

# Cabinet

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**Wednesday 20 September 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**

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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)



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## **PUBLIC ACCESS TO THE MEETING**

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

A copy of the agenda and reports is available on the Council's website at [www.sheffield.gov.uk](http://www.sheffield.gov.uk). You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. 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](mailto:simon.hughes@sheffield.gov.uk).

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## **FACILITIES**

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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.

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**CABINET AGENDA  
20 SEPTEMBER 2017**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**  
**Note:** (i) The appendix to item 14 – ‘Heat Network Funding’ is not available to the public and press because it contains exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) relating to the financial or business affairs of any particular person.
- 4. Declarations of Interest** (Pages 1 - 4)  
Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting** (Pages 5 - 10)  
To approve the minutes of the meeting of the Cabinet held on 19 July 2017.
- 6. Public Questions and Petitions**  
To receive any questions or petitions from members of the public
- 7. Items Called-In/Referred From Scrutiny** (Pages 11 - 42)  
(i) Western Road Scrutiny Working Group report  
  
Report of the Economic and Environmental Scrutiny and Policy Development Committee.  
  
(ii) Frecheville WW2 Memorial Trees Petition  
  
At its meeting held on 27 July 2017, the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee received a petition regarding Frecheville World War 2 Memorial Trees. It was resolved to refer the petition to Cabinet for consideration.
- 8. Retirement of Staff** (Pages 43 - 46)  
Report of the Executive Director, Resources.
- 9. Social Care Recovery and Improvement Plans** (Pages 47 - 76)  
Joint report of the Executive Directors, People Services and Resources.
- 10. Adding Life to Years and Years to Life: Director of** (Pages 77 - 108)

## **Public Health Report for Sheffield 2017**

Report of the Director of Public Health

- 11. SCC Digital Inclusion Strategy** (Pages 109 - 128)  
Report of the Executive Director, Resources.
- 12. Revenue Budget and Capital Programme Monitoring 2017/18 Month 3 as at 30/6/17** (Pages 129 - 182)  
Report of the Executive Director, Resources.
- 13. Month 4 Capital Approvals** (Pages 183 - 194)  
Report of the Executive Director, Resources
- 14. SCC to act as Accountable Body for Grant for the Connection of the E.ON District Energy Network to the SCC District Energy Network, with Associated Funding Agreements and Heat Purchase Agreement.** (Pages 195 - 222)  
Report of the Executive Director, Place.

**NOTE: The next meeting of Cabinet will be held on Wednesday 18 October 2017 at 2.00 pm**

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## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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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](mailto:gillian.duckworth@sheffield.gov.uk).

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Cabinet

Meeting held 19 July 2017

**PRESENT:** Councillors Olivia Blake (Chair), 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 Apologies for absence were received from Councillors Julie Dore and 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 MEETING**

4.1 The minutes of the meeting of the Cabinet held on 21 June were approved as a correct record.

**5. PUBLIC QUESTIONS AND PETITIONS**

5.1 Public Question in respect of Review of Council Meetings

5.1.1 Nigel Slack commented that he was aware that a cross party group were currently looking at how to make Council meetings more effective and engaging for the public. Mr Slack suggested that he had a bit of experience in these areas and had been approached for his thoughts. He was also aware that it seemed unlikely that the proposals would be subject to public consultation. With this in mind would Cabinet be open to Mr Slack sending in some observations and suggestions?

5.1.2 The Deputy Leader and Cabinet Member for Finance, Councillor Olivia Blake responded that an initial report had been submitted to Full Council. There would be public consultation on any changes, but some changes would be implemented from September.

5.2 Public Question in respect of Devolution

5.2.1 Nigel Slack commented that, with the decision by the City Region to make no decision until September at the earliest in respect of the future of devolution, would it be possible for Sheffield and Rotherham to wish Barnsley and Doncaster farewell and proceed with the two tier Councils? If not, what are the Council's hopes for September?

5.2.2 Councillor Olivia Blake responded that a decision had been deferred until September whilst Doncaster and Barnsley looked at other possible devolution offers. However, there was no other offer on the table from the Government than the current one, so Sheffield needed to make sure that this was followed through and made to happen.

5.3 Public Question in respect of Sculptural Work at the Hallam Tower Hotel

5.3.1 Nigel Slack stated that, it had come to his attention, via the Sheffield Modernist Society, that the Hallam Tower Hotel, currently awaiting demolition, housed on its façade some potentially important sculptural works by Henry and Joan Haigh. Henry was a noted sculptor and stained glass artist and these panels were one of very few examples of his secular work.

5.3.2 Mr Slack added that it would be a shame for these modernist pieces to become so much rubble on the floor, as we tended to be less respectful of modern architectural pieces than we might. Could planning officers look into a means of securing the fate of this sculpture?

5.3.3 In response, Councillor Ben Curran, Cabinet Member for Planning and Development, commented that the application referred to by Mr Slack was a live application. Retention of the sculptural works could be considered but what would help was a valuation of the works and Sheffield Modernist Society could be contacted with the same request. Any information gathered could strengthen the case for retention of the works.

5.4 Public Question in respect of the Amey Contract and Health and Safety

5.4.1 Nigel Slack submitted a question regarding the Amey contract and health and safety. As the Lead Cabinet Member for Environment and Streetscene, Councillor Bryan Lodge, was not in attendance at the meeting it was agreed that he would provide a written response to Mr Slack following the meeting.

5.5 Public Question in respect of Council Job Advert

5.5.1 Nigel Slack commented that a recent advertisement for job vacancies in Sheffield City Council read "Sheffield City Council job vacancies. Who will get the job?" and featured a series of photographs of mad, bad, insane, megalomaniac murderers, the cast from the tv programme, Game of Thrones. Mr Slack was not sure that this was something we should be encouraging in the City's staff. Would the Cabinet agree?

5.5.2 Councillor Blake stated that she was not aware of the advert referred to by Mr Slack other than in his description. She would find out the background to this and provide a written response to Mr Slack.

5.6 Public Question in respect of Public Protests

5.6.1 Nigel Slack asked a question in respect of public protests related to the Streets

Ahead Contract. As the Lead Cabinet Member for Environment and Streetscene, Councillor Bryan Lodge, was not in attendance at the meeting it was agreed that he would provide a written response to Mr Slack following the meeting.

5.7 Public Question in respect of Access to Properties during the Streets Ahead Contract

5.7.1 Nigel Slack asked a question regarding access to properties during the Streets Ahead Contract. As the Lead Cabinet Member for Environment and Streetscene, Councillor Bryan Lodge, was not in attendance at the meeting it was agreed that he would provide a written response to Mr Slack following the meeting.

5.8 Public Question in respect of Contact with Protesters regarding the Streets Ahead Contract

5.8.1 Nigel Slack asked a question regarding contact by the Council with protesters in respect of the Streets Ahead Contract. As the Lead Cabinet Member for Environment and Streetscene, Councillor Bryan Lodge, was not in attendance at the meeting it was agreed that he would provide a written response to Mr Slack following the meeting.

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

6.1 There were no items called-in for Scrutiny since the last meeting of the Cabinet.

**7. RETIREMENT OF STAFF**

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

(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. MEDIUM TERM FINANCIAL ANALYSIS**

8.1 The Executive Director, Resources submitted a report providing Members with details of the forecast financial position of the Council for the next 5 years and recommending the approach to budgeting and business planning that will be necessary to achieve a balanced budget position over the medium term.

8.2 **RESOLVED:** That Cabinet:-

- (a) notes the forecast position for the next 5 years; and
- (b) agrees the approach to budgeting and business planning

### **8.3 Reasons for Decision**

8.3.1 To provide a strategic framework for the development of budget proposals and the business planning process for 2018/19 and beyond.

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

8.4.1 A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers 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 is put within the Revenue Budget and Capital Programme.

## **9. ADDITIONAL BUDGET FUNDING TO SPEND ON ADULT SOCIAL CARE SERVICES**

9.1 The Executive Director, People Services submitted a report providing 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 and showing how these proposals meet national criteria and also accord with local priorities.

9.2 **RESOLVED:** That Cabinet:-

- (a) 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;
- (b) delegates authority to the Executive Director, People Services, 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 the report; and

- (c) delegates authority to the Executive Director, People Services, 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 the report.

### 9.3 **Reasons for Decision**

- 9.3.1 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.

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

- 9.4.1 The proposals set out try to achieve the best balance between the three purposes defined nationally and set out in paragraph 8.1.1 of the report.
- 9.4.2 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. **MONTH 2 CAPITAL APPROVALS**

- 10.1 The Executive Director, Resources submitted a report providing details of proposed changes to the Capital Programme as brought forward in Month 2, 2017/18.

### 10.2 **RESOLVED:** That Cabinet:-

- (a) approves the proposed additions and variations to the Capital Programme listed in Appendix 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 award the necessary contracts; and
- (b) notes the variations authorised by Directors under the delegated authority provisions and Feasibility.

### 10.3 **Reasons for Decision**

- 10.3.1 The proposed changes to the Capital Programme will improve the services to the people of Sheffield.
- 10.3.2 To formally record changes to the Capital Programme and gain Member approval

for changes in line with Financial Regulations and to reset the Capital Programme in line with latest information.

10.3.3 Obtain the relevant delegations to allow projects to proceed.

10.4 **Alternatives Considered and Rejected**

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





**Author/Lead Officer of Report:** Alice Nicholson,  
Policy & Improvement Officer  
**Tel:** 0114 27 35065

**Report of:** *Economic and Environmental Wellbeing Scrutiny and Policy Development Committee*

**Report to:** *Cabinet*

**Date of Decision:** *Wednesday 20<sup>th</sup> September 2017*

**Subject:** *Western Road Scrutiny Working Group Report*

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?		
<ul style="list-style-type: none"> <li>• Environment and Streetscene</li> </ul>		
Which Scrutiny and Policy Development Committee does this relate to?		
Economic and Environmental Wellbeing Scrutiny and Policy Development Committee		
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:-		
<p><i>“The <b>(report/appendix)</b> is not for publication because it contains exempt information under Paragraph <b>(insert relevant paragraph number)</b> of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>		

**Purpose of Report:**

The Economic and Environmental Wellbeing Scrutiny and Policy Development Committee set up the Western Road First World War Memorial Scrutiny Task and Finish Working Group in January 2017. It was set up in response to a petition submitted to Sheffield City Council and was tasked by Full Council to gather information and evidence in relation to the Western Road First World War Memorial.

