

Cabinet

Wednesday 19 July 2017 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 Olivia Blake	(Cabinet Member for Finance and Deputy Leader)
Councillor Ben Curran	(Cabinet Member for Planning and Development)
Councillor Jackie Drayton	(Cabinet Member for Children, Young People & Families)
Councillor Jayne Dunn	(Cabinet Member for Neighbourhoods and Community Safety)
Councillor Mazher Iqbal	(Cabinet Member for Business and Investment)
Councillor Mary Lea	(Cabinet Member for Culture, Parks and Leisure)
Councillor Bryan Lodge	(Cabinet Member for Environment and Streetscene)
Councillor Cate McDonald	(Cabinet Member for Health and Social Care)
Councillor Jack Scott	(Cabinet Member for Transport and Sustainability)

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 JULY 2017**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
To identify items where resolutions may be moved to exclude the press and public
- 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 - 10)
To approve the minutes of the meeting of the Cabinet held on 21 June 2017.
- 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 11 - 14)
Report of the Executive Director, Resources
- 9. Medium Term Financial Analysis** (Pages 15 - 44)
Report of the Executive Director, Resources
- 10. Additional Budget Funding to spend on Adult Social Care Services** (Pages 45 - 60)
Report of the Executive Director, Resources
- 11. Month 2 Capital Approvals** (Pages 61 - 76)
Report of the Executive Director, Resources

**NOTE: The next meeting of Cabinet will be held on
Wednesday 20 September 2017 at 2.00 pm**

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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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Cabinet

Meeting held 21 June 2017

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

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1. APOLOGIES FOR ABSENCE

1.1 An apology for absence was received from Councillor Bryan Lodge.

2. EXCLUSION OF PUBLIC AND PRESS

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

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETINGS

4.1 The minutes of the meetings of the Cabinet held on 19 April and 17 May were approved as correct records.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Public Question in respect of Devolution

5.1.1 Nigel Slack commented that, with Chesterfield and Bassetlaw withdrawing their applications to join the City Region 'Constituent' Councils and with Barnsley and Doncaster considering a 'Whole Yorkshire' devolution approach, where does that leave the current Sheffield City Region deal? Will it go ahead now, in the form originally envisaged in 2014? What of the Council's commitment to a 'geographically appropriate' deal? With both major parties apparently committed to dropping 'Mayors' for future deals, will we still be electing a Mayor for the City Region in 2018? The Sheffield City Region Combined Authority meeting on July 3rd appears to have disappeared. Why is that?

5.1.2 The Leader of the Council, Councillor Julie Dore, commented that there had been a meeting scheduled for 3rd July to discuss devolution. As the issue needed further clarification the meeting had been cancelled. This would allow time for officers to further discuss the issue with the Government and report back to the Combined Authority.

5.2 Public Question in respect of Park Tennis Contract

5.2.1 Nigel Slack raised a concern in respect of the Park Tennis CIC contract. Despite the potential benefits of the contract he asked 'Was there no Sheffield or City

region organisation (rather than Oxford) able to offer a similar proposal? Did the Council consider a local solution of any other type? How much of the contract price will disappear to Oxford in 'Management Fees' or Director's Emoluments?

5.2.2 Councillor Mary Lea, Cabinet Member for Culture, Parks and Leisure, responded that the sites will still be owned by SCC as landlord – Parks Tennis CIC will simply operate them. Parks Tennis CIC would have to submit monthly reports to the Council which would be subject to Freedom of Information Legislation. The contract was advertised on YORtender and no other applications were received. It was not cost effective for the Council to operate. The contractor was a not for profit company. Any profit was reinvested in sites. The contractor did not make any payments to the Council and they had responsibility for maintaining the sites.

5.3 Public Question in respect of the Mental Health Action Group

5.3.1 Nigel Slack commented that, the last time a representative of the Mental Health Action Group attended Cabinet, he was publically assuaged by suggestions that an application to continue that funding would be looked on favourably. What happened? Is the Council providing any support to the Mental Health Action Group team in their crowd funding attempt?

5.3.2 Councillor Cate McDonald, Cabinet Member for Health and Social Care, responded that not all applicants were able to be informed of the outcome. However, the Council would continue to provide support to the Mental Health Action Group.

5.4 Public Question in respect of Tower Blocks

5.4.1 Nigel Slack commented that, after the tragedy in Kensington, he was encouraged by the statement put out by the Council in regards to fire safety in the City's tower blocks. However further questions needed to be considered. Who implemented the improvements in Sheffield (company)? What sub-contractors were used? Were insulation panels independently checked before, during or after fitting? Chancellor of the Exchequer, Phillip Hammond suggests potential illegality on behalf of the contractors, can we be confident this is not the case here? What are the blocks' status with respect to sprinklers, extinguishers, fire stairs etc? Will the fire service report be made public?

5.4.2 Councillor Jayne Dunn, Cabinet Member for Neighbourhoods and Community Safety, responded that she would provide a written response to Mr Slack's questions.

5.5 Public Question in respect of Hyperloop Technology

5.5.1 Nigel Slack stated that Hyperloop transport technology was being developed. This was a technology that enabled capsules to travel at ground level at aircraft speeds and would give travel time to London of around 20 minutes. Three schemes in the UK had been successful in getting to the last round of the 'Hyperloop One Challenge', with the potential for any of these to be one of the first in the world. Mr Slack asked where Sheffield was in this conversation?

- 5.5.2 Would the Cabinet Member for Business and Investment agree to meet with Mr Slack and the individual who tried to push this idea for Sheffield to see if something could be done to rescue some level of involvement for the City in these schemes?
- 5.5.3 Councillor Mazher Iqbal, Cabinet Member for Business and Investment, responded that the bidding process for potential hyperloop schemes required a lot of detailed, technical information that needed to be provided in a short space of time, which we simply did not have. Councillor Iqbal would be happy to meet with Mr Slack to discuss these issues further.
- 5.5.4 Councillor Julie Dore commented that the City needed credible not incredible transport schemes. The focus should be on HS2 and HS3. She would be happy to meet to discuss the issue but it was not a priority for the Council. Transport for the North would be interested in the Northern Arc if it was a success. The issue had been raised at the Business Adviser Panel and the Council would keep a watching brief.

6. ITEMS CALLED-IN FOR SCRUTINY

- 6.1 It was reported that the decision taken by the Cabinet Member for Transport and Sustainability on 30 May 2017, in respect of Non-City Centre Parking Developments, had been called-in for scrutiny and would be considered at a future meeting of the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee.

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:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<u>People Services</u>		
Karen Bennett	Service Manager	28
Patricia Brooks	Teacher, Ecclesall Infant School	21
Maureen Chatterton	Provider Services Flexible Support	29
Jane Cheetham	Senior Teaching Assistant	31

	Level 3, Stocksbridge High School	
Peter Hardwick	Executive Headteacher, Beck Primary School (Cascade Multi Academy Trust)	38
Margaret Leggett	Senior Teaching Assistant Level 3, Stocksbridge High School	24
Robin Morrell	Social Worker	38
Lynne Raven	Assistant Headteacher, High Storrs School	35
Teresa Woollacott	Teacher, Marcliffe Primary School	24

Place

Wayne Stokes	Business Improvement Manager, Strategy and Resources	33
Graham Withers	Business Manager, Planning Services	39

(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. COMMISSIONING ADULT LEARNING IN COMMUNITY SETTINGS

8.1 The Executive Director, People Services submitted a report outlining a proposal for the commissioning of a refreshed framework of adult learning activities across Sheffield.

8.2 **RESOLVED:** That Cabinet:-

- (a) approves the development and agreement of the procurement strategy for a refreshed framework of adult learning providers equipped to deliver accredited and non-accredited learning activity across the City, to include the necessary due diligence and quality checks; and
- (b) delegates authority to the Executive Director, People Services, in consultation with the Interim Director of Finance and Commercial Services and the Director of Legal and Governance to:

- commission the framework in accordance with the agreed procurement strategy;
- negotiate and agree terms of the Adult Education Budget (AEB) funding and complete all necessary documentation in relation to it and for its utilisation for the purpose of the provision of adult learning by the organisations on the framework for delivery in community settings for the academic year 2017/18; and
- negotiate and agree terms of the engagement with the adult learning providers on the framework and complete all necessary documentation on the commissioning for the framework.

8.3 Reasons for Decision

- 8.3.1 The development of the revised new framework will enable the Council to effectively continue to meet its statutory duties with regard to the provision of adult learning in the City, as outlined in the report. It will provide for the Council to commission third party providers to deliver adult learning in their communities to a defined standard which meets the Council's requirements.

8.4 Alternatives Considered and Rejected

- 8.4.1 In consultation with the Council's Commercial Services, a waiver of Contract Standard Orders which would allow an extension of the current framework with existing suppliers was considered to be inappropriate for this service because the existing framework for the delivery of Adult Community Learning (ACL) was due to expire on 31 July 2017 and there was a requirement to re-procure the service in a way which was compliant with domestic and EU procurement legislation. Therefore, the development of a revised new framework was required.

9. BUDGET OUTTURN REPORT 2016/17

- 9.1 The Acting Executive Director, Resources submitted a report providing the month 12 monitoring statement on the City Council's Revenue and Capital Budget for 2016/17.

9.2 RESOLVED: That Cabinet:-

- (a) notes the updated information and management actions provided by the report on the 2016/17 Revenue Budget Outturn;
- (b) approves the Business Case submission contained in Appendix 7 of the report;
- (c) notes the recommendation of the Acting Executive Director, Resources that, as Statutory Finance Officer (s151 Officer), the Reserve is returned to the minimum recommended level of £12.6m or approximately 3% of net

revenue expenditure during 2017/18;

- (d) approves the proposal to un-earmark and transfer £2.9m of the uncommitted New Homes Bonus reserve to the General Fund balance to achieve the recommended position; and
- (e) in relation to the Capital Programme:-
 - (i) approves the proposed additions to the Capital Programme, listed in Appendix 8.1 of the report, including the procurement strategies, and delegates authority to the Interim Director of Finance and Commercial Services, or nominated officer, as appropriate, to:-
 - (A) award the necessary contracts following stage approval by Capital Programme Group; and
 - (B) determine procurement strategies in relation to the S106 Parks Programme Additional Agreements;
 - (ii) approves the proposed variations, deletions and slippages in Appendix 8.1 of the report;
 - (iii) approves the capital grant award, detailed in Appendix 8.3 of the report;
 - (iv) approves the acceptance of the grant with the conditions detailed in Appendix 8.4 of the report;
 - (v) approves the slippage and budget variations resulting from financial year end closure procedures, as detailed in Appendix 8.6 of the report; and
 - (vi) notes the outturn position on the Capital Programme.

9.3 **Reasons for Decision**

- 9.3.1 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.

