1.5m is due to anticipated final costs being below the approved budget on 5 projects offset by a potential overspend at Hallam. £0.3m of the £0.7m work at Aldine House Secure Unit is forecast to slip into 17/18 following a re-design of the accommodation.

Year to date variance

- Of the £10.1m year to date variance, £3.7m and £3.4m is on the Schools and Housing programmes respectively. In the Schools programme, £1.2m is due to anticipated cost savings on projects which have been procured at a lower cost, £0.7m on the schools expansion programme where the configuration of the programme has been reviewed as initial cost estimates are above the budget. This has delayed detailed design work. The remaining variance is on approximately fifteen schemes which are £0.1m to £0.2m.

- In Housing, which is £3.4m behind the plan at Month 5, a slow start by the contractor on the Kitchen and Bathrooms refit programme has left this programme £1.9m behind the planned profile. The Council Housing Acquisitions and Repairs programme is £0.9m behind plan because there have not been suitable properties coming onto the market to acquire. The remaining variance is spread across the programme.

- There is a £1.5m shortfall against budget on the Resources Fire Risk Assessment programme which requires re-profiling to reflect the latest physical delivery plan.

Approvals

9. A number of schemes have been submitted for approval in line with the Council's agreed capital approval process.

Below is a summary of the number and total value of schemes in each approval category:

- 4 additions to the capital programme with a value of £2.77m:
- 2 variations to the capital programme amounting to a net increase of £13k:
- 2 slippage requests of £3.5m; and
- A grant of £4.9m from the Sheffield City Region for the development of the Olympic Legacy Park.

Further details of the schemes listed above can be found in Appendix 6.1 and 6.2.

Finance

October 2016

Scheme Description	**Approval Type**	**Value £000**	**Procurement Route**
THRIVING NEIGHBOURHOODS AND COMMUNITIES			
GREAT PLACE TO LIVE :-			
Highways			
ITS Network Management ITS (Intelligent Transport Systems) Network Management The initiative aims to improve journey times and reliability / consistency of journey times on the key route network. In this way, everyone's confidence in planning journeys (particularly at peak times) is increased and it provides additional capacity on the network to handle the anticipated increase in traffic as the city's economy grows. To achieve this focus on Intelligent Transport Systems (ITS) demand led network management improvements that tackle existing issues prior to the new transport strategy being realised. These are all known identified hot spots on key strategic routes, and have previously been highlighted in PLT discussions as candidates for reducing congestion and delays by improving journey time reliability and smoothing traffic flows at identified congestion hot spots. The focus for 16/17 & 17/18 is in 8 locations: A6102 Herries Road – Moonshine Lane, A61 Halifax Road – Penistone Road, A57 Sheffield Parkway, A57 Moss Way – Coisley Hill – Eckington Way, A57 Broomhill Corridor, A6135 Barnsley Road – A6102 Fir Vale, A6102 Gleadless Town End, A6102 Middlewood Road / Catch Bar Lane Highways Staff Fees: £371k Amey Design Fees for Coisley Hill only: £50k	New	685	Procurement Strategy approved at September CPG to appoint Amey using the tendered rates set out in the Amey main contract

Amey Construction: £265k Therefore a budget of £686k is requested, £241k in 16/17 & £445k in 17/18 funded by the Local Transport Plan (LTP) The work Highways staff will be undertaking is: • Review of existing signal timings (on a corridor rather than at the individual junctions) • Modelling potential interventions of signal timing strategies • Confirming the ideal capital interventions needed, then (following the capital investment) • Monitoring changes to vehicle journey times on a corridor • Changing signal timing strategies as required, then repeating for a period of up to three months after the initial capital investment, leading to • Reporting on corridor outcomes twelve months after the capital investment			
Housing			
Castle College Green Links In 2012 a business case was approved for Sheaf Valley Park Phases 2, 3 & 4. This project is Phase 4 of the Sheaf Valley Park project. The former Castle College site was acquired by the Homes & Communities Agency (HCA). In 2013 the HCA secured planning approval for 84 units including 25 affordable units. Kier Living was selected to deliver new houses on the site. This project will look at enhancing the design and quality of the link section between Shrewsbury Rd and open space in the housing development. Subject to Housing Growth Board approval and the necessary waiver for payment to Kier, the link and housing units will be completed and open by the Autumn 2016. The project objectives are: • Construction of a new Green Link and extension of Sheaf Valley Park between Shrewsbury Road and the new housing development on the former Castle College site. • New signs • Viewing platform for local residents and people of Sheffield securing views across the city and up the Sheaf Valley to the Peak District • New pedestrian route and public right of way for local residents and people of Sheffield	Addition	20	Waiver to appoint Kier Living