The Scrutiny Task and Finish group has now produced its final report, endorsed by Economic and Environmental Wellbeing Scrutiny and Policy Development Committee on 27<sup>th</sup> July 2017.

Drawing on their findings the report recommends that the Western Road War Memorial, where street trees are intrinsic, warrants a different approach in the Streets Ahead programme ongoing contract and sets out a series of recommendations on three main themes:

1. The nature of the Western Road War Memorial, tree maintenance and management
2. Communication and engagement with residents
3. Analysis of Technical evidence

This Cabinet report presents the Scrutiny Committee's report to Cabinet (Appendix A).

**Recommendations:**

Cabinet is asked to:

1. Thank the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee for its work in relation to the Western Road First World War Memorial.
2. Note the Western Road First World War Memorial Report that is attached as Appendix A to this report.
3. Note that the Cabinet Member for Environment and Streetscene provided a verbal response to the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee's September 2017 meeting.
4. Agree that a written report on progress on actions in response to the recommendations be provided to the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee for October 2017.
5. Agree that the Scrutiny Task and Finish Working Group report be shared with all members of Council, as requested by the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee.

**Background Papers:**

## Appendix 1: Western Road First World War Memorial Scrutiny Task and Finish Working Group Report

<b>Lead Officer to complete:-</b>	
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.
	<b>Finance:</b> Pauline Wood, Finance Manager
	<b>Legal:</b> Andrea Simpson, Solicitor
	<b>Equalities:</b> Adele Robinson, Social Justice and Inclusion Manager
<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	<b>EMT member who approved submission:</b> <i>n/a (scrutiny report)</i>
3	<b>Cabinet Member consulted:</b> <i>n/a (scrutiny report)</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.
	<b>Lead Officer Name:</b> <i>Alice Nicholson</i>
	<b>Job Title:</b> <i>Policy &amp; Improvement Officer</i>
	<b>Date:</b> 29/08/2017

## 1. PROPOSAL

- 1.1 A petition calling on the Council to “save Western Road First World War Memorial Trees from destruction” was referred by full Council in January 2017 to the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee to enable a cross party working group, working with relevant interested parties, to consider the issue and develop recommendations for the Committee to consider. The Western Road First World War Memorial Scrutiny Task and Finish Working Group Report includes information about the cross-party Scrutiny Working Group, its approach and findings.
- 1.2 The Scrutiny Working Group was made up of seven members from Economic and Environmental Wellbeing Scrutiny and Policy Development Committee at that time, with Cllr Lisa Banes as Chair of the Scrutiny Working Group and was tasked to gather information and evidence to inform recommendations to be put to Sheffield City Council about the future of the Western Road First World War Memorial.
- 1.3 The Scrutiny Working Group agreed their role was to listen and gather information from a range of stakeholders, and make recommendations based on what they heard. This was undertaken during a series of meetings of the group of Councillors that considered and discussed the evidence, and met with individuals and representatives of different organisations as part of this over a period of 11 weeks. This included the three ward members, the lead petitioner and relevant Council officers. The group was also acutely aware of the need to listen to public concerns so organised open community evidence sessions to listen to the public, where they heard from residents of Western Road and Mona Avenue and interested groups.
- 1.4 The Scrutiny Working Group also agreed that its role was not to supplant the role of the service in terms of making technical judgements on the evidence provided or to undertake any consultation activity that was the role of the services to perform.
- 1.5 This report presents the Scrutiny Committee’s report to Cabinet. At its meeting on 27<sup>th</sup> July 2017 the Committee endorsed the Working Group’s recommendations and requested that Cabinet provide an initial response to their recommendations by September 2017 or sooner and a formal response for October 2017. Cabinet is asked to note that the Cabinet Member for Environment and Streetscene has been invited to the September meeting of Economic and Environmental Wellbeing Scrutiny and Policy Development Committee to provide a verbal response to the Working Group’s recommendations, and to agree to the request that a written report to the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee on progress on actions in response to the recommendations be provided to the Committee for October 2017.
- 1.6 **Western Road First World War Memorial Scrutiny Task and Finish Working Group Report**  
The Working Group’s full report is attached to this report as Appendix 1. Drawing on what the Working Group found and heard their report makes recommendations across three themes:

#### **A. Western Road War Memorial**

1. *Recommend that the Western Road war memorial, with its intrinsic avenue of trees, be considered differently to other street trees. That it should be seen as an exception to the norm, and every effort is made to retain as many existing trees where possible by all appropriate means available to the Council, and that this recommendation does not extend to other types of war memorial.*
2. *Recommend that beyond the core investment period, the Council moves from a position of limited or no obvious maintenance, to a clear and stated proactive war memorial and tree management plan.*
3. *Recommend where practicable and affordable that engineering solutions are adopted to retain as many memorial trees on Western Road/Mona Avenue, as far as possible.*

#### **B. Communication and Engagement**

4. *Recommend that the Council look to restoring over time the Western Road War Memorial to its original concept. This would be subject to appropriate space, funding, and **agreement with residents on Western Road and Mona Avenue.***
5. *Note and support the Council's commitment to 'replanting and rededicating memorials over the coming months'. In regard to Western Road this could be with a view to unveil a fitting memorial in time for Centenary Anniversary of Armistice Day November 2018.*
6. *Ask the relevant Cabinet member to share with the public the immediate, medium and longer term, future maintenance plan for Western Road War Memorial street trees.*

#### **C. Technical**

7. *Recommend that the relevant Cabinet Member comes to the Economic and Environmental Scrutiny Committee to explain how they will respond to the differences and challenges identified in a) the Council's technical recommendations following the Independent Tree Panel report, and b), the technical submissions from the community; and also the ask for a technical dialogue between the community and Streets Ahead.*

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The work and approach of the Working Group connects to the commitment within the priority theme of “*An In Touch Organisation*” to “*make sure we listen, understand and respond to what people are telling us, treating them with respect at all times*”. The working group was set up in response to a petition submitted to Sheffield City Council.
- 2.2 The Council's Corporate Plan has a priority theme of “*Thriving Neighbourhoods and Communities*” which includes a specific commitment to “*complete the resurfacing of 1,180 miles of road, as part of our Streets Ahead programme*”. The recommendations outlined in the Western Road First World War Memorial Scrutiny Task and Finish Working Group Report sets out a series of recommendations on three main themes: The nature of the Western Road War Memorial, tree maintenance and management, Communication and engagement with residents, Analysis of Technical evidence. The street trees that are intrinsic to the first world war memorial on Western Road are in the street tree replacement programme part of Streets Ahead contract.

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

- 3.1 The Working Group gathered evidence through a variety of activities, as detailed in its report, which informed the findings and recommendations.

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

### **4.1 Equality of Opportunity Implications**

- 4.1.1 As a Public Authority, we have legal requirements under Section 149 of the Equality Act 2010. These are often collectively referred to as the ‘general duties to promote equality’. To help us meet the general equality duties, we also have specific duties. We have considered our obligations under this Duty in this report and found that there are no direct equality of opportunity implications arising as a result of this report. However, any specific changes to service delivery or policy arising in response to scrutiny recommendations will need to include the consideration of equality implications, to continue to ensure the Council fulfil our statutory obligations.

### **4.2 Financial and Commercial Implications**

- 4.2.1 The Committee is very aware of the financial context in which the Council is now operating. Although some of the recommendations in the report relate to actions/solutions to retain as many trees where possible by all appropriate means, this is qualified by as to where practicable and affordable. Any suggestion or recommendation of further restoration is subject to appropriate funding and the recommendations make no specific call for commitment of additional funding. The recommendation is also limited by the explicit statement that it does not extend to other types of war memorial.
- 4.2.2 There are no direct financial implications arising from this report. The

implementation of any of the recommendations from the Committee's report may be subject to further decision making in accordance with the Leader's Scheme of Delegation. This would include any financial and commercial implications.

#### 4.3 Legal Implications

4.3.1 There are no direct legal implications arising from this report. The implementation of any of the recommendations from the Committee's report may be subject to further decision making in accordance with the Leader's Scheme of Delegation, and the legal implications of any proposal would be fully considered at that time.

4.3.2 Under the Local Government Act 2000 section 21, clause 2(b.) there is an explicit power for Scrutiny committees to make reports or recommendations to the Executive.

### 5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 An alternative option in relation to the recommendations would be to do nothing with the Task Group Report. However, given the time and effort spent by the Task Group and contributions to the work from residents and interested parties, and the expectations raised by the resolution of full Council in January 2017, this is not deemed a viable option.

5.2 An alternative option in relation to the recommendations would be to respond to the Committee's report over a much longer timescale. However, the Scrutiny Committee would welcome a fast response to its recommendations. The Committee believes an initial reporting to its September 2017 and a formal report to its October 2017 meetings strikes an appropriate balance between speed and allowing sufficient time for Cabinet Members and officers to consider the recommendations in the Western Road First World War Memorial Scrutiny Task and Finish Working Group, accommodating as far as possible the timeline of the Streets Ahead core investment period.

### 6. **REASONS FOR RECOMMENDATIONS**

6.1 For expediency the Scrutiny Committee requested an initial response to their recommendations for September 2017, and the Cabinet Member for Environment and Streetscene is invited to provide a verbal update at Economic and Environmental Wellbeing Scrutiny and Policy Development Committee meeting on 13<sup>th</sup> September 2017.

6.2 In order to make it clear to the Scrutiny Committee what actions the Council is committing to, the Committee requests a formal written response report to its Western Road First World War Memorial Scrutiny Working Group Report by October 2017, within the Streets Ahead core investment period.