9.4 **Alternatives Considered and Rejected**

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

Agenda Item 8



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: *19th July 2017*

Subject: *Staff Retirements*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>N/A</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>N/A</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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:-

<u>People Services</u>		<u>Years' Service</u>
Maureen Davies	Clerical Officer, Nook Lane Junior School	26
Alison Hardy	Teacher, Lydgate Junior School	37
David Pullin	Teacher, Brunswick Community Primary School	24

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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 July 2017
Subject: Medium Term Financial Analysis 2018/19 to 2022/23

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Finance and Resources</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Overview and Scrutiny Management Committee</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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:

- 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:

It is recommended that Members:

- note the forecast position for the next 5 years; and
- agree the approach to budgeting and business planning

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: Gillian Duckworth
		Equalities: Not needed
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Cabinet Member consulted:	<i>Councillor Olivia Blake Cabinet member for Finance and Resources</i>
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: <i>Dave Phillips</i> 	Job Title: <i>Head of Strategic Finance</i>
Date: 10 th July 2017		

1. PROPOSAL

- 1.1 To provide Members with details of the forecast financial position of the Council for the next 5 years.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 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 7 of the main report for the recommendations.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Not required

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 None

4.2 Financial and Commercial Implications

- 4.2.1 Yes. Cleared by Dave Phillips

4.3 Legal Implications

- 4.3.1 None

4.4 Other Implications

- 4.4.1 None

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 2018/19 and beyond.

MEDIUM TERM FINANCIAL ANALYSIS: 2018/19 TO 2022/23

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

Executive Summary

2. The Medium Term Financial Analysis (MTFA) sets out the Council's latest financial forecast for the period 2018/19 to 2022/23. Over the next 5 years, our current view is that the Council's cumulative budget gap will increase to circa £108m by 2022/23, as shown in Figure 1 below. This takes account of changes to the Council's main sources of income (i.e. central government grant and local taxation), corporate expenditure (e.g. capital financing costs) and pressures on services (arising from inflation, demand or legislative changes such as the increase to the minimum wage). However the additional Better Care Fund (BCF) monies announced in the spring 2017 budget are one-off funds, and so are not included in the table below, which considers recurrent funding changes. Instead they are noted below the table for completeness. A separate paper on the Council's approach to using these funds to assist in the transformation of social care services will be taken to Cabinet for approval in July 2017. Also the numbers in Figure 1 assume that 2017/18 pressures will be resolved in 2017/18, ie there are no unresolved pressures from 2017/18 brought forward into 2018/19.

Figure 1 – Summary of Projected Budget Gap for the 5 years to 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Reductions in RSG	15.4	15.5	0.0	0.0	0.0
Business Rates & Council Tax Income	(14.8)	(7.1)	(6.1)	(6.2)	(6.3)
Corporate Grant movements	(10.4)	(9.3)	0.0	0.0	0.0
Corporate Expenditure variations	10.9	7.5	10.9	7.3	7.4
Social Care pressures	21.0	17.6	15.6	11.0	11.0
Other service pressures	7.1	2.9	3.0	2.1	2.1
Budget Gap	29.1	27.1	23.3	14.3	14.3
Balance B/F		29.1	56.3	79.6	93.8
Cumulative position	29.1	56.3	79.6	93.8	108.1
Spr 2017 BCF (One-off Funds)	(7.7)	(3.8)			

3. Estimated pressures on services account for around £93m (circa 86%) of the cumulative projected budget gap in 2022/23.
4. The Council's social care services are experiencing significant cost and demand pressures which, even with additional adult social care funding, completely outstrip growth in local taxation.
5. The MTFA is recommending a revised approach to business planning which will focus on savings which support the Council's strategic priorities of economic growth, prevention and making the most effective use of our resources.
6. Following the outcome of the General Election on 8th June 2017 (which could lead to revised Department Expenditure Limits and hence central government grant funding available to local government), we may need to issue a revised MTFA in the Autumn. In addition we are currently refreshing the Council's corporate priorities, and as needed we will revise this Analysis to reflect those revised priorities.

Recommendations

7. It is recommended that Members:
 - note the forecast position for the next 5 years; and
 - agree the approach to budgeting and business planning.

Background

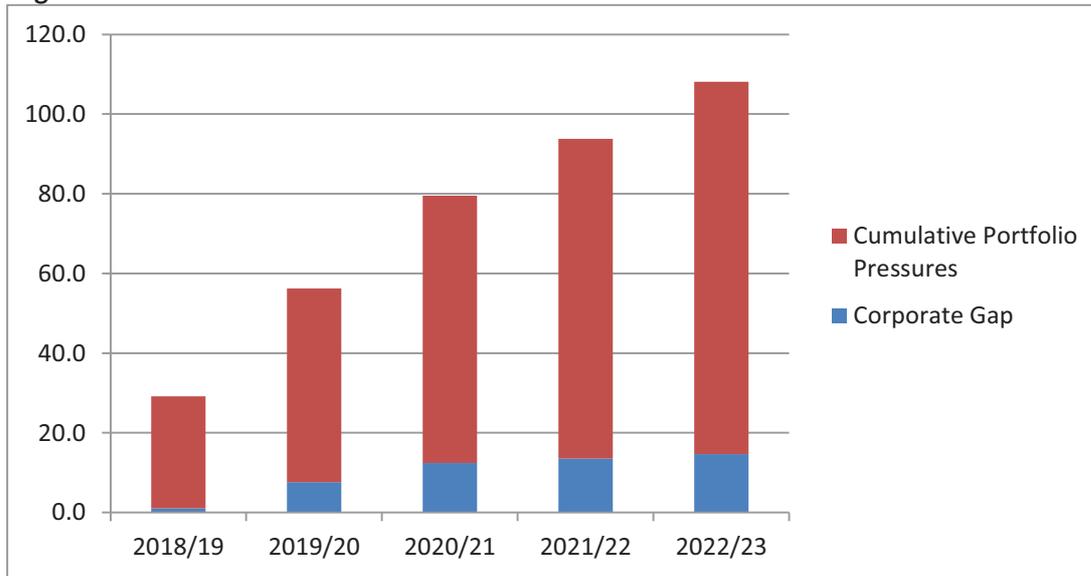
8. The last Medium Term Financial Strategy (MTFS) was considered by Cabinet on 19 October 2016. The MTFA has been updated to reflect:
 - the budget decisions of Full Council on 3 March 2017, and;
 - the announcement of additional adult social care funding in the Chancellor's Spring Budget on 8 March 2017.
9. The full details of the provisional Local Government Finance Settlement for 2018/19 are not likely to be known until December 2017. However as part of the final Local Government Finance Settlement for 2017/18, announced on 20 February 2017, Central Government issued a firm set of Revenue Support Grant (RSG) figures for the three years to 2019/20 for 97% of all local authorities which had accepted the Government's offer of a guaranteed multi-year settlement (Sheffield was one of the 97%).
10. In last year's MTFS, Cabinet endorsed the Council's approach on lobbying Government for the Improved BCF Grant to be brought forward to 2017/18. Although the allocations for this particular grant have not been changed since the publication of the 2016/17 Local Government Finance Settlement (i.e. £2.2m in 2017/18, circa £13m in 2018/19 and then £22m in 2019/20), the Government has heeded the call from the local government sector for additional adult social care funding to be front-loaded.
11. Consequently, the Chancellor announced in his Spring Budget on 8 March 2017 £2bn of additional funding for adult social care will be made available over the next three years (2017-20). For the Council, this means circa £12.5m of additional funding in 2017/18 (with reducing amounts in the following two years). However there are certain conditions with which the Council must comply, so we cannot simply plug the budget gap with this new money. The decision as to how this funding will be utilised will have a major bearing on business planning in the medium term, and will be covered in a separate report, as discussed in para 2 above.
12. A further consultation seeking views on the implementation of the Government's commitment to allow local government to retain 100% of the Business Rates that we raise locally closed on 3 May 2017. However, following the result of the General Election and subsequent omission of the Local Government Finance Bill from the Queen's Speech on the 21st June, it is clear that there are no current plans to pursue the implementation of 100% business rates retention.
13. In addition we are still working through the full impact of the severe reductions in funding that have occurred since 2010, and are grappling with increasing demand and cost pressures on many of our services, particularly in relation to social care services for vulnerable older adults and children. These factors create too many variables to predict the future with certainty.

Summary

14. 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. For further details, please see paragraph 57 onwards.
15. The first step in the business planning process for 2018/19 is to estimate the gap between the Council's resources and expenditure. In addition to cuts to Revenue Support Grant of around £125m
16. Over the last 4 years (from £192.5m in 2013/14 to £67.8m in 2017/18), we now have strong indications that the remaining RSG of £67.8m will reduce to £36.9m by 2019/20. The cut to RSG in 2018/19 will be £15.4m. However, due to additional social care funding and forecast rises in other income, we estimate that the cut to RSG in 2018/19 will be completely offset, leaving a cash standstill position.
17. Our estimate also reflects expenditure variations such as:
 - the unwinding of a debt restructuring arrangement (the aim of which was to release one-off funding to support the revenue budget over the 4 years from 2013-17);
 - the estimated cost of implementing a revised pay & reward strategy; and
 - contractual inflation on the Streets Ahead contract.
18. The budget gap also takes into account 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 £29.1m for 2018/19. Further details on the gap can be found from paragraph 25 as well as in **Appendix 1**.
19. The chart below shows how the forecast gap increases over the next 5 years from 2018/19 to 2022/23.

Figure 2 – Projected Budget Gap for the 5 years to 2022/23 (including an estimate of pressures in future years)

Figures are shown in £m



20. Whilst the forecast corporate funding gap for 2018/19 appears to be relatively small, it should be noted that the total budget gap for 2018/19 comprises around £28.1m of portfolio pressures which for the most part are subject to volatility (e.g. social care demand), and could exacerbate the budget gap further.

Reform to Local Government Finance

21. Up to the point at which the General Election was called, the local government sector was working on the assumption that 2019/20 would see the implementation of 100% business rates retention, the implications of which were covered in significant detail in last year's MTFS.

22. However, as stated above, the result of the General Election and subsequent omission of the Local Government Finance Bill from the Queen's Speech on the 21st June, made it clear that there are no current plans to pursue the implementation of 100% business rates retention. Informal representations from DCLG have echoed this view and highlighted that there will be no 100% business rates retention deal by 2019/20.

23. Although the figures reported in this MTFAs are based around the principle of adopting 100% business rates retention from 2019/20, it was always acknowledged that the impact of such a process was anticipated to be fiscally neutral. i.e. the additional 50% business rates income would be exchanged pound for pound for existing funds provided to the Local Authority such as RSG and Public Health Grant.

24. For the reason set out above and given the uncertainty of any future deals around business rates retention, the overall figures remain unchanged but represent a key risk for the Authority going forward.

Assessment of the Budget Gap

25. As shown in Figure 1, 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. Further details can also be found in Appendix 2.

Revenue Support Grant

26. For 2018/19 and 2019/20, the Council will receive £52.4m and £36.9m respectively of RSG from Government, as per the terms of its multi-year settlement agreement.