maintained by the developer The project is funded by New Homes Bonus.			
Manor Top District Centre The Manor Top District Centre serves one of the most deprived neighbourhoods in Sheffield. The 2013 Locality Plan for the neighbourhood highlighted that the centre is significantly failing to optimise its location and support the surrounding community. The Centres project is to work with the existing occupants of the premises in the Centre to develop a proposal to help strengthen its long-term viability. This project is just one element of the citywide 2015/17 Successful Centres programme which is designed to stimulate growth by creating the right conditions for investment, and improve the attractiveness of neighbourhoods and housing sites to increase confidence and encourage more private investment to stimulate demand. The capital allocation for the Manor Top Shop Front scheme is £240k including fees, which is to be funded from the New Homes Bonus. This project seeks to implement a Shop Front Improvement scheme which is a tried and tested initiative that has been delivered successfully in two other major District Centres - Spital Hill and Darnall. A third is under way on London Road. The large scale of the projects have had a dramatic impact upon the overall appearance of the centre, rapidly and comprehensively improving the image of the centres and boosting confidence in the centres generally. The impact of the increased confidence has been evidenced by increased investment in the area and reductions in the vacant units. The contracts are procured and managed by the Council which ensures control over scope, specifications and budget. A feasibility study has been carried out which suggests that the average cost of work per shop unit is £4.5k including fees and can be contained within the budget. This is based on there being 34 properties within the designated area and represents good value when compared to the extent of the area improved. A Strategy approval form is being submitted along with this addition which states CDS Architects have carried out the initial feasibility work and will prepare the schedules of work	Addition	240	Single stage competitive tender

The overall scheme works will be procured separately, using a single-stage competitive tender process.			
ESSENTIAL BUILDING WORKS			
Corporate Buildings Essential Replacement Programme To ensure compliance with statutory requirements and maintain continued operation of buildings under the Corporate Estate there is a need for essential works to replace failing or broken components and equipment alongside undertaking urgent works to address structural defects which are identified or may arise. The range of works will be varied as will size and values and this programme covers six programmes of work to be delivered by Kier up to 31 March 2017, comprising the following: • **Mechanical Replacement Programme** Replacing failing boilers, chlorifiers, pipe work, controls, ventilation, radiators, oil tanks, gas supply, hot and cold water supply's across the Corporate estate. There are more than 260 plant items and systems above 25 years old. • **Electrical Replacement Programme** Replacement of failed or failing distribution board, wiring, fire alarms, emergency lighting, sockets, lights, switches etc. Estimated current back log maintenance of £60m requiring approx. £2m per annum to achieve a life cycle of 40 years • **Lift Replacement Programme** Replacement of failing, drives, cables, electrical items, doors etc. or a new lift in the Moorfoot building. • **Roofing Replacement Programme** Replacement of full or partial roofs including soffits, fascias, rain water goods. • **Windows and Doors Replacement Programme** Replacement of external windows and doors to the Corporate estate. The external timber components of the corporate stock have deteriorated significantly due to weather damage and the lack of any external decoration programme for the last 10 years. • **Structural Defects Programme** To address serious structural defects across the corporate estate e.g. failing boundary walls,		1,825	Kier under CSSR Minor Works

rolling brick work, subsidence.

The work is to be funded from the Corporate Resource Pool and is to be completed by Kier by 31st March 2017.

A summary of the split of work between each source is shown below:

Scheme	Total £k	Works £k	Fees £k	Contingency £k
Mech	1,000	991.5	1	7.5
Elec	100	91.5	1	7.5
Lifts	150	141.5	1	7.5
Roofs	175	166.5	1	7.5
Win/Drs	275	266.5	1	7.5
Struct.	125	116.5	1	7.5
Total	**1,825**	**1,774.0**	**6.0**	**45.0**

Some of the work is reactive to in service failures. Specific allocations that can be planned in advance will be approved at Capital Programme Group to ensure value for money by investing in assets which have a long term future.