6.3 The Economic and Environmental Wellbeing Scrutiny and Policy Development Committee would like to share the report with all members of Council as appropriate course of action, to close the circle on the referring of the petition to the Committee from Full Council.

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# Western Road First World War Memorial Scrutiny Task and Finish Working Group

Economic and Environmental Wellbeing Scrutiny  
and Policy Development Committee – 27 July 2017

Findings and recommendations of the cross party working group of members from Economic  
and Environmental Wellbeing Scrutiny and Policy Development Committee

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# Western Road First World War Memorial Scrutiny Task and Finish Working Group

Economic and Environmental Wellbeing Scrutiny and Policy Development Committee – 27 July 2017

## OVERVIEW

The cross-party Scrutiny Working Group of the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee was set up in response to a petition submitted January 2017 to Sheffield City Council and was tasked by Full Council to gather information and evidence in relation to the Western Road First World War Memorial. After completing evidence and information gathering, this report has been drafted for consideration by the full Scrutiny Committee that will then present its findings and recommendations to Sheffield City Council for decision. Please note that the reporting process has been delayed as a result of Pre-Election Rules on Publicity (PERP also known as Purdah) coming into force following the announcement of the General Election to be held on 8<sup>th</sup> June 2017.

The report includes information about the cross-party Scrutiny Working Group, its approach and findings. The report recommends that the Western Road War Memorial, where street trees are intrinsic, warrants a different approach in the

...

*“The trees in Western Road and Gillott Street were planted in grateful appreciation of the part taken by former pupils of this school in the Great War 1914-1919”*



*[photo of wall of Westways School, Western Road - Note: Gillott Street is now known as Mona Avenue]*

Streets Ahead programme ongoing contract and sets out a series of recommendations on three main themes:

1. The nature of the Western Road War Memorial, tree maintenance and management
2. Communication and engagement with residents
3. Analysis of Technical evidence

Whilst the recommendations relate to the specific purpose of the working group in regards to the Western Road First World War Memorial, we believe that they would be relevant to all war memorials in Sheffield where street trees are intrinsic.

## Members

The Scrutiny Working Group, set up in January 2017 comprises seven members from Economic and Environmental Wellbeing Scrutiny and Policy Development Committee (2016/17), and is politically proportionate. Members are: Cllrs Lisa Banes (working group Chair), Neale Gibson, Abdul Khayum, Steve Wilson, Penny Baker, Martin Smith, Rob Murphy.

## The Petition and Terms of Reference

On the January 2017 the Council resolved:

“That this Council notes the petition calling on the Council to “save Western Road First World War Memorial Trees from destruction”, acknowledges the work already initiated by the Council, as reported at this meeting, following the Notice of Motion containing reference to this matter which was considered at the last meeting of the Council, and refers the petition to the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee to enable a cross party working group, working with relevant interested parties, to consider the issue and develop recommendations for the Committee to consider.”

The Scrutiny Working Group established its terms of reference based on the resolution, specifically in relation to the Western Road First World War Memorial and set out how it would gather information and evidence, and work with and, hear from a range of stakeholders and interested parties; and develop recommendations for the Committee to consider in regard to the future of the memorial.

## Timeline of activity

- Draft Scope and membership of Scrutiny Working Group agreed by Economic and Environmental Wellbeing Scrutiny and Policy Development Committee – 25<sup>th</sup> January 2017
- Meetings of the Scrutiny Working Group 2017

- Monday 6<sup>th</sup> February - purpose, project plan, evidence
- Tuesday 14<sup>th</sup> February - with ward members and officers
- Friday 24<sup>th</sup> February - fact finding visit to Western Road
- Thursday 9<sup>th</sup> March - with ward members
- Tuesday 4<sup>th</sup> April – assimilate evidence, identify gaps, and with officers
- Thursday 6<sup>th</sup> April - community evidence sessions
- Friday 21<sup>st</sup> April - with officers and consideration of reports of the Independent Tree Panel and the Council’s technical report
- Friday 28<sup>th</sup> April - evidence review and formulation of recommendations
- Meeting of Chair with resident to share scrutiny working group process – Thursday 9<sup>th</sup> March
- Share draft recommendations with Economic and Environmental Wellbeing Scrutiny and Policy Development Committee – this was postponed as a result of PERP.

## APPROACH

### Context

Streets Ahead is a city wide highways maintenance contract between the Council and Amey to upgrade Sheffield’s roads, pavements, street lights, bridges and other items on and around Sheffield streets over a 25 year period. The programme began in 2012 and Amey are responsible for the work as part of a Private Finance Initiative (PFI).

A private finance initiative (PFI) is a method of providing funds for major **capital investments** where private firms are contracted to complete and manage public projects. Under a private finance initiative, the **private company**, instead of the government, handles the up-front costs. The project is then leased to the public, and the government authority makes annual payments to the **private company**.

<http://www.investopedia.com/terms/p/privatefinanceinitiative.asp#ixzz4j99qyGXD>

Part of the contract involves a street tree replacement programme.

The following extract from the Streets Ahead 5 Year Tree Management Strategy (2012-2017) explains the approach to removal of trees:

***Streets Ahead 5 Year Tree Management Strategy (2012-2017)***

*(section 3.1 – 6Ds Criteria)*

The removal of street trees will only be considered as a last resort where there are no other reasonably practicable management options available to ensure safety or prevent damage to surrounding structures. Removals will only be specified by suitably qualified and experienced surveyors and where necessary additional decay detection equipment will be used to confirm any recommendations. All trees removed will be replaced on a one for one basis the following planting season (November to March).

To ensure that Sheffield's street tree stock is maintained for future generations and to easily communicate the reason a tree needs to be replaced the trees are categorised into the 6Ds criteria namely:

- ❖ Dangerous
- ❖ Dead
- ❖ Diseased
- ❖ Dying
- ❖ Damaging
- ❖ Discriminatory

Where a street tree meets one or more of the criteria a further assessment is carried out to decide whether the tree should be removed and replaced.

<http://www.sheffield.gov.uk/home/roads-pavements/streets-ahead/streets-ahead-documents>

Following public concerns about some highway trees in earlier phases of the Streets Ahead tree replacement in the city, the Council set up an Independent Tree Panel to give advice. Chaired by Andy Buck, Chief Executive of Citizens Advice Sheffield, the Panel receives the responses to Amey consultation and the proposals for each tree on the affected streets where 50% of the responses raise concerns about the Council's proposals.

The Streets Ahead tree replacement programme includes Western Road First World War Memorial where the street trees are intrinsic to the memorial.

A total of 54 trees within Western Road corridor were initially surveyed by Amey as part of the PFI contractual agreement. Following this survey 23 trees were identified for replacement and 31 trees were identified for retention.

The Streets Ahead tree replacement programme has proved controversial. In the case of the street trees on Western Road which form a war memorial this prompted a petition that was submitted January 2017 to Sheffield City Council. The Scrutiny Working Group was set up following a resolution at Full Council referring the petition to the Economic and Environmental Scrutiny and Policy Development Committee for consideration.

### Our approach

The Scrutiny Working Group was tasked to gather information and evidence to inform recommendations to be put to Sheffield City Council about the future of the Western Road First World War Memorial.

The primary purpose of the scrutiny function is to check that the Executive have undertaken considered decision making, robustly and professionally. As is consistent with normal practice of Scrutiny Task and Finish working groups, the Scrutiny Working Group agreed that our role was to listen and gather information from range of stakeholders, and make recommendations based on what we heard.

This was undertaken during a series of meetings of the group of Councillors that considered and discussed the evidence, and involved meeting with individuals and representatives of different organisations as part of this. The group also agreed that its role was not to supplant the role of the service in terms of making technical judgements on the evidence provided or to undertake any consultation activity that was the role of the services to perform. The group was also acutely aware of the need to listen to public concerns so organised open community evidence sessions to listen to the public.

Over a period of 11 weeks, stakeholders invited to meet with the working group to provide evidence and answer questions included:

- Two meetings with the three ward members for Crookes (Cllrs Anne Murphy, Adam Hanrahan and Craig Gamble-Pugh). The local Councillors also provided information to the group about stakeholders that we should speak to as part of the evidence gathering and helped inform our approach to the community evidence gathering in terms of timings, venues and communicating locally
- The lead petitioner (Dave Dillner)

- Three meetings with relevant Council officers including Paul Billington (Director of Culture and Environment), Lisa Firth (Head of Parks and Countryside), David Wain (Technical Officer, Environmental Maintenance) and John Jenkinson (Engineer, Project Manager)
- Community evidence sessions to hear from residents of Western Road, Mona Road and interested groups.

The community evidence sessions were held at two venues near Western Road. In advance of the sessions we delivered leaflets to residents, and emailed known contacts for groups to ensure they were aware of the opportunity to talk to members of the working group. In addition, we also invited people who were unable to attend the sessions to contact the group and submit their views by email.

Over the course of three meetings with officers from the Council and Streets Ahead, the report of the Independent Tree Panel on Western Road was shared and discussed along with information from Streets Ahead, including their response to the Independent Tree Panel report, as well as detail of a Council technical report prepared after the further exploratory work on site carried out by Amey. Members of the working group worked through the information from both sources, asking questions of clarification, engineering solutions, and possible future engineering options in regard Western Road and the war memorial trees.

The Scrutiny Working Group also looked at correspondence between the Council and the War Memorial Trust, and Council communications including the Sheffield Council News Releases in 2017 on Street Trees. This included a summary of the work already initiated by the Council, referenced in the Full Council resolution.



# FINDINGS

## Memorial

### *A Living War Memorial*

We heard from the community that some trees are original and that some had been replanted at different times since, and that there is an emotional attachment to the mature trees. As a group we recognise that that Western Road is a living memorial to remember people and that this is an important concern of local people. We heard from people that there were originally 97 trees planted, but we were unable to verify the exact number. However, following the site visit and information from the community, we take the view that there were at one time more trees as part of the memorial than there are presently. Ward members reported that a resident had identified that originally 97 trees were planted in 1919, and that this is now reduced to 50+ trees.