Business Rates

27. Around a quarter of the Council's net expenditure is financed by the Council's 49% share of business rates collected locally.

28. As previous years' MTFS reports have covered the nuances of business rates in great detail, this year's MTFA focuses on the following key planning assumptions which affect the next 5 years. Further details can be found in **Appendix 2**.

- Multiplier Inflation;
- Growth in the business rates base;
- 2017 revaluation;
- Refunds of business rates due to successful appeals;
- Reliefs;
- Losses and costs of collection of business rates.

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

Council Tax

30. The Council set a Council Tax Requirement for 2017/18 of £182.1m based on a 1.99% increase. The Council also exercised an option provided by the Government to charge a Social Care Precept in 2017/18. The Band D equivalent council tax was £1,428.36, a 4.99% increase on the previous year (3% of which relates to the Social Care Precept).

31. 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.

32. 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. Most properties in Sheffield are in the lower Band A. A definition of Council Tax can be found in **Appendix 5**.

Council Tax base

33. The Council Tax base for 2017/18 was set at 133,743.89 Band D equivalent properties. This was an increase of 1,490 properties (1.1%) compared to the figure for 2016/17, partly due to an additional 1,543 properties, but also as a result of 699 fewer properties being entitled to the Council Tax Support Scheme (CTSS) offset by 752 properties that are entitled to discounts and exemptions.

34. The statutory date for the determination of the tax base for 2018/19 is not until early next year. However, for the purposes of the MTFAs, a review of the current position has been made based on information presently available. Further details can be found in **Appendix 2**.

- The overall number of properties;
- Number of properties eligible to discounts and exemptions (not including CTSS);
- Number of properties eligible for CTSS; and
- Estimated collection rate.

Council Tax referendum limits

35. 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 2017, 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 3% per annum (and 6% in total over 2017/18 to 2019/20) applied to Councils with social care responsibilities. Councils were required to certify that the funds raised by the additional 3% 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 2018, however it is likely that the maximum headroom for social care will again be 3% in 2018/19, and nil in 2019/20.

36. 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 2018 through growth in the current tax base.

Collection Fund Surplus

37. 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 be neither a surplus or a deficit on the Collection Fund by the end of 2017/18, hence neither a one-off benefit nor a one-off cost to the General Fund budget in 2018/19.

Specific Grant funding beyond 2017/18

38. The table below shows the main grants that the Council has taken into account when setting the 2017/18 revenue budget. As noted earlier in this report, the additional adult social care funding announced in the Spring Budget 2017 is not shown as it was announced unexpectedly 5 days after the Council approved its budget.

Figure 3 – Specific Grants

	£000
Housing Benefit Admin Subsidy Grant	2,351
Council Tax Support Admin Subsidy Grant	855
NHS Funding	12,399
CCG Better Care Income	5,000
Improved Better Care Fund	2,188
Public Health	34,235
Business Rates Top Up Grant	39,583
S31 Grant for Small Business Rate Relief	3,976
S31 Grant for Business Rate Cap 2014/15 & 2015/16	1,467
New Homes Bonus	7,029
Independent Living Fund	2,688
Adult Social Care Grant (One Off)	2,717
Total	<u>114,488</u>

39. 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 3 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

40. Based upon the latest available information, we are of the view that the Public Health grant will be reduced by 2.5% to 2.6% per year up to 2019/20, after which point it is likely to form part of the exchange of grant for an increased share of business rates.

41. There is also a risk that if a revised formula for Public Health is implemented before the ring-fence on the grant is removed, the national redistribution effect could result in circa £2m being cut from Sheffield's current allocation. We have assumed at this stage that this risk will not crystallise.

Dedicated Schools Grant (DSG)

42. During March 2016 the Government announced that it would introduce a national funding formula for schools, high needs and early years. The Government had planned to introduce this new funding formula from 2017/18, however the new system will now apply from 2018/19. The Government has launched a detailed consultation; further details and the financial impact for Sheffield are expected later in 2017.

43. Currently there are three blocks of funding: the Schools Block, the High Needs Block and the Early Years Block. As part of the National Funding Formula, funding allocations from the school block will be directly managed by the Education and Skills Funding Agency (ESFA) from 2019/20 and paid directly to schools.

44. As part of the Schools Block, from 2017/18 there is a new sub-block – 'Central Schools Block'. This contains funding for central schools' services, historic local authority spending commitments and the retained rate of the Education Services Grant (ESG). The Central Schools Block will be subject to reductions in funding over the coming years and there are specific limitations on the historic commitments, with limitations of no new commitments or increase in expenditure and an expectation from the Department for Education that this expenditure is time limited. This reduction in funding will inevitably create budget pressures for a number of council departments.

45. The People Portfolio have accounted for this reduction in grant within their budget pressures from 2018/19 and beyond.

Education Services Grant (ESG)

46. The General funding element of ESG of £500k will completely cease from September 2017.

47. The People portfolio have accounted for this cessation of the grant within the budget pressures figures for 2018/19.

Independent Living Fund (ILF)

48. 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.

49. After initial concerns of large scale funding reductions, the Department for Communities & Local Government (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.

Funding for adult social care

50. As stated in the 2017/18 revenue budget report, £10.3m of so-called additional funding has made available to the Council, namely:
- Adult Social Care precept (£5.4m);
 - Adult Social Care Support Grant (one-off for 2017/18 only) (£2.7m), and;
 - Improved BCF grant (£2.2m).
51. As stated in the Council Tax section of this report (paragraph 35), there is a limit to the percentage by which local authorities with social care responsibilities can raise council tax. It is likely that the maximum headroom for social care will again be 3% in 2018/19, and nil in 2019/20.
52. The Council will lose the ASC Support Grant of £2.7m in 2018/19 as it has only been provided for 2017/18.
53. The Improved BCF is expected to increase by £10.4m in 2018/19 and by £9.3m in 2019/20. These increases have been factored into the calculation of the forecast corporate budget gap, as illustrated in **Appendix 1**.
54. However, the Council faces an immediate challenge of managing the combined impact of £22.8m of RSG cuts and around £19m of social care cost pressures – i.e. £41.8m in total – with only £10.3m of additional ASC funding (of which £2.7m is temporary) and no additional funding for children’s social care. The challenge is compounded over the medium term, with a significant cumulative gap between social care cost pressures and resource levels by 2022/23.
55. The extra ASC funding announced in Spring Budget 2017 (five days after the Council’s 2017/18 revenue budget was approved) may help to alleviate these pressures to a certain extent, however the Council is required to pool this extra funding into the Better Care Fund and to agree how it is spent with the Clinical Commissioning Group. A separate paper prepared by the Director of Adult Social Services on the Council’s approach to using these funds to assist in the transformation of social care services will be taken to Cabinet for approval in July 2017.

Forecast revenue expenditure

56. The Council set a net revenue budget for 2017/18 of around £395.6m. 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 2017/18, there are a number of potentially significant additions and reductions to annual expenditure in future years:

- Local Government Pensions costs: following the triennial review of the South Yorkshire Local Government Pension Scheme (LGPS) in the December 2016 and confirmation in March 2017, the Council is confident that impacts of the assessment over the three years to 2019/20 have been captured during the 2017/18 budget process.
- However, it must be stressed that these revaluations of the fund have been historically volatile, due in no small part to the underlying assumptions linking the fund's future performance to the potential performance of the financial markets.
- Given the inherent uncertainty around the financial markets and potential impact of Brexit upon the fund's investments, there is a risk of increased pension charges in future years. This is reflected in the additional budget requirement forecast in 2020/21 of £5m, as shown in **Appendix 1** of this report.
- This likely increase in costs will be managed in some part by way of an early payment of the deficit recovery contribution during 2019/20, 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 via a collective agreement with Trade Unions. This agreement will expire in March 2018. The estimate of circa £19m of pay and reward costs included in this MTFAs reflects the overall funding envelope which the Council believes is affordable given its current financial pressures.
- Preliminary discussions with Trade Unions began during 2016/17 and continue to pursue options to secure a new pay deal for staff going forward. It is worth noting that the profile of costs may alter over the period of the MTFAs depending on the pay strategy to be implemented.
- 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 £1.0m 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, taking the total cost in 2018-19 to £79m. It does not include any additional costs arising from possible delays to the programme arising from street trees. 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** 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 2018/19.
- 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. The Council is currently negotiating further savings for 2017/18 onwards. These savings will help to mitigate future cost pressures within the contract.
- Impact of emerging pressures in 2017/18: there will be difficulties associated not only with delivering some of the savings approved in the 2017/18 budget but also in mitigating social care pressures due to demand and other factors. In particular there were unresolved social care pressures of £13m in 2016/17, with these pressures forecast to increase to £20m in 2017/18, and a further £21m of social care pressures anticipated in 2018/19. For the purposes of the MTFA forecast, it has been assumed that there will not be any unresolved pressures from 2017/18 or, if there are, these will be dealt with as part of the approach to managing pressures. However it should be stressed that these pressures are putting future budgets under great strain.
- In terms of portfolio cost / demand pressures, these amounted to approximately £27m in the 2017/18 budget and were offset by savings of an equivalent figure. The majority of the pressures in 2017/18 related to adult social care costs. The adult social care costs are likely to feature prominently in the review of potential pressures in 2018/19, alongside children's social care pressures.
- The level of general pressures for 2017/18 included a provision for staff pay awards of 1%, amounting to approximately £2m. Meetings between local government representatives and trade unions are currently underway to determine the proposal for pay awards in future years (see pay & reward strategy section above).

Approach to balancing the budget

57. 2018/19 is the eighth 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 £15.4m. 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.

58. Consequently for 2018/19 we will continue with the approach initiated for 2017/18 business planning, in other words moving 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 refreshing a four-year programme of transformative strategic changes in individual services intended to release sufficient savings to enable our budget to be balanced. We will update this MTFA later in the year as needed to reflect the revised strategic programme. As part of this process, we are seeking to focus activities on the Council's key priorities of economic growth, prevention and making effective use of our resources. 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

59. The Medium Term Financial Analysis 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.

60. The Executive Director of Resources has reviewed the position relating to Reserves and has produced a Reserves Strategy as part of the 2017/18 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 2018/19

61. 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. Therefore for budgetary purposes, the Capital Programme is kept separate to the General Fund revenue budget, hence any proposed changes to the Capital Programme are not expected to have any significant impact on the MTFA. The next update to the Capital Programme will be presented to Cabinet in February 2018.

Housing Revenue Account

62. The Housing Revenue Account (HRA) is the statutory financial account of the Local Authority as landlord. The Council owns approximately 39,900 homes that are home to around 46,400 people as tenants. In addition, 2,437 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.

63. 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 MTFA. The next update to the HRA Business Plan will be presented alongside the HRA revenue budget for 2018/19 to Cabinet in January 2018.