SLIPPAGE / ACCELERATED SPEND:-

Great Place to Live			
Obsolete Heating This project is to fund the installation of new heating systems when breakdowns cannot be repaired due to the mechanical equipment being obsolete. This submission is to slip £3,3m from 2016/17 budget and move it to 2020/21. The requests for replacement heating systems as a result of the system being obsolete have reduced due to the planned programme installing new heating systems on a 15 year cycle. This budget will be reviewed annual and adjusted to reflect the anticipated workload.	Slippage	3,300	

Relocatable Camera Enforcement The aim of this project is to improve the level of compliance at bus lane/bus gate enforcement sites and thereby improve bus journey times and reliability, while reducing the overall costs of delivering the service. This is being achieved by a combination of moving away from an attended enforcement system, expanding the unattended system, and changing the way that offences are reviewed, leading to the use of just one enforcement procedure. By making better use of available technology, the business processes in Parking Services will be transformed producing a better service to the public and reducing costs. The Council is in the process of transferring the CCTV monitoring service back in house. To ensure a successful delivery, it is proposed to slip £159k from the 16/17 Budget to 17/18 to allow time for CCTV operations to be re-integrated.	Slippage	159	Procurement route will be open tender. Procurement Strategy to be done for 17/18.
DIRECTOR VARIATIONS / FEASIBILITY APPROVALS:- (Note only)			
Great Place to Live			
HIGHWAYS **Sheaf Valley Riverside Route Feasibility** The project is to make improvements to the Sheaf Valley riverside cycle/walk route. The original feasibility was to find an affordable option of either constructing a ramp up to Archer Rd from Millhouses Park or by widening the Millhouses Park riverside path to give transport benefits to current and future users of the park and had the following Options Appraisal costs: This is a request to increase the original Feasibility funding from 18k to 27k an increase of 9K because the options previously considered have proved unworkable as detailed below: A path through Millhouses Park cannot be constructed due to potential flood management	CPG - Feasibility	9	N/A

works. A ramp up to Archer Road from the park cannot be constructed because of significant Yorkshire Water infrastructure there. New options will be upgrading a path through Hutcliffe Wood and a creating a short section of path in Millhouses Park. The funding was approved at Nov15 GP2L board. The business case gives the full amount of funding available of £274K. The exact amount of s106 funding available is £273,930 (no. 650-06/02260/FUL). The additional 9k will be taken from the overall budget for this project.			
PARKS **Greenhill Park Improvements** This project was initiated by the Friends of Greenhill Park, who support the development and management of the park. They have raised funds to invest in the playground. In January 2016 P&C supported the Friends to consult with local people. The equipment which will be delivered by this project was chosen as a result of this consultation. The improvements delivered will be the instalment of a zip wire, basket swing and climbing frame; along with the associated play surfacing, originally costed at £27,594 This submission is for a Director variation of an increase of £3,897 bringing the total project cost to £31,491. The extra £3,897 will be funded by a contribution from revenue. The project costs are higher than previously estimated after it was identified that the Friends included the incorrect surfacing specification in their funding application.	Director's Variation	4	3 Quotes approaching specialist contractors from the UK

Grant Awarding Body	Name of the Grant	Project to be funded by the Grant	Conditions and Obligations	Value £000
Sheffield Combined Authority	Olympic Legacy Park	Olympic Legacy Park Infrastructure Works	The grant offers a £4.9m funding contribution to create a 9.6Ha serviced site with infrastructure and utilities that will facilitate the delivery of the Olympic Legacy Park (OLP). Total programme costs amount to £9.11m, which is to be/has been funded by the grant, public investment (Sheffield City Council and European Union Regional Development Fund) £2.7m and private sector investment £1.5m. The grant can only be spent on the delivery of the project in accordance with the Terms & Conditions set out in the Grant Agreement. There is a risk of clawback if it is not used for the purposes intended and the required outcomes and outputs are not achieved. The grant is made to support the delivery of specific outcomes and outputs. Outcomes are defined as creating 645 net additional jobs and £137.9m total Gross Value Added. If project outcomes are not achieved the grant will be clawed back proportionate to the under achievement. Outputs are defined as provision of landscaped areas up to building plots, the provision of connection points for water, electricity, drainage and communications networks including specific transmission capacities.	**4,899**

			Gas is also to be provided where required. If project outputs are not achieved The Council will be required to repay the entire grant paid to it, irrespective of the proportion of the output not achieved. Works must be completed and funding must be claimed by 31 March 2017. Qualifying Expenditure must be defrayed. Retention of 5% of the grant may be withheld until the date of Practical Completion and project outputs have been fully achieved. The Council is required to submit a Statement of Grant Expenditure at the end of the financial year which must be audited by its external auditor. The Council is required to consider the need for economy in all Qualifying Expenditure, as the funder is only liable to pay so much (if any) which, in the funders' opinion, would have reasonably been required. The Council must ensure that the works, surrounding area and environment are maintained to a reasonable standard for 15 years following Practical Completion of Works. This is to be funded by service charges to OLP users. The grant will be subject to monitoring from the date of Practical Completion until March 2027.	