A core message from local people is that they want to keep trees in Western Road. We heard different views on how this should be done, including keeping them at all costs using technical solutions available, and doing what is in the best interests of and safest for the residents. All submissions that we received called for a full recognition that it is a War Memorial that must be maintained and honoured.

The community evidence highlighted a desire for trees to be retained at all costs, unless they were dead or diseased, expressed for example in this comment *“Do the right thing, bring ... under control to stop them killing healthy trees and if need be, go the extra mile to save War Memorial Trees”*. (Appendix 1 – Community Evidence)

We also heard from those who submitted evidence that some people disagreed with the assessment of the state of the trees made by Streets Ahead. In addition we noted concerns from the community about the consistency of approach in the Streets Ahead assessment on individual trees.

Members of the group agreed trees are part of the memorial but not necessarily those specific trees, it is the concept of 97 trees and the stone plaque. An original wooden plaque is understood to be lost and with it any individual names of soldiers.

### *Lack of Maintenance*

The Scrutiny Working Group heard from ward members about the lack of maintenance over a significant period of time at the Memorial and concerns and problems with trees raised by

residents. Members of the community suggested to the group that there were originally quite a few more on both sides of the street which have already been removed for safety reasons. We heard from residents they understand lack of maintenance, but healthy trees should be maintained, that *“The routine maintenance of the roadside trees was ignored by SCC for over twenty years due to cutbacks. This has led to a backlog of trimming and pruning”*. (Appendix 1 – Community Evidence)

### *The War Memorial Trust*

The Scrutiny Working Group learned that officers had been in touch with the War Memorial Trust who are keen to look at the memorial. They heard that the War Memorial Trust’s interest was in preserving the war memorial and that they were able to advise on the stone used for the Memorial plaque. Where trees had been removed in the past and not replaced, they could support them to be reinstated which had not been the case in the past.

The Scrutiny Working Group noted that the War Memorial Trust had also advised not to move or clean the stone plaque, and that the trees had been planted in recognition. We heard that ward members have already been working with War Memorial Trust and British Legion.

### Communication and engagement

Our approach to the community evidence sessions was to provide a drop-in format to enable people over an afternoon and evening to talk to members of the working group. Our intention was to listen and record people’s concerns.

We sought to be open and transparent about the role and purpose of the group, but we appreciate some people may have been confused about the purpose of the meeting and frustrated in that we were unable to answer all their questions.

We were also aware that some local people would have preferred a public meeting to talk directly with the service providers and those Councillors and officers responsible for making the decisions about the future of the ward memorial. We were also aware of communications to local people promoting the sessions as public meetings, but these were not produced or distributed by the working group.

Over the course of the two sessions 33 people attended and comment forms were completed during discussions with members of the working group. We also received 4 pre written sets of comments and 12 people submitted their comments by email. Of the 49 submissions received by either route, 21 are from residents of Western Road or Mona Avenue.

Based on conversations with individual stakeholder, the dialogue at the community evidence sessions, conversations, and indeed some of the critiques of the working group's approach we found a strong sense from some residents of a gap in engagement with the community on the Streets Ahead programme in relation to Western Road War Memorial trees.

The message we received from community submissions was of poor communication, that a *"failure to engage with the local community on this issue leads to a lack of trust and active mistrust"* and *"As long as we know what is going on, and why, I think people will be much happier"*. (Appendix 1 – Community Evidence)

## Technical

The Scrutiny Working Group heard that as part of the initial consultation by Amey on the Western Road proposals, 151 households were surveyed and 62 responses were received. Ten respondents agreed with proposals, but as the number that disagreed exceeded 50% of responses, this triggered a referral to the Independent Tree Panel.

At a meeting with officers on 4<sup>th</sup> April the Scrutiny Working Group was made aware that Amey had carried out further exploratory works in early March, proactively lifting slabs, and carrying out air spading<sup>1</sup> to see what can be retained but from that work no additional retention solutions could be identified.

The Scrutiny Working Group at its meeting on 21<sup>st</sup> April received the report of the Independent Tree Panel, the panel having inspected the trees in preceding months, at the same meeting we received a Council technical report on Western Road and recommendations, following the panel report and Amey (Streets Ahead) exploratory work carried out early March 2017.

The working group noted differences between the above reports in the recommended solutions for some of the trees on Western Road. The group raised questions about solutions and the technical rationale for these in the highway environment with the relevant officers. The group is not in a position to make technical judgements but believe it would be appropriate for the service to explain their reasons behind their different response to recommendations of the Independent Tree Panel.

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<sup>1</sup> Air Spade is equipment providing a jet of compressed air to a hand-held device which helps to excavate roots almost non-destructively.

In addition, during the working group's community evidence sessions and subsequent submissions we noted a number of professional and technical challenges to Streets Ahead original recommendations and therefore find that there is a need for dialogue on technical issues between the community and Streets Ahead.

The working group received submissions that suggested *"there seems to be a distinct lack of consistency regarding the decisions to remove trees in Sheffield, that trees are being removed for causing relatively small amounts of damage, whilst others are being retained for causing more significant damage. This kind of inconsistency and use of fallacious arguments for removal leads me to question the legitimacy of decisions made to fell so many trees in Sheffield"*. Further that the Independent Tree Panel is *"One-sided panel: no biologist/ecologist was included in the 'tree-expert' panel. So their decision ignores the role of mature trees"*. (Appendix 1 – Community Evidence)

More generally, we understand that the Streets Ahead contract will involve replacing trees that are planned to be removed, and recognise that the programme is intended to replace, replenish and rejuvenate street trees in Sheffield, that trees would be replaced with what is appropriate for a residential street. We also heard that tree planting is best carried out from September to April, and the replacement trees are selected in June. The working group learned that officers intended, as part of the replacement programme, to ensure that the most appropriate trees would be used to ensure the memorial is kept.

In response to the working group's questions about tree replacement options, officers confirmed that the replacement trees in contract are 'extra heavy standard' 8-10 year old trees approximately 2/3m high. The next step up is 'semi-mature' 3-4m high, that have a larger root ball leading to physical site limitations of where they can be used and problems keeping them alive while they acclimatise to a harsh highway environment.

We learned that possible measures to reduce growth through, for example, crown reductions, would be part of what is important in a pruning programme.

The Scrutiny Working Group also requested information about species, and whether the same types would be planted now. Officers indicated that they have no information about what tree species were originally planted but would not suggest nowadays planting Ash, and would choose to plant a tree species from a lengthy list of street trees that Streets Ahead use across the city, and such trees should also have a ceremonial/stately appearance when mature.

## Commitments by Sheffield Council

We welcome and agree with all that has been said will be done by Sheffield City Council this year in regard to street trees. Especially the commitment to replanting and rededicating memorials over the coming months as referred to in News Release - *Street trees in Sheffield: Commitment to work better with residents to get the job done*, published 19<sup>th</sup> January 2017.

We understand from news releases this year the Council will continue to listen to the views of residents regarding the trees, working in a clear, transparent and collaborative way to regain the trust of people in Sheffield; and will publish easily understood Independent Tree Panel reports at least a week before any work begins on trees that need to be replaced; a refresh of Streets Ahead communications with residents was noted. (*News Releases: 19.01.2017, 01.02.2017, 24.03.2017 – Appendix 3*)

## Petition

As part of our considerations the Scrutiny Working Group invited the lead petitioner, Dave Dillner, to a meeting on 28<sup>th</sup> April to discuss the petition and an opportunity to present further information. Members of the working group also appreciated the willingness of the petitioner to take questions from the group. The group heard that the lead petitioner was deeply concerned that the mention of trees was not in the title of the scrutiny working group title. The petitioner noted that trees are intrinsic to the war memorial of Western Road, that the memorial is the trees, and that it is a living memorial of trees. Mr. Dillner reiterated that his primary focus as petitioner is to save the trees, saving the trees that serve as a war memorial.

## Political Issues

We received from the community in their evidence submissions comments that were beyond scrutiny working group scope, referencing political ideology, captured well in this statement taken from one submission “*seriously object to privatising of street*”. (*Appendix 1- Community Evidence*)

## Future Considerations

Having heard and considered the evidence, the Scrutiny Working Group found there may be further courses of action available in regard to balancing concerns about the future of the war memorial trees and highway requirements (Highways Act 1980). The group is not proposing or advocating any specific course of action at this point, but notes that these could include, but not exclusively:

- a highway scheme for Western Road and area

- possibly changed layout of footway and highway for trees in situ, and
- community management schemes.

We note these in recognition of comments submitted by members of the public at our community evidence sessions, and with the caveat that other courses of action would also be subject to further significant inquiry and consideration by the Council and not for conclusion by Western Road First World War Memorial Scrutiny Working Group.

Fuller evidence on which these findings are based can be found in Appendices 1, 2 & 3 covering evidence from the community, ward members, documentation and communications.

# RECOMMENDATIONS

The working group's recommendations are across three themes:

- Western Road War Memorial
- Communication and engagement
- Technical

It is important to note here that whilst our recommendations relate to the specific purpose of the group in regards of the Western Road First World War Memorial, and recommendations are explicitly in regard to Western Road, we believe that they would be relevant to all war memorials in Sheffield where street trees are intrinsic. Each war memorial of street trees should be treated appropriately, recognising the elevated nature of a war memorial to honour and not diminish the trees.

## Western Road War Memorial

1. We recommend that the Western Road war memorial, with its intrinsic avenue of trees, be considered differently to other street trees. That it should be seen as an exception to the norm, and every effort is made to retain as many existing trees where possible by all appropriate means available to the Council, and that this recommendation does not extend to other types of war memorial.

2. We recommend that beyond the core investment period, the Council moves from a position of limited or no obvious maintenance, to a clear and stated proactive war memorial and tree management plan.

3. We recommend where practicable and affordable that engineering solutions are adopted to retain as many memorial trees on Western Road/Mona Avenue, as far as possible.