Implications of this Report

Financial & Commercial Implications

64. 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

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

Equal Opportunities Implications

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

Alternative Options Considered

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

Dave Phillips
Head of Strategic Finance
03 July 2017

Appendix 1 – Forecast Revenue Position 2018/19 to 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
<u>Grant variations:</u>					
RSG					
Reductions in RSG	15.4	15.5	0.0	0.0	0.0
Re: Business rates					
Top-up grant - inflation	-1.0	0.0	0.0	0.0	0.0
<u>Other specific grants</u>					
Improved BCF	-10.4	-9.3	0.0	0.0	0.0
<u>Business rate income:</u>					
Inflation on business rate multiplier	-2.5	-2.0	-1.0	-1.0	-1.0
Growth in Business rate base	-1.8	-0.7	-0.7	-0.7	-0.7
<u>Council Tax income:</u>					
Growth in Council Tax Income	-4.3	-4.4	-4.5	-4.5	-4.6
Social Care Precept	-5.6	0.0	0.0	0.0	0.0
<u>Collection Fund surplus:</u>					
Fall out of 2014/15 Collection Fund surplus paid in 2015/16	0.4	0.0	0.0	0.0	0.0
<u>Expenditure variations:</u>					
Pay Strategy	2.8	4.1	4.1	4.0	4.0
Living Wage Increase (LWF)	0.2	0.4	0.8	0.8	0.8
Pensions deficit	0.0	0.0	5.0	0.0	0.0
Employers NI Contributions	0.0	0.0	0.0	0.0	0.0
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	5.7	0.4	0.5	0.5	0.5
Howden House PFI	0.1	0.0	0.1	0.0	0.1
Capital Financing costs	-1.0	0.0	-1.0	0.0	0.0
Capita contract costs	1.1	0.6	-0.6	0.0	0.0
TOTA Year on year movement, excluding service pressures	1.1	6.6	4.8	1.1	1.1
Social care pressures	21.0	17.6	15.6	11.0	11.0
Other services' pressures	7.1	2.9	3.0	2.1	2.1
add bf position	0.0	29.1	56.3	79.6	93.8
Cumulative position, excluding service pressures	29.1	56.3	79.6	93.8	108.1

Appendix 2 – Key Assumptions

Assumption / Scenario	Base Case
RSG	<p>Indicative reductions as per 2017/18 Local Govt Finance Settlement, i.e.:</p> <ul style="list-style-type: none"> • £15.4m (2018/19) • £15.5m (2019/20)
Business rates	<ul style="list-style-type: none"> • A business rates growth model has been developed by a multi-disciplinary team of Council officers 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). • This is based on the forecasts made by the Office for Budget Responsibility in March 2017 (e.g. 3.6% for 2018/19) minus 1% to account for market volatility. RPI has been 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 the policy announced by the former Chancellor in the 2015 Autumn Statement. • The VOA recently completed 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 same time, a new appeals process was introduced (“Check Challenge Appeal”). At this stage, it is not possible to evaluate the potential impact of appeals triggered by 2017 revaluation on the Council, so it is assumed in this MTFa that there will be a neutral impact. • 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. A prudent provision has been taken for the appeals and as such this should not impact on the MTFa. 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 2017/18 levels. • 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 2017/18 levels 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 2017/18 levels (circa £44.1m) • It is assumed that losses on collection will stay at 2017/18 levels.
Council tax	<ul style="list-style-type: none"> • >500 additional band D equivalent properties per annum 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. • The tax base for 2018/19 assumed that 36,740 properties would be eligible for discounts and exemptions. At the present time, it is assumed that the number of properties claiming discounts/reliefs in

	<p>future years will remain the same. However, this figure is subject to fluctuations throughout the year, particularly as a result of student homes exemptions.</p> <ul style="list-style-type: none"> Local Council Tax Support Scheme stays the same. 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 2018/19. Core referendum trigger remains at 2%. Social care referendum trigger remains at 3% cumulative for next 2 years. In-year collection rate remains at 95.5%: 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 2018/19 assumes an in-year collection rate of 95.5% (unchanged from 2017/18). No change to reliefs & discounts Hardship Fund increases by £0.2m per annum
Collection Fund surplus/ deficit	<ul style="list-style-type: none"> Collection Fund balances in each of the next 5 years
Specific grants	<ul style="list-style-type: none"> Improved BCF grant as per 2017/18 Local Govt Finance Settlement allocations.
Pay inflation (set nationally)	1% 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 and £0.4m per annum for the 2 years to 2019/20, jumping by a further £0.8m annum after that. This is due to the rate at which LWF increases and overtakes the lower end of the SCC pay scale.
Pay strategy (set locally)	The estimate of circa £19m of pay and reward costs over the period of this MTFAs reflects the overall funding envelope which the Council believes is affordable given its current financial pressures.
Employers' national insurance	After the introduction 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.
Local Government Pension Scheme (LGPS) costs	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
2017/18 & prior year budget savings	All savings approved by Full Council in March 2017 (and all 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.
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.
Capital financing costs	£1m reduction in costs anticipated in 2018/19 and £1m in 2020/21.
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.
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.

Appendix 3 – Key Financial Risks

RSG reductions	Current assumption is based on the 2017/18 Local Government Finance Settlement announced in February 2017. 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, Brexit, further austerity and/or any further localisation of business rates retention
Business rates	Key sensitivities relate to: <ul style="list-style-type: none"> • 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 each year. If the trigger was reduced from 2% to 1%, this would limit the Council’s ability to generate additional income by circa £1.8m. 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 Chancellor’s Budget due in late November each year, could have a profound effect on all sources of Central Government funding, including RSG and specific grants such as Public Health. The outcome of the General Election 2017, which was not known at the time of writing this report, could have a significant bearing on future spending reviews.
Pay inflation	A 1% variance in pay equates to around £1.7m. Based on recent history, public sector pay is expected to be capped at 1%; this has been used as the basis for calculating portfolios’ pay pressures. The corporate budget gap takes account of a potential increase over and above the 1% threshold (see pay and reward strategy section of the main body of the report for further details).
2017/18 budget savings	Any risk of non-achievement of agreed savings in the 2017/18 budget will be reported in monthly budget monitoring reports. Portfolios will be expected to find mitigating savings.

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 2017/18, and the further 2 years of cuts announced in the Chancellor's 2016 Summer Budget.
- As at the 31 March 2017 the balance of General Fund reserves was £135.5m. 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 £9.7m the aforementioned £135.5m is set aside as earmarked reserves for future liabilities. The figures in the table below are not anticipated to change but are still provisional pending the outcome of the financial accounts audit.
- The table shows that during 2017/18 total reserves levels are planned to increase by £4.6m. This is primarily as a result of the planned repayment of the temporary borrowing from reserves used to make the early pension deficit payment during 2016/17 for the periods 2017/18 to 2019/20. This early payment delivered significant savings.

Summary of Non-Earmarked & Earmarked Reserves at 31 March 2017 & Estimate of balance at 31 March 2018

Description	Balance at 31/03/17 £000	Movement in 2017/18 £000	Balance at 31/03/18 £000
Non-earmarked Reserves			
General Fund Reserve	9,691	2,913	12,604
	9,691	2,913	12,604
Earmarked Reserves			
Invest to Save Post 2015	1,482	(1,321)	161
PFI Reserve	(349)	(1,079)	(1,428)
Highways PFI Reserve	15,231	(1,240)	13,991
Total PFI Reserve	14,882	(2,319)	12,563
Major Sporting Facilities	41,034	(11,165)	29,869
New Homes Bonus	11,567	(3,325)	8,242
Insurance Fund Reserve	11,102	(1,000)	10,102
Public Health	1,032	0	1,032
Other earmarked	44,734	20,854	65,589
Total Earmarked Reserves	125,833	1,725	127,557
Total Revenue Reserves	135,524	4,638	140,161

* 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 £9.7m at 31 March 2017, representing only 2.4% of net revenue expenditure.
- 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 2.4% net revenue budget has fallen below the minimum prudent level recommended by the Executive Director of Resources, mainly as a result of the £2.3m overspend in 2016/17. The Executive Director will make the recommendation to Cabinet in June 2017, as Statutory Finance Officer (s151 Officer), that the reserve is returned to the minimum recommended level of £12.6m, approximately 3% of net revenue expenditure, during 2017/18. This recommendation is reflected in the table above.

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 unaudited 2016/17 Statement of Accounts, Usable Reserves Note 29 in the following link <http://www.sheffield.gov.uk/home/your-city-council/statement-accounts>

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	<p>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.</p> <p>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.</p>
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-Domestic Rates	These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied

(NDR)	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.
Localisation	This term refers to the implementation of 100% business rates retention, which is by far the most significant reform to local government finance during the period of this MTFA. From 2020, it is assumed that the 50% central share of business rates currently retained by central government will be transferred to local government.
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 Government Grants	These are designed to aid particular services and may be 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	<p>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.</p> <p>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: <i>"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)."</i></p>
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.



Author/Lead Officer of Report: Phil Holmes
Tel: 0114 273 6751

Report of: Jayne Ludlam, Executive Director, CYPF and Communities

Report to: Cabinet

Date of Decision: 19 July 2017

Subject: Additional Budget funding to spend on Adult Social Care services

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input checked="" type="checkbox"/>		
- Affects 2 or more Wards		<input checked="" type="checkbox"/>		
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				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given?				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>“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).”</i>				

Purpose of Report:

To provide proposals for the expenditure of the additional Adult Social Care funding received by Sheffield City Council from national government between 2017-18 and 2019-20.

To show how these proposals meet national criteria and also accord with local priorities.

Recommendations:**That Cabinet**

- (i) Approves proposals for the expenditure of the additional Adult Social Care funding received by Sheffield City Council from national government between 2017-18 and 2019-20.
- (ii) Delegates authority to the Executive Director of People in consultation with the Director of Adult Services and the Cabinet Member for Health and Social Care to commit funding in line with the proposals contained within this report.
- (iii) Delegates authority to the Executive Director of People in consultation with the Director of Adult Services and the Cabinet Member for Health and Social Care to take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in this Report.

Background Papers:

None

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: Liz Gough
		Legal: Steve Eccleston
		Equalities: Laura Pattman
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Jayne Ludlam
3	Cabinet Member consulted:	Cate McDonald
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: Phil Holmes	Job Title: Director of Adult Services
	Date: 10 th July 2017	

1 Proposals

- 1.1 To commit available funding to the three priorities set out below. Further detail about schemes to be funded against each of these priorities is set out in section 11 of this report.
- 1.2 The need to invest in development, innovation and infrastructure that will address underlying issues, rather than continuing to work within the existing health and care system and its constraints. £5.900m investment earmarked to support this priority.
- 1.3 The need to build the sustainability and resilience of the adult social care provider market so that capacity is there to support the whole health and social care system, particularly in times of high demand. £9.813m investment earmarked to support this priority.
- 1.4 The need to ensure that adult social care needs can still be met where there is significant financial constraint that might otherwise result in a service reduction. £8.287m investment earmarked to support this priority.

2 The scope of adult social care

- 2.1 The scope of adult social care is defined in the Care Act 2014. The target populations are:
 - adults (defined as aged 18+) with care and support needs
 - carers of adults with care and support needs
 - children and young people with care and support needs planning for transition to adulthood
 - carers of children and young people with care and support needs planning for transition to adulthood
 - young carers planning for transition to adulthood
- 2.2 The Care Act refers to “care and support needs” as arising from or relating to a physical or mental impairment or illness. This includes if the person has a condition as a result of physical, mental, sensory, learning or cognitive disabilities, or illnesses, substance misuse or brain injury.
- 2.3 “Adults with care and support needs” is a much broader population of people than those “eligible” people for whom the Council provides or arranges social care services. It also includes people who might have lower needs, or who might have enough money to arrange all their care and support themselves. The Care Act says that we still have a duty of wellbeing towards this wider population, for example by providing them access to the advice, information and advocacy they need that will prevent their situation deteriorating where this is avoidable.
- 2.4 In this context the Council is proposing to invest the funding across a range of initiatives to ensure that the funding benefits the adult social care population as a whole. The Local Government Association has said “...it is important to remember that social care is about much more than freeing up hospital bed space. It is about providing care and support for people to enable them to live more independent, fulfilled lives, not just older people, but those with mental health conditions, learning and physical disabilities. Hospitals account for only one in five adult social care referrals, and so this new funding may best ease pressure on NHS and council services by being directed at addressing wider pressures

3 The vision for adult social care

- 3.1 It is intended that the additional investment in Adult Social Care is used to enable a sustainable shift in the Council's approach that will improve outcomes for local people even in the context of diminishing resources available to the Council as a whole.
- 3.2 All three investment priorities identified in section 1 are intended to contribute to this shift. Even where investment is focused on supporting areas where there is significant financial constraint, the intention is that this creates capacity and time to develop new approaches that ensure future financial sustainability.
- 3.3 The strategic intention of Adult Social Care in Sheffield over the medium to long-term is to support a shift into prevention and well-being. This means moving away from the crisis intervention model that currently predominates, where because of a lack of early help and preventative support, outcomes for local people are worse than they could be and resources across health and care are not used well.
- 3.4 The vision for Adult Social Care is based on three different populations in Sheffield with different needs. Each of these populations needs the right support from the right person at the right time if they are going to thrive.
- 3.5 **People Keeping Well:** People who may need a little bit of help to stay resilient and strong. They will maintain their level of independence if they are connected to the resources and support available within their neighbourhoods and networks.
- 3.6 **Active Support and Recovery:** People who have experienced some difficulty, perhaps following a period of poor health. They will regain their previous level of independence if they get focused help to achieve their recovery goals.
- 3.7 **Ongoing Care:** People for whom regaining their previous level of independence may not be possible. They will still live a good life if they receive targeted and co-ordinated support that is geared to priorities important to them.
- 3.8 These objectives apply to all target groups for adult social care defined by the Care Act and set out in section 2 above. They parallel the Integrated Commissioning model agreed with the Clinical Commissioning Group and forming the basis of Sheffield's Better Care Fund.
- 3.9 A shift into prevention over time will result in a greater proportion of support and spend being utilised in People Keeping Well, and a smaller proportion therefore being required in Ongoing Care. Appropriate interventions within Active Support and Recovery, building independence and resilience rather than fostering long-term dependency, are key to this shift.
- 3.10 The success of the above model also depends on focused and targeted use of resources at individual, community and city-wide levels. Use of resources must be linked to focused delivery of outcomes. Services and support must work efficiently, with resources focused on delivery and minimised bureaucracy and waste.

4 How does this decision contribute?

- 4.1 The proposal will contribute to the Better Health and Wellbeing ambition, by ensuring people can access the care and support they need to be independent safe and well in their homes and in their communities.
- 4.2 The proposals in this report will:

- Ensure Sheffield citizens do not spend longer in hospital than they need to, with associated risks of contracting secondary infections and also losing confidence and independence outside their own homes
- Ensure more Sheffield citizens are supported in their own homes and fewer have to resort to moving to a care home. This will particularly benefit older people.
- Improve outcomes for adults of working age with learning disabilities and / or mental health problems through targeted interventions at key times in their life, for example when moving into adulthood.
- Provide greater support to Sheffield's workforce, working with NHS colleagues at the front line and providing essential help to some of our city's most vulnerable adults.

5 Has there been any consultation?

- 5.1 There has been extensive consultation with NHS partner organisations in Sheffield to ensure that the balance of investment helps the whole health and care system provider better outcomes for local people. In particular this has included Sheffield Clinical Commissioning Group and Sheffield Teaching Hospitals in relation to the key target of reducing the number of people who stay in hospital for longer than they need to.
- 5.2 Proposals have also been influenced by ongoing engagement with citizens and partners in Sheffield, for example drawing on local work coordinated by Healthwatch to help improve the quality of homecare services.

6 Risk Analysis and Implications of the Decision

Equality of Opportunity Implications

- 6.1 The proposals are designed to improve the stability, availability and quality of Adult Social Care for all of Sheffield's population.

7 Financial and Commercial Implications

- 7.1 The Government has made a previous commitment to provide funding to Local Authorities as part of the Better Care Fund (BCF). The funding announced as part of the recent budget effectively 'fast tracks' this funding as can be seen from the table below:

Year	Annual £000 BCF	Cumulative £000 BCF	Annual Additional Investment £000	Cumulative Additional Investment £000	Total Annual £000	Total Cumulative £000
2017/18	2,200	2,200	12,500	12,500	14,700	14,700
2018/19	10,400	12,600	7,700	20,200	18,100	32,800
2019/20	9,300	21,900	3,800	24,000	13,100	45,900
Total	21,900		24,000		45,900	

- 7.2 As can be seen from above the impact of the additional funding is twofold:
- The funding agreed as part of the BCF is effectively brought forward; and
 - The overall amount of the BCF monies is effectively doubled over the three year period.
- 7.3 The original Better Care Fund investment is cancelled out by continued reductions in the Revenue Support Grant (RSG).

- 7.4 The £24m additional funding must either be used on a one-off, non-recurrent basis, or be used to lever change that enables savings in other parts of the health and care system to ensure recurrent use.
- 7.5 Specific schemes are set out in section 11. The majority of the funding is committed on a non-recurrent basis, either to support time-limited projects or because mainstreaming at the end of the three years is likely to be possible because of the savings that proposals will generate either for the Council or key partners.
- 7.6 However the Council anticipates £5m of recurring annual commitment from this investment. This relates to the additional investment in the adult social care provider market (see paragraph 11.) and also support to community pharmacies to improve medication management (see paragraph 11.)
- 7.7 This is a significant risk because of the very challenged financial position of the Council. However, not making this investment will expose Sheffield citizens to risk of poor quality care and will also create hidden costs (for example a greater number of people needing to move to care homes because consistency of care in the community is insufficient).
- 7.8 There are three ways that this risk can be mitigated.
- 7.8.1 Additional financial support to the adult social care provider market will be rigorously monitored to ensure that investment directly supports improved care in Sheffield and money is not wasted.
- 7.8.2 Demand for care will be well-managed. As set out in section 3, the vision for adult social care is to enable a shift into prevention which will mean proportionately fewer people need care.
- 7.8.3 The investment will create a more stable supply of care which will result in significant benefits to the NHS. Just as inconsistent adult social care creates the risk that more Sheffield people will wait longer in hospital beds before they can leave, so consistent care will mean fewer hospital beds are likely to be needed. The shift into prevention that will be delivered in Sheffield will take pressure off the usage of hospital beds and enable a shift of resources from acute care to community care to ensure future affordability.
- 7.9 Use of resources across the whole of health and care is absolutely key to a sustainable financial plan in future years. The latest national initiatives to develop “Sustainability and Transformation Plans” (STP) and “Accountable Care Systems” (ACS) will be no more effective than plans that have gone before them unless they support a shift in funding away from bed-based and institutional care, and towards sustainable preventative support for people living in Sheffield’s communities. Adult social care is a key aspect of this.

8 Legal implications

- 8.1 Direction about use of this funding is provided on pages 17 to 18 of the Integration and Better Care Fund Policy Framework and Planning Requirements 2017-19. As follows:
- 8.1.1 Grant paid to a local authority under this determination may be used only for the purposes of meeting adult social care needs; reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported.
- 8.1.2 A recipient local authority must:
- pool the grant funding into the local BCF, unless an area has written Ministerial exemption;

- work with the relevant Clinical Commissioning Group and providers to meet National Condition 4 (Managing Transfers of Care) in the Integration and Better Care Fund Policy Framework and Planning Requirements 2017-19; and 2017-19 Integration and Better Care Fund
- provide quarterly reports as required by the Secretary of State.

8.2 The Government has made clear that part of this funding is intended to enable local authorities to quickly provide stability and extra capacity in local care systems. Local authorities are therefore able to spend the grant, including to commission care, subject to the conditions set out in the grant determination, as soon as plans have been locally agreed.

9 Alternative options considered

9.1 The proposals set out try to achieve the best balance between the three purposes defined nationally and set out in 8.1.1.

9.2 A recent survey carried out by the Association of Directors of Adult Social Services (ADASS) indicates that two thirds of Councils were unable to allocate any resource to supporting the local NHS, including via reducing the numbers of people delayed in hospital. Sheffield could have adopted this position, and prioritised increasing investment in existing adult social care services instead. However this would have missed an opportunity to work in a collaborative way with local NHS colleagues and also to collectively address issues within local NHS services that create poor outcomes for Sheffield citizens and themselves lead to higher adult social care costs.

10 Reason for recommendations

10.1 The significant financial constraints on adult social care nationally mean this increased investment is welcome. There is a need to commit funding to sensible priorities as soon as possible, in particular to prepare for increased demand for adult social care over the coming winter

11 Detailed proposals

11.1 This section sets out more detailed proposals that will be implemented subject to approvals. Each proposal relates to one of the three priorities set out in section 1 above.

11.2 The need to invest in development, innovation and infrastructure that will address underlying issues, rather than continuing to work within the existing health and care system and its constraints. £5.900m investment earmarked to support this priority and is attached to proposals set out in 11.5 through to 11.12.

11.3 The need to build the sustainability and resilience of the adult social care provider market so that capacity is there to support the whole health and social care system, particularly in times of high demand. £9.813m investment earmarked to support this priority and is attached to proposals set out in 11.13.

11.4 The need to ensure that adult social care needs can still be met where there is significant financial constraint that might otherwise result in a service reduction. £8.287m investment earmarked to support this priority and is attached to proposals set out in 11.14 through to 11.16. These proposals safeguard existing activity rather than directly developing new activity.

11.5 **Greater efficiency within the Short Term Intervention Team (STIT)**

Challenge: STIT is the Council's intermediate care service, chiefly supporting older people to leave hospital and get the care and support they need at home. STIT have significantly improved efficiency over the past year. Direct contact time with customers has increased and length of stay has decreased. This means that the number of people supported by the service to regain independence after illness or injury is increasing.