## Communication and Engagement

4. We recommend that the Council look to restoring over time the Western Road War Memorial to its original concept. This would be subject to appropriate space, funding, and **agreement with residents on Western Road and Mona Avenue.**

5. We note and support the Council's commitment to *'replanting and rededicating memorials over the coming months'*. In regard to Western Road this could be with a view to unveil a fitting memorial in time for Centenary Anniversary of Armistice Day November 2018.

6. We ask the relevant Cabinet member to share with the public the immediate, medium and longer term, future maintenance plan for Western Road War Memorial street trees.

## Technical

7. We recommend that the relevant Cabinet Member comes to the Economic and Environmental Scrutiny Committee to explain how they will respond to the differences and challenges identified in a) the Council's technical recommendations following the Independent Tree Panel report, and b), the technical submissions from the community; and also the ask for a technical dialogue between the community and Streets Ahead.

## Economic and Environmental Scrutiny and Policy Development Committee

8. We ask that the Committee

- a) consider and approve the recommendations above,
- b) request that Cabinet provide an initial response to their recommendations by September 2017, or sooner,
- c) request that Cabinet provide a formal response for October 2017, and
- d) share the report with Council



# CONCLUSION

## *Conclusion*

Retaining the presence of trees on Western Road a War Memorial where street trees are intrinsic warrants a different approach in the Streets Ahead programme ongoing contract. The Council needs to adopt the approach of managed replenishment to maintain the integrity of the avenue of trees, and possibly restoration to the original intent.

The Economic and Environmental Wellbeing Scrutiny and Policy Development Committee requests that Cabinet provide an initial response to their recommendations by September 2017, or sooner, a formal response for October 2017, that this report is shared with Council.

Finally, (not least) we would like to thank all the members of the public, especially residents, individuals and community groups, who took time to engage in our evidence gathering sessions in person or submitted information, the local Ward Councillors, the lead petitioner, and the officers who contributed to the work and answered our questions diligently.

We recognise the considerable time and effort that that has been spent by groups and individuals on their own evidence gathering and thinking about potential solutions which we have absorbed and used to assist in our deliberations and inform our recommendations.

## APPENDIX 1 - Community Evidence

This appendix includes comments from community evidence drop-in sessions held on Thursday 6<sup>th</sup> April, and information provided by email by those unable to attend.

At the community evidence drop-in sessions, there were 33 sign-ins, 33 comment forms were completed, 4 pre written comments were left and emails from 12 individuals received. Of 49 submissions received by either route, 21 are from residents of Western Road or Mona Avenue.

Analysis of the community evidence and comments submitted shows, that whilst a number of people covered a range of issues, there were 4 main topic areas. Comments submitted have been used to illustrate these areas:

### *1. Technical challenge and solutions*

“there are several options to address the problem of the trees unfortunately someone or group will be disappointed with the chosen option ... ”

“I am quite sure if I had been a soldier in the Great War and had a tree planted in my honour I would be concerned if that tree was now causing inconvenience to disabled people today and would be quite happy to see an appropriate replacement tree planted in its place”

“there were originally quite a few more on both sides which have already been removed for safety reasons ...noticed where Amey have already completed their street works there are many newly planted trees which have mostly established themselves quite nicely”

Submissions from individuals included a report by an Arborist following a visit to Sheffield in March 2017, that report is referenced by a number of interest groups and community members, and this quote from it was referenced in a submission: “there seems to be a distinct lack of consistency regarding the decisions to remove trees in Sheffield. Footway damage and curb displacement seem to be widely used reasons for tree removal across the city. ... trees are being removed for causing relatively small amounts of damage, whilst others are being retained for causing more significant damage. This kind of inconsistency and use of fallacious arguments for removal leads me to question the legitimacy of decisions made to fell so many trees in Sheffield”

“Principle should be conservation, protect and conserve”

“I strongly oppose the felling of healthy mature trees in the city”

“it is quite clear if the problem is not addressed now then at some time in the future (5, 10, 20 years, or insert your own time interval) some remedial action will have to be carried out”

“The pavements along Western Road are in a very poor state of repair, making walking along Western Road hazardous for the elderly and visually impaired”

“priority is accessible pavements ... replacing of trees does not devalue the memorial ... unsure about some claims of tree benefits”

“understand lack of maintenance, but healthy trees should be maintained ...concerned with structure of house as tree very near house”

“trees have been mismanaged causing them to grow too big”

“needs long term plan, not suddenly cut down large numbers ... there are alternative solutions”

“in terms of footpath damage, it has always been like this – this is not a new issue. Is the choice no trees or limited damage. Over the years a number of trees have gone. If we work more slowly, the effect becomes a continuous process, we never have a situation of no mature trees”

“One-sided panel: no biologist/ecologist was included in the ‘tree-expert’ panel. So their decision ignores the role of mature trees”

“walk along Western Road to appreciate the green space. Important wildlife corridor”

“thinning the trees, improving the roads, creating one-way system, build outs”

## *2. Maintenance for a living memorial to honour the dead*

“I especially oppose the felling of the war memorial trees on Western Road”

“wipe out memory of those who died”

“one of trees in memory of cousin”

“family attended Westways school”

“Do the right thing, bring ... under control to stop them killing healthy trees and if need be, go the extra mile to save War Memorial Trees”

## *3. Communication*

“As long as we know what is going on, and why, I think people will be much happier”

“poor communication”

“failure to engage with the local community on this issue leads to a lack of trust and active mistrust”

“please connect better with residents – they feel distant from the Council”

“resident communication poorly handled”

“why can’t we see the Amey report on the roots/pavements, why can’t we see the ITP report?”

“main concern is that residents get the information from the tree report”

“imagination and goodwill needed to create a better solution”

#### *4. Political Issues*

“seriously object to privatising of street”

“The labour councillors have and are obviously acting under a party whip with regard to Sheffield’s ‘Street Trees’ making it a political issue rather than a pastoral issue.”

“The distorting pressures of the current PFI contract are leading to the felling of healthy trees for reasons other than public safety or access issues.”

“PFI’s, much favoured by New Labour, are highly questionable”

## *APPENDIX 2 - Evidence from Ward Members*

*Submitted at a meeting of scrutiny working group 14<sup>th</sup> February 2017*

At a meeting of the Scrutiny Working Group on 14<sup>th</sup> February ward members provided information and views gathered over a number of years from their constituents and their own investigations. Key points are summarised below:

### *Voicing a view*

Local ward councilors shared information relating to different views they had gathered and concerns about how best to ensure all voices were heard by the cross party working group. These included the need to be sensitive to the requirements of residents who were Veterans, and that whilst there were some strident voices on the issue locally, the group also needs to ensure that the quiet voice be supported to engage, to share their view and perspective.

Local Members also noted that First World War Veterans live(d) on Western Road and knew those boys whose part in the war the memorial appreciates, and that these trees are in tribute to. They also noted that residents understand the need to remove trees and want to see more planted, and that replacements should be mature trees rather than just 'saplings'.

They also reported views around uneven pavements not being an appropriate reason to fell healthy trees; and views around the need for semi-mature trees as an alternative in a highway environment, which would be more viable in the long term, and less prone to environmental affects e.g. wind, and vandalism.

### *Memorial*

A local Councillor wanted to register that it is understood and accepted what trees are for and that the role of the trees in the memorial is important, particularly in relation to the size of trees and that the longevity of the memorial is a key issue.

They reported that as the trees mean a lot, local residents want the trees dealt with sensitively. It was noted that a resident had identified that originally 97 trees were planted in 1919, and that this is now reduced to 50+ trees. It was also reported that 64 out of 401 pupils of Westways School had died in the Great War.

The key message was that these trees have social, historical and cultural significance, and as an element of a war memorial, these trees are different to other street trees.

Ward members also noted that they have already been working with War Memorial Trust and British Legion.

### *Practical issues with trees*

Local Members noted that some residents had indicated that trees on Western Road are overgrown, blocking light and warmth from sun, and requiring residents to have their heating and indoor lights on in daytime during the summer. These residents would prefer the trees to be replaced with more appropriate highway trees. Members also noted that concerns and problems with trees had been identified in 2014, that residents had informed them of:

- incidents of personal injury resulting from tree root trips
- people being unable to use slippery pavements because of sap/secretions under certain weather circumstances, and
- incidents of property damage from tree roots.

The Members also noted that the trees have an environmental importance, taking pollutants from the air on a busy road. They noted that residents have volunteered to assist with street maintenance such as clearing leaves and putting down grit. They informed the working group that there are 23 trees in the memorial identified for removal, 3 of which are dead or dying, with the remainder planned for removal because of pavement damage. Ward members said they wanted to know whether it was possible to use 'semi-mature' trees as an alternative in a highway environment.

### *Stakeholders*

The Ward members suggested a range of stakeholders for the group to consider and invite evidence from.

The working group also talked with the local councilors about how best to involve the residents of Western Road, to ensure their voice was heard directly by the Group. The ward Members also noted that there are a number of individual local residents who have considerable expertise in local history, landscape management, and heritage and encouraged the group to take on board their evidence and that of experts who have been working with local community groups.

Ward members on 14th February 2017 also made a number of other points to the working group relating to, making a site visit and when might be best for that to take place, as well as the need for transparency and clarity around the work of the scrutiny working group and their approach to local engagement.

Ward Members also asked the working group to consider the policy context within which it is being asked to do its work e.g. whether there are adequate strategies/ policies in place for street trees and for memorials, whether exceptions to the policies are warranted, and the need for the recommendations to be evidence based including consideration of the comments made by community and local interest groups and the Independent Tree Panel Report.

*Submitted at a meeting of scrutiny working group 9<sup>th</sup> March 2017*

Ward members presented number of further matters at a second meeting with the working group in relation to community engagement, a public meeting, scrutiny working group purpose, Streets Ahead/Amey process, Western Road trees, and the War Memorial Trust.