Proposal: To continue these gains, STIT needs to invest a small amount in assessment and review capacity so that access and length of stay become even more optimal. STIT's internal efficiency programme will make this self-financing after one year, so funding is phased over the second half of 2017-18 and the first half of 2018-19.

Benefits: Reduced Delayed Transfers of Care from hospital, reduced care home placements from hospital.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	69	69	0

11.6 Improving medication management for people who receive care at home

Challenge: Community pharmacies perform an essential role in managing medication for adults with care and support needs. The administration of medication is a significant element within the delivery of care at home. It is obviously critical that people subject to medication receive the correct dosages at the correct time.

Proposal: Developing a single approach to recording the administration of medication in peoples' own homes will create considerable benefits both for Sheffield citizens and to those managing and administering medication. A greater degree of consistency in recording will reduce the risk of errors and also make it much more straightforward for NHS colleagues in the community and in hospital when medication is reviewed.

Benefits: Reduced risk of medication errors, reduced bureaucracy for care providers, social care and NHS staff, reduced risk of readmission

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	187	187	187

11.7 Whole system innovation to reduce Delayed Transfers of Care and improve outcomes for Sheffield people after their hospital stay

Challenge: Analysis of Delayed Transfers of Care in Sheffield between April 2016 and April 2017 found that 30% of delays related to decision-making in hospital about the right discharge route, 32% related to decision to move a person to a care home and how long it took to arrange that, and 31% related to delays in arranging care at home. Several measures identified in this investment plan will add capacity and capability to adult social care and reduce delays in arranging care at home but there needs to be attention given to the broader system factors that create Delayed

Transfers of Care. The right decision needs to be made quickly in somebody's hospital stay so that they are able to leave as soon as their need for specialist hospital care has ended. People must also be supported to return home in the vast majority of cases as it is inappropriate for hospital to be used as a place where decisions are made about an individual's long-term future. These decisions are best made with their full involvement in their own home. The challenge of reducing Delayed Transfers of Care includes providing the right support within Primary Care to support adults to safely manage long-term conditions in the community, and providing support to care homes to help residents manage their complex needs. A great deal of improvement can be made within existing resources across Sheffield's health and care system, but some pump-priming funding will provide further impetus for change.

Proposal: For an innovation fund to support the rapid development of schemes to reduce Delayed Transfers of Care and care home placements from hospital with immediate effect from this winter. This innovation fund will support key priorities like enhancing the ability of health and social care staff to support people with complex needs in their own home, supporting care homes to better manage the health conditions of residents, supporting voluntary and community organisations to give that little bit of help that people sometimes need when adjusting after a hospital stay.

Benefits: Reduction in Delayed Transfers of Care; reduction in care home placements.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	994	324	0

11.8 Improving life chances for people with disabilities moving into adulthood

Challenge: Young people with disabilities may sometimes have special educational needs but nevertheless share the aspirations of their peers to access further education, employment and live a fulfilled, connected life in adulthood. When young people are not supported well to do this, there is a considerable negative impact on their own life and also implications for public services that could have been avoided.

Proposal: The Council and partners across Education and the NHS are making considerable progress in the development of support that will help people with disabilities move into adult life with access to opportunities enjoyed by others. However there is a need for further capacity to provide specialist therapy support, particularly for people with learning disabilities and / or autism that helps them develop their skills and confidence and increase their participation.

Benefits: Larger number of young people with disabilities accessing further education, employment and training. Larger number of young people with disabilities able to access opportunities in Sheffield rather than leaving the city.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	94	188	188

11.9 Improving early intervention to support people with mental health problems who come into contact with the police

Challenge: Adults with mental health problems can sometimes come into contact with the police when suffering an episode of ill health, and may be taken into custody as the only safe alternative to address their presenting needs. This can be a traumatic process for the person concerned and also may result in poor use of already overstretched policing resources.

Proposal: Allowing the police rapid access to specialist mental health resource creates the ability to intercept these situations, ensure the affected person has appropriate assessment quickly, and also divert them to appropriate support that will help prevent further escalation in their condition.

Benefits: Better outcomes for adults with mental health problems including less risk of escalation and greater likelihood of recovery in their own homes.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	51	102	0

11.10 The high number of people who require assessment under Deprivation of Liberty Safeguards (DoLS) linked to practice referred to above

the high rate of care home placements in Sheffield, referred to above, has resulted in a high number of people requiring assessment under Deprivation of Liberty Safeguards to ensure they are being supported in the least restrictive way that is appropriate to their circumstances. Sheffield has built a considerable backlog of people awaiting assessment. On a pro-rata basis this backlog is the third highest in Yorkshire and Humber which constitutes a risk both for people affected and for the Council itself. One-off investment in 2017-18 in targeted resource to considerably reduce this backlog would better manage this risk and take pressure off the social work workforce that can instead be focused on better managing new demand as well as reviewing and better supporting people living in the community.

Benefits: Prompt assessment under Deprivation of Liberty Safeguards. Increase in number of people supported in least restrictive way, including via a reduction in care home placements.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	300	0	0

11.11 Improving systems and reduce bureaucracy in the delivery of adult social care

Challenge: The Council's current case management system that supports both adults and children is old and outdated. It was commissioned a number of years ago and does not offer the capability to support modern working practices. Consequently the work has to be adapted to support the system, rather than the system supporting the work.

Opportunity: A new system is being procured from 2018-19 onwards. The operator has been selected following a procurement process but the content of the system will be co-designed so it supports Sheffield's local context. This provides an opportunity to significantly reduce current bureaucracy and increase the speed that work is completed. Introduction of this system will have one-off revenue costs in terms of design, data migration and other factors. If these are not funded then implementation will at worst be impossible and at best will be deeply flawed.

Benefits: Reduction in Delayed Transfers of Care. Shorter end-to-end times for social work involvement including more rapid decision-making. Greater interoperability with NHS systems.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	1000	1000	0

11.12 **The need to develop the health and care workforce to support delivery**

Challenge: Structural and system changes within adult social care will not be successful without investment in developing the workforce. Above all, the three objectives set out in section 3 need to be translated into a practice framework that supports individual interactions between staff and citizens. Staff also need to be involved in designing, alongside citizens, the key tools and forms that will underpin these individual interactions and be significant ingredients in the new Case Management System. New service models, for example locality working, also need support to embed. Social care workforce development will better enable a shift into integrated working rather than just lifting and shifting current practice into new locations.

Opportunity: The challenges for the adult social care workforce are the same as the challenge for the health and care workforce. The funding earmarked below is intended to help ensure that people working across the system get the support they need to work in new ways and make a sustainable positive impact for our population.

Benefits: Reduction in Delayed Transfers of Care. Reduction in care home placements. Higher workforce morale. Greater satisfaction from Sheffield residents about the quality of support they receive.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	460	250	250

11.13 **Sustainability of the social care provider market supporting older people**

Challenge: Sheffield's domiciliary market is now stable thanks to focused commissioning activity to increase fee rates and improve market relationships. A number of new providers have entered the city and there is considerable potential for further improvement. However it needs to be recognised that this is from a relatively low base. Although performance varies across Sheffield's care and support providers, a number have struggled to retain and develop good quality staff and this has had an impact on both satisfaction and outcomes for customers. In turn, this has created pressure both on NHS partners (in terms of avoidable admissions to and

delayed discharges from hospital) and the Council itself (in terms of relatively high rates of care home placement).

Sheffield's care home market feels less stable than the domiciliary market at present, particularly in relation to the residential sector where fee rates look significantly low in relation to neighbouring authorities. However, one key difference with the domiciliary market is that Sheffield makes a greater number of care home placements than many comparator authorities. This is a clear indicator that we are not achieving the objectives set out in section 3. Not enough people are being supported to sustain and regain independence. Therefore there is a need to strike the right balance between resources that are invested in the care home sector and resources that are invested to keep older people at home where many prefer to stay. As preventative, community-based work starts to bear fruit Sheffield will start to reduce care home placements to the level of comparator authorities and there will be an oversupply of care home beds in the city.

However, while the direction of travel for each of these sectors may be different, the current issues facing them are similar and need to be addressed to provide stability over the winter months while broader plans bear fruit.

Proposal: A further increase in the market rate that Sheffield City Council pays, with the proviso that this investment directly improves employment terms and conditions for front-line staff, is likely to significantly enhance stability and improve quality of life for people living in their own homes and care home residents. In turn, this should improve use of resources for both the NHS and the Council, leading to less usage of both acute and care home beds. The challenge for Sheffield will be to use resources released by lower usage of acute and care home beds to sustain these benefits beyond the three year allocation of funding.

Benefits: Reduction in Delayed Transfers of Care. Greater number of people being supported to stay where they are, rather than escalating to higher levels of need. Higher levels of customer satisfaction arising from greater consistency and continuity of care.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	1250	3750	4813

11.14 **The need to improve outcomes and use of resources for people with learning disabilities and people with mental health problems**

Challenge: The numbers of people with a learning disability or mental health problem in employment are low in comparison to other Local Authorities with similar socio-economic profiles. By contrast, the numbers receiving traditional social care services are comparatively high. The rates of care home placement are also comparatively high. Practice in social care and the local NHS needs to do more to support inclusion and participation for these populations and improve current use of resources that has resulted in significant overspends. The challenge for the system is to remove these overspends over the next three years by improving outcomes for people with learning disabilities and mental health problems in line with progress in comparable areas.

Opportunity: The City Council, the CCG and the Care Trust are working on an integrated programme for mental health. The Council is also working on a recovery plan for Learning Disability and linking this with partnership work. Additional funding cannot be used to mask or defer underlying issues. The profile below is intended to

ensure these recovery plans deliver the significant improvements required in a safe and sustainable way.

Benefits: sustainability of support for adults with learning disabilities and mental health problems while improvements are made as outlined above.

Financial profile:

Mental Health

Year	2017-18	2018-19	2019-20
Funding (£000s)	1349	0	0

Learning Disability

Year	2017-18	2018-19	2019-20
Funding (£000s)	3297	2000	928

11.15 The need to maintain social work capacity until improvements are in place that increase productivity

Challenge: Social work delivery in Sheffield has been inhibited by a poor system and insufficient workforce development, as addressed above. In addition, the structure of the service has been designed in a deeply centralised way that creates a distance between workers and citizens in their communities. This is reflected in relatively low levels of customer satisfaction compared to neighbouring authorities.

Opportunity: the Council is restructuring its adult social work function in order to improve accessibility and outcomes for local people. This includes developing locality teams to support multi-agency neighbourhood working, as well as increasing on-site capacity at the acute hospital and a new “front door” approach to improve advice, information and signposting. In addition there will be focused teams to make greater progress on the transition to adulthood of disabled children, and the Transforming Care agenda for adults with complex disabilities.

Although customer satisfaction is low, Sheffield benchmarks as having higher than average social work capacity in relation to comparator authorities. The more focused structure referred to above, alongside the improvements in system and workforce development that are subject to further investments, is very likely to enable delivery of social work to be much more productive and efficient. However, time needs to be allowed for structure, system and development to bed in. The investment below ensures that capacity will be sufficient over this period.

Benefits: Reduction in Delayed Transfers of Care and care home placements via maintaining capacity to help address the challenges outlined between 4.2 and 4.11.

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	340	170	0

11.16 The need to maintain Community Support Worker capacity while their preventative impact is evaluated

Challenge: Statutory community services across health and social care (for example demand for GP consultations and social work assessments) are under significant pressure. Access to these services can be poor. There is likely to be opportunity to

intercept some people who do not necessarily need to see a GP or a social worker to have their needs met. This is part of a shift into prevention.

Opportunity: The CCG and the Council have invested in Community Support Workers working across Sheffield's neighbourhoods and with strong links to Primary Care. Although there has been positive anecdotal feedback about their impact, the benefits of this role are currently being independently evaluated. The additional adult social care funding will enable posts to be funded this year subject to that evaluation making an argument for future savings and continued investment.

Benefits: (subject to evaluation) earlier intervention that increases wellbeing for Sheffield residents and prevents unnecessary recourse to statutory health and care services

Financial profile:

Year	2017-18	2018-19	2019-20
Funding (£000s)	203	0	0

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Author/Lead Officer of Report:

Damian Watkinson,
Finance Manager

Tel: 0114 273 6831

Report of: *Eugene Walker*

Report to: *Cabinet*

Date of Decision: *19th July 2017*

Subject: *Capital Approvals for Month 02 2017/18*

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 details of proposed changes to the Capital Programme as brought forward in Month 02 2017/18

Background Papers:
Appendix 1 -

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: <i>Marianne Betts</i>
		Legal: <i>Sarah Bennett</i>
		Equalities: No
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Cabinet Member consulted:	<i>Councillor Olivia Blake Cabinet member for Finance and Resources</i>
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: <i>Damian Watkinson</i>	Job Title: <i>Finance Manager Business partner Capital</i>
	Date: 10 th June 2017	

MONTH 02 2017/18 CAPITAL APPROVALS

1. SUMMARY

- 1.1 A number of schemes have been submitted for approval in line with the Council's capital approval process during the Month 2 reporting cycle. This report requests the relevant approvals and delegations to allow these schemes to progress.
- 1.2 Below is a summary of the number and total value of schemes in each approval category:
- 2 additions of specific projects to the capital programme with a value of £24m.
 - 3 variations to the capital programme creating a net decrease of £1.2m
 - 5 variations were undertaken under delegated approval powers (3 Director Variations and 2 Feasibility Funding requests under £100k)
- 1.3 Further details of the schemes listed above can be found in Appendix 1.

2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 The proposed changes to the Capital programme will improve the recreational leisure facilities, schools, roads and homes used by the people of Sheffield, and improve the infrastructure of the city council to deliver those services.

3. BACKGROUND

This report is part of the monthly reporting procedure to Members on proposed changes to the Council's capital programme.

4. OUTCOME AND SUSTAINABILITY

- 4.1 By delivering these schemes the Council seeks to improve the quality of life for the people of Sheffield.

5. OTHER IMPLICATIONS

5.1 Finance Implications

The primary purpose of this report is to provide Members with information on the proposed changes to the City Council's Capital Programme further details on each scheme are included in Appendix 1.

However, specific attention is drawn to the implications of the decision to approve the £23m construction budget of the Astrea Academy as part of the School's Growth Programme, as this approval now crystallises the funding gap which was forecast to emerge as a result the requirement to deliver additional school places in advance of the Central Government funding allocations for this purpose. Whilst it is this specific approval that results in the over commitment of funds this needs to be viewed in the context of a the wider schools expansion programme which includes the new provision to be delivered on the former Bannerdale site (£26m), the Oasis Academy at Don Valley (£16m) and numerous temporary and permanent expansions particularly in the Primary sector totalling £9m in 2016-17.

The principle of committing the authority to expenditure in excess of grant allocations and the use of SCC internal resources (i.e. Strategic Capital Reserves and Capital receipts) to cash flow this deficit position was presented in the Cabinet Report on Schools Growth in February 2016

The table below indicates the summarised cash flow of the Schools Programme in 000's:

	2017/18	2018/19	2019/20	2020/21	2021/22
<i>Funds</i>					
<i>b/f</i>	20,463				
Estimated Income	15,034	14,051	13,362	13,500	13,500

Estimated Spend		38,231	33,541	4,554	3,554	3,809
	<i>mvt</i>	-23,197	-19,490	8,809	9,946	9,691
	cum.					
	<i>mvt</i>	-2,734	-22,224	-13,416	-3,470	6,221

Currently the Department For Education (DfE) have confirmed grant funding allocations for school places up to 2019/20. The approval of the construction phase for the Astrea Academy now commits the council to expenditure £12m in excess of these allocations on the understanding that first call on future allocations will be to repay this deficit. This maintains the principle that the creation and maintenance of school places will be funded by the central government grants made for this purpose. However, due to variations in the timing of expenditure required to deliver the school places and the receipt of funds from DfE, the cash-flowing of this deficit will require the ring fencing of up to £22m of resources which will impact upon the authority's ability to provide funding for further capital schemes requiring the support of internal resources until the programme returns to surplus (currently estimated at 2021/22).

A re-assessment of the overall capital programme position and capital receipts is in hand and will be reported to Members.

5.2 Procurement and Contract Award Implications

This report will commit the Council to a series of future contracts. The procurement strategy for each project is set out in Appendix 1. The award of the subsequent contracts will be delegated to the Interim Director of Financial and Commercial Services.

5.3 Legal Implications

Any specific legal implications in this report are set out in Appendix 1.

5.4 Human Resource Implications

There are no direct Human Resource implications for the Council.

5.5 Property Implications

Any specific property implications from the proposals in this report are set out at Appendix..

6. ALTERNATIVE OPTIONS CONSIDERED

- 6.1 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.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The proposed changes to the Capital programme will improve the services to the people of Sheffield
- 7.2 To formally record changes to the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.
- 7.3 Obtain the relevant delegations to allow projects to proceed.

Recommendations

Cabinet is recommended to:

- Approve the proposed additions and variations to the Capital Programme listed in Appendix 1, including the procurement strategies and delegate authority to the Interim Director of Finance and Commercial Services or nominated Officer, as appropriate, to award the necessary contracts;
 - And
- (ii) and note
- the variations authorised by directors under the delegated authority provisions; and Feasibility

Finance May 2017

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Scheme Description	Value £000	Procurement Route
ADDITIONS:		
THRIVING NEIGHBOURHOODS AND COMMUNITIES		
<p>LTP Cycle Parking To address lack of local cycle parking across the city. There is significant investment in strategic cycling routes through the STEP (Sustainable Transport Exemplar programme) and cycle parking is provided as part of these routes. This small allocation is designed to provide facilities along other routes and at other cycling destinations to help towards achieving 10% of all trips to be made by bike by 2025.</p> <p>Sites for the stands will be shortlisted from public requests and assessed on the level of demand coupled with locations that are on our cycling network that benefit the wider community. –</p> <p>£8,600 of Local Transport Plan (LTP) funding has been made available Costs per stand are as follows:</p> <p>Stainless steel stand - for use in City Centre - £1,324 Galvanised stands for use outside city centre £475 Total number of stands to be installed will be dependent on locations.</p> <p>Funded by Local Transport Plan (LTP)</p>	9	Amey Schedule 7 PFI
SUCCESSFUL CHILDREN & YOUNG PEOPLE		
<p>Astrea* Academy - Second Stage Construction Budget (*formerly known as Woodside) Context: The Council has a statutory duty to provide sufficient school places across the city and this is</p>	23,948	[Stage 2 of Two- Stage Tender

essential to the Council’s focus on enabling children to have the best start, achieve their full potential and contribute to the success of the city. Over the last decade Sheffield has seen a steady increase in births and an increase in the number of children applying to join schools mid-year. Recent data suggests the birth rate in Sheffield is, for the time being, sustained at this higher level. This means school places in Sheffield are operating in a very tight system and more places are needed in different areas of the city to accommodate local growth.

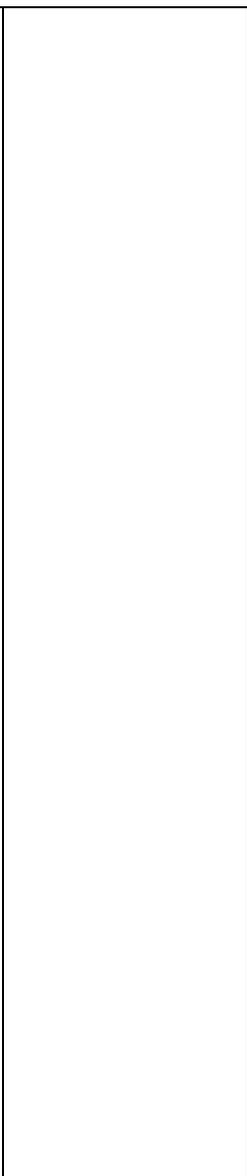
Objective: The city is undertaking a programme of growth to meet this increasing demand and around 4,500 new places have been added to the primary sector in recent years. As well as additional primary places it is expected that by September 2019 an additional 15 to 19 forms of entry will need to be added to the system just to accommodate all children transferring from primary schools into Year 7.

Solution: Design and development of the following school accommodation on the Pye Bank site will contribute towards addressing the above objective:

- 2 form entry primary school
- 5 form entry secondary school
- 6th form accommodation

Approval has already been given to proceed on the basis of a two stage tender process using YORBuild. This ensures the most appropriate construction design solutions are identified and project costs are not elevated to cover a contractor’s assessment of the risks, bearing in mind the risks associated with the site. Approval was granted to procure a contractor to undertake stage 1 tasks - i.e. design. We are now seeking approval to award the full contract construction value - i.e. the second stage of the process.

The project is to be funded by Department for Education grant funding. However, it should be noted that this approval commits the authority to expenditure in excess of known grant allocations (currently announced up to 2019/20) by £12m, creating a cash flow issue peaking at £22m in 2018/19. This will require the ringfencing of corporate capital resources up to this value until such time as future grant allocations are sufficient to repay. Current estimates place this at 2020/21.