Key points included:

- Questions about when and how community views will be heard and concerns around communication from Amey.
- Concerns that the Council has let people down on the trees and is not hearing the views of the residents on Western Road, many of who recognise that some trees might have to come out, but they should be replaced in sensitive way.
- Concerns about the range of engineering solutions referred to in the Streets Ahead contract, and discrepancies in which to be removed and not, to what extent the policy of solutions is being applied.
- The role of the working group in restoring the community faith in the council on trees and importance of communicating to people about its work.
- The role of the Scrutiny Working Group and their task of making recommendations after taking evidence, but not decisions on individual trees.
- The plans of the working group to engage with local residents with local members and Local Members views on how best to do this.
- Whether it is the responsibility of Amey to go above and beyond and consider changing the ownership of the memorial e.g. Asset of Community Value or Community Land Trusts. The working group discussed changing ownership and relating to liability for fallen trees and issues around unadopting parts of the highway.
- Whether funding for engineering solutions can be found for this memorial under the war memorial policy.
- The lack of maintenance of trees at the Memorial over a significant period
- Engagement by a ward Member with the War Memorial Trust who shared that they advise conservation and best practice and advocate to preserve and restore.
- In response to questions from the working group ward members replied:
  - the vista is as now, and would not want 97 trees on Western Road only, some were replaced previously; that should conserve and keep what is there as much as possible, if desirable restore back up to original intention.
  - To restore is a different ask, the memorial is not the view, it is the trees, they are the living memorial. Ward members emphasised retention of a memorial is what is important and that they would need to ask the residents what they want if an intention to restore to 97 trees on Western Road and Mona Avenue (Gillott Street).

## APPENDIX 3 – Documentary Evidence

### *a. Technical and Independent Information*

Independent Tree Panel Report – to be published 19 July 2017

Council’s Technical Report – to be published 19 July 2017

Both to be found here:

<https://www.sheffield.gov.uk/home/roads-pavements/managing-street-trees>

### *b. Public communications published by Sheffield City Council*

<http://www.sheffieldnewsroom.co.uk/streettrees/> - 19 January 2017

<http://www.sheffieldnewsroom.co.uk/street-trees-myth/> - 01 February 2017

<http://www.sheffieldnewsroom.co.uk/householdsurveyssummary/> - 24 March 2017

### *c. Streets Ahead Documents*

<http://www.sheffield.gov.uk/home/roads-pavements/streets-ahead/streets-ahead-documents>





**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:** *20<sup>th</sup> September 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>Years' Service</u>
<b><u>Communities</u></b>		
Pauline White	Neighbourhood Support Officer	31
<b><u>People Services</u></b>		
Alice Batty	Primary School Assistant, St Wilfrid's Catholic Primary School	27
Susan Byrne	Teacher, Intake Primary School	21
Catherine Fitzsimons	Teacher, Talbot Specialist School	41
Anne Giller	Housing Independence Commissioning Manager	29
Pat Grayhurst	School Manager, Stannington Infant School	21
Gillian Hewish	Teacher, Talbot Specialist School	26
Anita Riley	Teacher, Intake Primary School	29
Anne Rogers	Educational Psychologist	31
Phillipa Rushforth	Teacher, Talbot Specialist School	26
Margaret Vaughan	Administration Manager, Birley Spa Primary Academy	31
Brenda Williams	Supervisory Assistant, Totley Primary School	20
<b><u>Place</u></b>		
Peter Gait	Principal Planning Officer	42
David Nicholson	Team Leader, Streetforce	31
Ian Wright	Transport Maintenance Manager, Parking Services	34
<b><u>Resources</u></b>		
Shona Cook	Personal Assistant to Chief Executive	33

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## SOCIAL CARE IMPROVEMENT AND RECOVERY PLANS

**Report of:** Jayne Ludlam, Executive Director, People and Eugene Walker, Executive Director, Resources

**Report to:** Cabinet

**Date of Decision:** September 2017

**Subject:** **SOCIAL CARE IMPROVEMENT AND RECOVERY PLANS**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>• Expenditure and/or savings over £500,000</li> <li>• Affects 2 or more Wards</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<p>Which Cabinet Member Portfolio does this relate to? <b>Finance, Childrens, Health and Social Care</b></p> <p>Which Scrutiny and Policy Development Committee does this relate to?</p> <p><b>Overview?</b></p>				
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?	N/A			
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
<p>If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-</p> <p><i>“The (<b>report/appendix</b>) is not for publication because it contains exempt information under Paragraph (<b>insert relevant paragraph number</b>) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

**Purpose of Report:**

To advise of the financial outlook for both Adult and Children's Social Care in Sheffield against the budget available over the period of the medium term financial strategy (up to 5 years)

As the month 3 report on this Cabinet sets out, the Council is forecast to overspend by £20m, largely as result of overspends in Adult Social Care £6.6m and in Children's Social Care £11.5m. This position is not unusual – most Councils are currently experiencing similar problems, following 7 years of austerity. Sheffield City Council and the Local Government Association (LGA) nationally have for some time put forward the case for the Government to fund social care on a proper sustainable basis.

Recent injections of funding from Government have not resolved this underlying national financial crisis in social care. Current predictions of demand suggest that, even with corrective action, both social care services will spend more than their budget for this and future years. This makes the sustainability of social care spending **the** key issue for the Council's Medium Term Financial Plan.

This report sets out the actions that are already underway to address the issue, and highlights that further decisions will be needed to deliver a sustainable budget and improved outcomes for Sheffield people receiving social care support over the next five years. At this stage, the plans still need further work as they do not fully address the sustainability question, but further action will be included in the 2018-19 and future budget reports.

The Cabinet Members for Finance, Children's and Health and Social Care will be taking a lead role in co-ordinating further plans, linked to the budget process.

**Recommendations:****That Cabinet**

- (i) Notes the challenges facing both Adults and Children's Social Care and the consequent impact on the Council's overall financial position
- (ii) Approves the approach set out in the attached reports and that further work will take place as part of the Medium term Financial Plan and 2018-19 budget.
- (iii) Requires the Cabinet Member for Finance in conjunction with the Cabinet Members for Childrens and Health and Social Care to report back on further actions as part of the budget process

**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	<b>EMT member who approved submission:</b>	Eugene Walker/Jayne Ludlam
3	<b>Cabinet Member consulted:</b>	Olivia Blake
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.	
	<b>Lead Officer Name:</b> Eugene Walker/Jayne Ludlam	<b>Job Title:</b> ED Resources and People
	<b>Date:</b> September 2017	

# SOCIAL CARE IMPROVEMENT AND RECOVERY PLANS

## Report of the Executive Directors Of Resources and People

### Introduction

This report sets out an overview of:

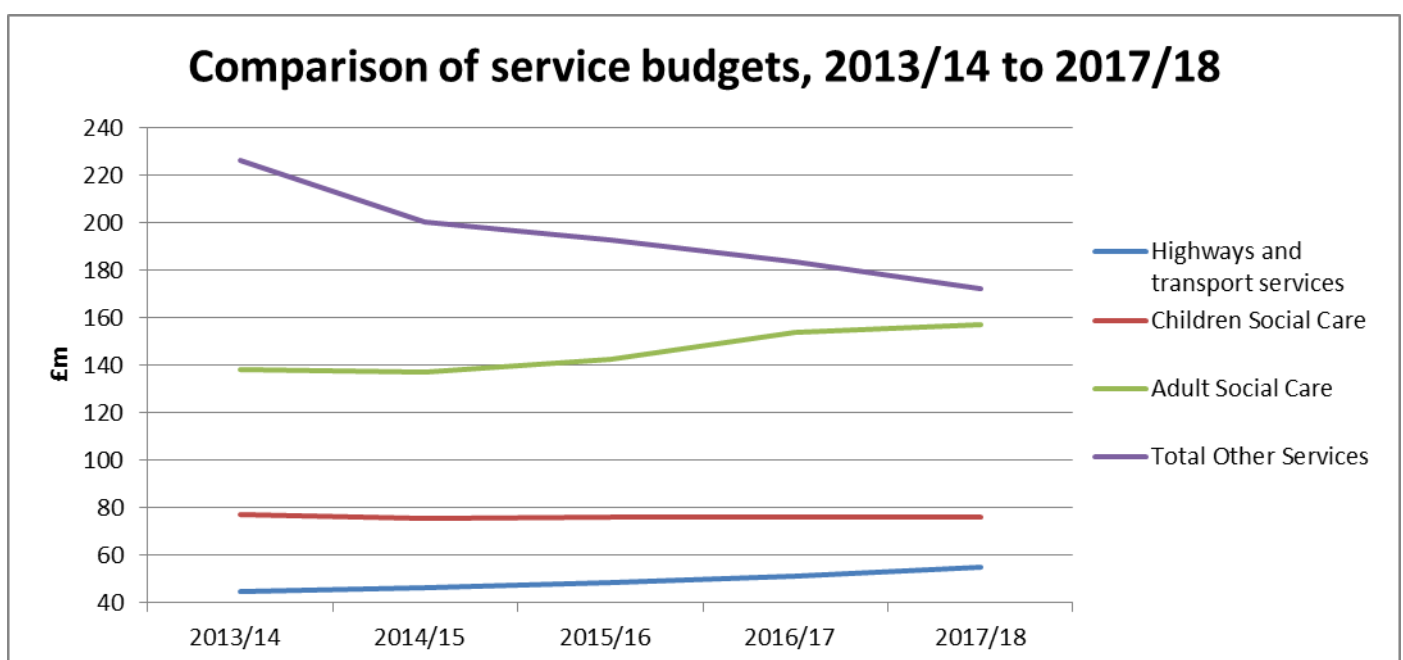
- The financial challenges facing the Council in respect of social care
- The national context for this
- The approach taken to this and its link to Medium Term Financial Planning

Appended are separate reports providing more detail on the context and actions in hand for both Adult and Children's Social Care.

### Financial and Demand Pressures

Previous budget reports to Cabinet and Full Council have highlighted the cumulative challenge faced by the Council from 7 years of Government grant reductions on the one hand and increasing demand for social care services on the other. Further details of this for both Adult and Children's Services are set out in the attached report. This challenge is a national one. Whilst recent injections of Government Funding and improved joint working with Health partners have ameliorated the impact to some extent, they have not resolved the fundamental underlying nationally-driven financial crisis in social care – which is at least in part a consequence of real cash reductions to local authority budgets over the last 7 years. On top of these reductions, there has been a clear increase in the number and complexity of clients – particularly in Children's, and Adults Mental Health and Learning Disabilities.