Process:
 (YORBuild route already approved)

<p>This principle was agreed in the cabinet report on Schools Growth in February 2016. See paragraph 5.3 in main report for details.</p>		
<p>VARIATIONS:</p>		
<p>THRIVING NEIGHBOURHOODS AND COMMUNITIES</p>		
<p>Public Rights of Way 2017/18 Programme The Council has a statutory responsibility for the maintenance and improvement of an extensive public rights of way (PROW) network comprising: 643km of public footpaths, 104km of bridleways, 32km of cycle tracks, 22km of byways open to all traffic (BOATs), 2km of restricted byways.</p> <p>PROW's provide a vital part of the city's overall transport network, with many paths being within or on the edge of the more urban part of the city. They provide our citizens with a sustainable and healthy means of access to work, education, training and provide health and leisure opportunities. PROW's make a valuable contribution to the Council's overall policies</p> <p>All proposed schemes in the PROW improvement programme meet the policies in the PROW improvement plan and are selected and prioritised in consultation with the Local Access Forum (LAF), to ensure that all relevant interest groups are able to have an influence on our programme.</p> <p>Total cost of the proposals is £120K for 9 schemes: 2 x Beighton, 2 x Bradfield, 2 x Loxley Valley, 2 x Blackburn Valley, and Normanton Hill</p> <p>Detailed Design (SCC) £10K + Project Management (SCC) £5K + Site Supervision (SCC) £9K + Construction £96K = £120K</p> <p>Funded by £80K Local Transport Plan (LTP) and £40K Camera Enforcement</p>	<p>120</p>	<p>Strategy for 17/18 3 quotes per package</p>

SUCCESSFUL CHILDREN & YOUNG PEOPLE								
<p>Basic Need Block Allocation This block allocation reserve is built up from Department for Education (DfE) capital grants specifically issued to help fund works in schools to address pupil places demand.</p> <p>An amount of £9,862k is to be added to this block allocation which represents the 2019-20 DfE grant allocation. This in addition to the current balance of £2,106k would result in a total remaining balance available for distribution in this Block Allocation of £11,968k.</p> <p>This request seeks to allocate 100% of this revised balance as follows:</p> <table border="0" data-bbox="136 667 1400 774"> <tr> <td>Amount transferred to fund feasibility works at Dobcroft Juniors Temporary Expansion:</td> <td style="text-align: right;">£36k</td> </tr> <tr> <td>Amount transferred to fund second stage construction at Astrea Academy*:</td> <td style="text-align: right;">£11,932k</td> </tr> <tr> <td>Total allocation:</td> <td style="text-align: right;">£11,968k</td> </tr> </table> <p>Therefore the net effect of these transactions is to reduce the Block Allocation by £2,106k</p> <p>*NB: As indicated above in the approval requested for the costs of the Astrea Academy commits the authority to expenditure of £12m in excess of confirmed grant allocations and a requirement to identify £22m of corporate resources as cashflow.</p>	Amount transferred to fund feasibility works at Dobcroft Juniors Temporary Expansion:	£36k	Amount transferred to fund second stage construction at Astrea Academy*:	£11,932k	Total allocation:	£11,968k	<p>-2,106</p>	<p>N/A</p>
Amount transferred to fund feasibility works at Dobcroft Juniors Temporary Expansion:	£36k							
Amount transferred to fund second stage construction at Astrea Academy*:	£11,932k							
Total allocation:	£11,968k							
<p>Devolved Formula Capital - 2017-18 Grant Received This scheme represents addition of a grant allocated in 2017-18 to schools by the Department for Education (DfE) for the purpose of addressing the backlog of repairs and maintenance delivered in house by schools. The authority hold funds on behalf of schools, reimbursing them for agreed works. Funds can be rolled forward by schools for up to 3 years, before a claim is made on the scheme's funds.</p> <p>The project is funded from annual Department for Education grant allocations.</p>	<p>797</p>	<p>N/A</p>						

PROCUREMENT STRATEGY ONLY:		
THRIVING NEIGHBOURHOODS AND COMMUNITIES		
<p>Bus Agreement/Hotspots Procurement Strategy only for Phase 2 (17/18) covering: Birley Spa/Moss Way junction; Handsworth Road (adjacent Asda); 2 x schemes at Granville Rd; Meadowhall Rd/Way/Jenkin Rd STM; schemes at traffic signals along the Gleadless, S10 and North Sheffield Key Bus Routes; and another along the Mosborough Key Bus Route – as well as design works on Phase 3 (Meadowhall Rd/Way/Jenkin Rd (not the STM scheme)) and Phase 4 feasibility.</p> <p>This programme of works has been agreed with Better Buses and the 17/18 budget was approved by CPG January 2017 and Cabinet February 2017</p> <p>Funded by Better Buses</p>	662	Strategy for 17/18 Amey Schedule 7 PFI
FEASIBILITY APPROVALS: (Cabinet to Note Only)		
THRIVING NEIGHBOURHOODS AND COMMUNITIES		
<p>Tram Track Cycle Safety Based on statistics drawn from the Cycle Sheffield online survey, a total of 382 incidents involving cyclists slipping and/or tripping on tram tracks have been reported at 93 locations across the city. 133 of these are classed as serious injury incidents and 249 as slight incidents. There is evidence to suggest that these incidents occur when, prompted by the road layout or the journey, cyclists cross the</p>	28	Feasibility Internal Surveys 3 quotes

tracks at a shallow angle. The Cycle Sheffield information has helped the Council to identify the top 20 locations based on number of incidents, including serious and slight. The feasibility will be to identify potential scheme options and costs for reducing incidents at the top five sites e.g. sign and line an alternative route using parallel roads, create bypass behind a tram stop, create more space on the road by moving the kerb back.

The top 5 sites were prioritised according to scores for number and severity of incidents:

Accident Location, Cost

Primrose View Tram Stop*, £6K (designer 3.5, client 1, surveys and other 1.5)

Holme Lane/ Loxley New Road, £4.5K (designer 2.5, client 0.5, surveys and other 1.5)

White Lane Tram Stop*, £5.5K (designer 3.5, client 0.5, surveys and other 1.5)

Glossop Road/Upper Hanover Street, £5.5K (designer 3, client 1, surveys and other 1.5)

Hillsborough Corner*, £5.5K (designer 3.5, client 0.5, surveys and other 1.5)

General Communication, £1K (client 0.5, surveys and other 0.5)

TOTAL £28K

The varying amounts per location are based on how much work has already been done by an Amey study, whether the location needs solutions going in both directions* and whether likely solutions are going to be difficult to design.

The feasibility is due to be completed December 2017

Funded by Local Transport Plan (LTP)

SUCCESSFUL CHILDREN & YOUNG PEOPLE

Dobcroft Junior - Temporary Expansion - Feasibility

Problem: There are insufficient primary pupil places in the South West area of Sheffield.

36

In house feasibility
plus external
survey costs

<p>Objective: To provide an additional 30 places as a 'bulge year' temporary expansion.</p> <p>Solution: The Council will provide an additional 30 Junior places at Dobcroft Junior School in September 2018. The pupils will move through the school year as a 'bulge' year until they leave the school at the end of Y6. (Note: There was a temporary 'bulge year' expansion put in place at Dobcroft Infant School in September 2015 to which this project is linked).</p> <p>This approval represents the costs of feasibility and design works. Final scheme costs are currently estimated at £300k in total.</p> <p>The project is to be funded from existing Department for Education funds existing in the Basic Need Block Allocation.</p>		<p>(procured via 3 quotes)</p>
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DIRECTOR VARIATIONS: (To Note Only)

THRIVING NEIGHBOURHOODS AND COMMUNITIES

Greenhill Main Road (Director's Variation to note)

This location has a long standing request that was due to be completed with the Meadowhead roundabout scheme. It provides a controlled pedestrian and cycle crossing over Greenhill Main Road together with improved crossing facilities over Greenhill Avenue. Modelling for the roundabout phase (built February 2014) showed that traffic lights on Greenhill Main Road would add to the effectiveness of the scheme, thereby further improving journey time, reducing congestion and hence vehicle emissions.

This pedestrian crossing scheme was originally planned to be implemented in 2014 as one of the phases of the Meadowhead roundabout scheme, which has included interventions on Chesterfield Road South, Bochum Parkway and Dyche Lane. The current scheme is the third iteration of the project, but still provides the main benefits of a signal controlled crossing of Greenhill Main Road while improving the crossing of Greenhill Avenue.

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'Procurement Strategy
Amey
Schedule 7 PFI

<p>An increase in budget of of £23K is requested.</p> <p>Original Project Budget = £300K Costs now: External Design £84K + Other Fees: (incl HMD and commercial services fees) £14K + SCC Fees (incl design, client & audit) £36K + Construction £189K = £323K</p> <p>New Project Cost £323K - Previous Years Spend £116K = 17/18 Budget £207K</p> <p>Funded by Sustainable Transport Exemplar Programme (STEP)</p>		
<p>Streets Ahead Complimentary Works HMD (Director's Variation to note) Prior to the Streets Ahead programme SCC received funding from Central Government via the South Yorkshire Local Transport Plan in relation to highways maintenance works. This was replaced by PFI credits upon commencement of the programme. There is a residue of the original SYLTP funding received prior to the commencement of the PFI left that was specifically provided for Capital Maintenance activities.</p> <p>In 2017/18 the Highways Maintenance Division (HMD) will continue to undertake maintenance works, which is work not included as part of the Streets Ahead programme but required by Highway legislation or needed to maintain public safety. All work will result in improvements to the Adopted Highway network and will typically involve the installation of signing and lining and the installation of pedestrian guard rails etc. Works will generally be identified during the survey/planning phase for the Streets Ahead programme and will, wherever possible, be coordinated with Streets Ahead to minimise disruption and produce efficiencies and savings.</p> <p>This variation is to add the remainder of the funding already received to the budget for this work. Total costs in 2017/18 will depend on the amount (and cost) of work identified as part of Streets Ahead programme but by allocating the rest of the funding the HMD team can manage the costs within the</p>	<p>21</p>	<p>N/A</p>

<p>funding they have</p> <p>Remaining funds on the Balance Sheet after 16/17 year end: £121K Bridge Strengthening 17/18 budget: £69K Current Streets Ahead Complimentary Works 17/18 Budget: £31K Therefore remaining funds unallocated: £21K</p> <p>Therefore revised Streets Ahead Complimentary Works Budget following this approval = £31K + allocated remaining funds £21K = £52K</p>		
<p>Culvert enhancements (Mosborough & Chapeltown) Existing culverts at Mosborough and Chapeltown are so severely deteriorated and hydraulically defective that localised flooding occurs on a regular basis, during storm events and following periods of persistent heavy rainfall – affecting approximately 30 households and traffic flows on highways. Surveys and studies established that the condition/capacity of these culverts is so poor that the most cost effective solutions to the problems are: for Mosborough, complete replacement, and for Chapeltown, the installation of a new culvert to provide additional capacity.</p> <p>Due to significant problems encountered with the initial design relating to the proximity to a railway embankment, significant additional flood modelling and re-design works were required. The resulting increase in costs of £25k have been met through a contribution from Yorkshire Water. This variation increases the overall budget of the scheme from £197k to £222k to reflect the contribution from Yorkshire Water and allow the instruction of works to AMEY</p>	<p>25</p>	<p>'Procurement Strategy Amey Schedule 7 PFI</p>

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