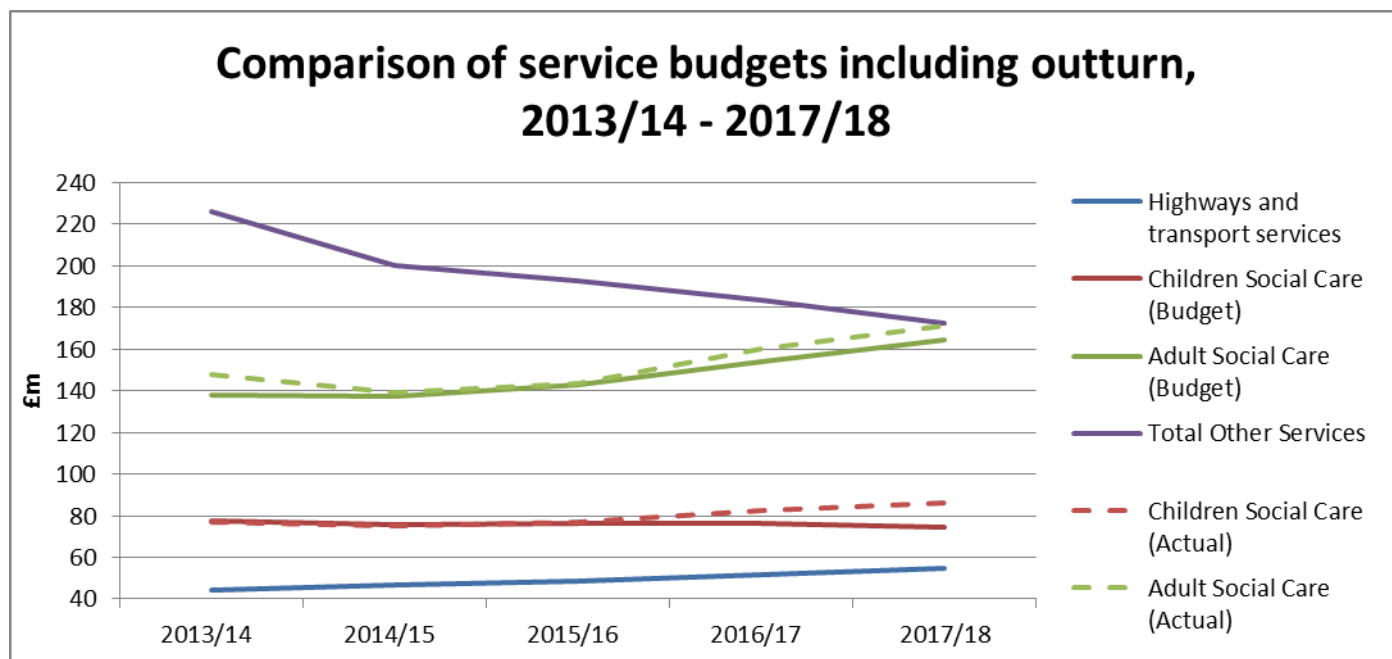
Despite these funding reductions, the Council has protected Social care services, as show in the graph below, but at the expense of significant cash reductions in other services.





Even though we have protected social care budgets, demand for services is now outstripping available budgets – a combination of demographic trends (more older people and people with learning disabilities and mental health conditions), increasing complexity of cases and increased requirements placed on Councils.

The Council is forecast to overspend its social care budgets by £18.2 million this year: £6.6m in Adults and £11.5m in Children’s. Whilst action is being taken to reduce this, it remains likely that, even with corrective action, both social care services will spend more than their budget for this and future years. This makes the sustainability of social care spending **the** key issue for the Council’s Medium Term Financial Plan. At current spending levels the trend graph is:



### **Improvement and Recovery Plans**

Although the roots of this crisis are national, the Council has always taken the steps necessary to deliver the best possible services to the people of Sheffield and will continue to do so. The attached plans therefore set out the action currently planned to manage demand, improve services and move the spending on social care back to the level of the budget. The key financial issue is that even with the actions planned, it will take up to 5 years to bring budgets back in to balance. Further work is needed both to deliver these plans and to identify and other actions that could improve the current trajectory on spend.

The current forecasts for the next two years are:

- Children’s will spend £11million more than the budget available in 2017-18, reducing to £6m above budget in 2018-19
- Adults will spend £6million more than the budget available in 2017-18, with the risk of increasing to £20m in 2018-19 without the remedial action that will be required. This is clearly not sustainable so further work is needed.

This spending is in addition to the recent national increase in funding announced by the Government (which is time limited not ongoing) as set out in the Cabinet report 19<sup>th</sup> July 2017 and in addition to funding through joint working with Heath partners.

## **Impact on the Council's Overall Finances**

The trend in spending across both Children's and Adults is significant and, without corrective action, would have a detrimental effect on the Council's overall finances. The only ways of dealing with this are:

- further work on the level of social care demand and actions that can be taken to lessen the increased spending need;
- further cuts to already significantly reduced budgets in other services (libraries, parks, streetscene, economy);
- a temporary use of Council reserves as part of a 5 year strategy, on the basis that savings in social care and other changes in the council's budget over the five year period replenish those reserves. This approach will only be sustainable on the basis of a clear plan with corrective action; OR
- a combination of the above

The Council has un-earmarked reserves of only £12million, which are kept for an unforeseen spending. Clearly these would be reduced to nil by the current year overspend, which is not a viable financial position. The Council does have significant levels of reserves earmarked for other purposes, mainly spending provisions against future spending and grant monies set aside to pay future contractual requirements (particularly PFI contracts). The Council has previously used these reserves on an "invest to save" ie a temporary basis to fund investment upfront and replenish reserves later. It could do so again, but the scale of the investment in social care and the long timescale on recovery is a significant increase in the risk to any such approach. If savings plans do not deliver, then the Council would be faced with an unsustainable use of its reserves.

Decisions of this scale need to form part of the overall Medium Term Plan and 2018-19 budget process. This report sets out the current position and further updates and decisions will form part of the budget process. Going forward the Cabinet Member for Finance will co-ordinate further actions with the Cabinet Members for Children's and Health and Social Care.

### **Recommendations:**

#### **That Cabinet**

- (i) Notes the challenges facing both Adults and Children's Social Care and the consequent impact on the Council's overall financial position
- (ii) Approves the approach set out in the attached reports and that further work will take place as part of the Medium term Financial Plan and 2018-19 budget.
- (iii) Requires the Cabinet Member for Finance in conjunction with the Cabinet Members for Children's and Health and Social Care to report back on further actions as part of the budget process

## **Executive Summary**

Analysis by the Local Government Association (LGA) has revealed that in 2015/16 75% of councils exceeded their children's social care budgets. At the same time, the LGA said, councils have seen a 140% increase in child protection inquiries over the past 10 years and demand continues to rise.

Sheffield has been responding to the growing financial crisis in children's social care, including reducing costs where we can and exploring and implementing new ways of working. Our model of "the right level of support by the right service at the right time" has been effective over a number of years with consistent lower numbers of Children in Care (CiC) per 10,000 population. In 2016, Sheffield had 46 CiC per 10,000 compared to 82 for Core Cities, 63 for Yorkshire and Humber, 74 for Statistical neighbours and 60 for England average.

Since 2010, whilst demand has continued to grow, and we have experienced the significant additional loss of grant funding such as Sure Start and Early Intervention Grant, the portfolio and Children and Families Service in particular has maintained a balanced budget until 2016/17. The subsequent unprecedented increase in demand has created financial pressure that requires further longer term strategy and investment.

Our model of demand management has been effective but is also dependent on universal services; changes to universal services impact on successful management of demand. The impact of spending decisions relating to universal services cannot be ignored. Demand for children's social care services will almost certainly increase as a result of reduced expenditure on universal services such as health, education, housing and benefits.

Within this context, as at July 2017, the Children and Families Service is forecasting an over-spend of £11m in the financial year 2017-18. The service has developed financial recovery plans, service performance and improvement plans to address both the in-year position and the medium-term financial outlook for the service. Due to the nature and the complexity of issues, this overspend position cannot be addressed within the current financial year. The actions identified in the report will deliver long term savings to address this overspend and manage future growth. However this will take a number of years and requires investment into initiatives as identified in the 2017/18 budget process as part of the Strengthening Families Change Programme.

## 1. PROPOSAL

### 1.1 Purpose of the paper

This paper is to update Members on the current challenges within children's services, the actions being both undertaken and planned to address these and the national context in which the service is currently working.

### 1.2 Context

The authority is responsible, along with partners, for ensuring that children thrive in a safe environment. We achieve this by supporting families early, to prevent escalation to crisis point, with timely service provision focused on building on family and child strengths and resilience. The service delivers the council's statutory responsibility to intervene in securing children's safety through a range of interventions. The service delivers support to families to enable them to thrive and to stay together, wherever possible. For those children who can no longer remain within their family the service performs the function of corporate parents.

1.3 Sheffield's children's services have been proactive in developing an integrated service from early help through to statutory interventions, looked after services and care leavers. This model has been developed over a number of years and has effectively supported the management of demand across specialist care services at a time when there has been a national increase in social care workloads and the number of children in care.

1.4 Since 2010, whilst demand has continued to grow, and we have experienced the significant additional loss of grant funding such as Sure Start and Early Intervention Grant, the portfolio and Children and Families Service in particular has maintained a balanced budget until 2016/17. The subsequent unprecedented increase in demand has created financial pressure that requires further longer term strategy and investment.

1.5 As at Month 4, the Children and Families Service is forecasting an over-spend of £11m in the financial year 2017-18. The service has developed financial recovery plans, service performance and improvement plans to address both the in-year position and the medium term financial outlook for the service.

1.6 The current position in Sheffield reflects a national position. Analysis by the Local Government Association (LGA), which represents more than 370 councils in England and Wales, has revealed that in 2015-16 75% of councils exceeded their children's social care budgets by a total of £605m. At the same time, the LGA said, councils are dealing with an unprecedented surge in demand for children's social care support, with a 140% increase in child protection inquiries in the past 10 years.

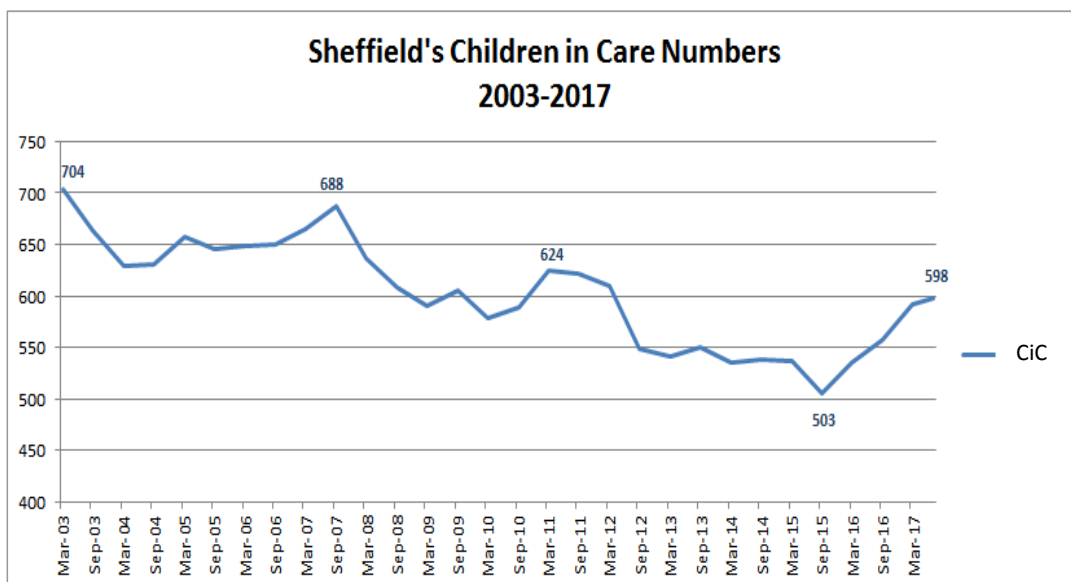
1.7 Since 2012-13, there has been an increase in the number of referrals to both Multi-Agency Support Teams (MAST) and Social Care. This has had a cumulative impact on overall capacity within the service with increasing numbers of children receiving support and interventions from the service across the whole range of activities.

1.8 The number of Children in Care (CiC) has seen a gradual reduction since October 2007 after they reached levels equivalent to the peak of 700 in 2003. This coincides with the

beginning of the refocus on prevention and early help, with integrated teams and the development of the MAST service. MAST and the partners they work with aim to provide seamless and safe support to children and young people, giving them help at an earlier stage, rather than entering crisis services at a late stage. Throughout this period of time, services improved and initiatives to strengthen families were developed, from the early years through to young adulthood. However the increasing impact of austerity, along with national and international policy changes, has had a gradual impact on service delivery and subsequent demand for services across the whole system.

- 1.9 The number of children becoming looked after since February 2016 has seen a marked increase. Since this date numbers have increased month on month. At the end of July 2017, the total had reached 597, which remains below the peaks reached in 2007 and 2003. The steep increase from February 2016 to April 2017 has created significant pressures on resources and, as a consequence, placement costs, which continues despite the significant reduction in the rate of increase over the last 4 months.

Figure 1. Sheffield Children in Care (CiC)

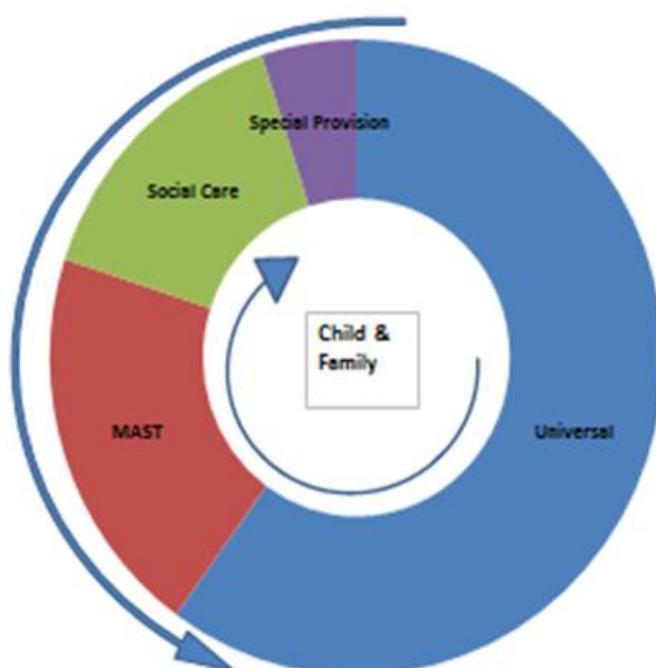


- 1.10 This recent increase mirrors the national picture which has seen an overall increase in the numbers of children in care. Analysis of this upward trend, including sampling assessments of children coming into the care system, shows us that this steady increase includes a growing number of older and more complex children entering the system. The recovery plan and investment initiatives have identified the need to focus on developing services to support families with teenagers to prevent this continued increase.
- 1.11 The nature of the children entering the care system will also require us to refocus the types of interventions/resources that we have available to support children to remain in Sheffield, whether in council resources or private providers' provision. The current nature of the provision has been insufficient to meet the need locally, forcing the service to purchase an increasing number of out of city placements, increasing the financial pressures.

- 1.12 Demand for services is growing at all levels and, whilst we have previously managed to maintain a stable numbers of Children in Care for many years, the number of children in our care has recently increased. Changes in national policy have resulted in additional pressure on budgets and availability of local placements, for example Leaving care services extended to 25 for young people in university. The Staying Put legislation is designed to enable those looked after remaining with foster carers after their 18<sup>th</sup> birthday and until they reach 21. This is positive for the young person, improving stability and supporting their transition to adulthood, however the primary impact on these arrangements to the local authority is that there are additional costs to support these placements and carers are losing capacity to foster, as the young person staying in the home takes up a bed that was previously available to foster a child. While some national funding is available, this is often not sufficient to deal with the pressure faced. In addition, the international refugee crisis has resulted in additional pressure on local services due to an increased influx of refugees and asylum seekers to the city and the region which has reduced overall capacity for Sheffield and South Yorkshire children. National funding is insufficient to meet costs.
- 1.13 Requests for support or referrals are based on a continuum of need. A key objective for Children and Families Service is to increase the number of families who have their needs met by universal and targeted resources, and thus reduce the number of families needing specialist or acute intervention (see figure 2).
- 1.14 The primary aim is to promote the early identification of children with additional needs, and deliver high quality preventative and supportive services to enable children to continue living successfully and safely with their families and communities. Our strategy has been, and continues to be, to deliver the right level of support by the right service at the right time.

*Figure 2. Service Delivery Model*

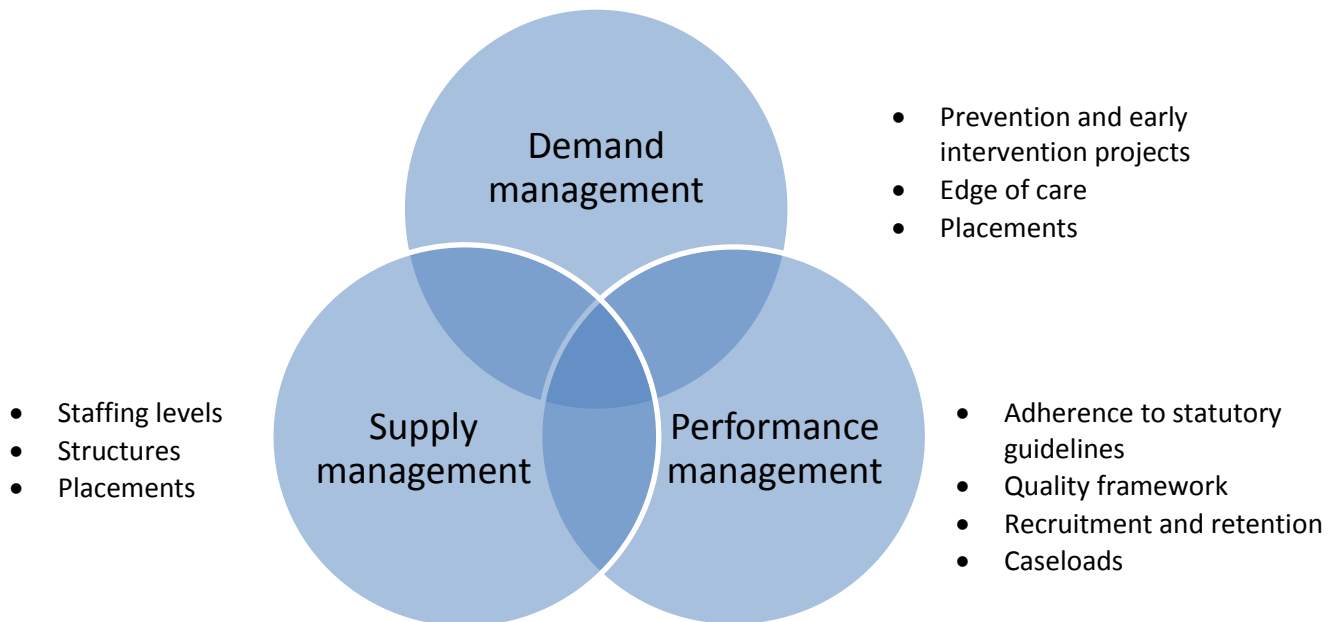
**Right level of support by right service at the right time.**



- 1.15 This strategy has been effective and we have a track record of lower Children in Care per 10,000 population over a number of years compared to Core Cities, statistical neighbours and the England average. In 2016, Sheffield had 46 LAC per 10,000 population compared to 82 for Core Cities, 63 for Yorkshire and Humber, 74 for Statistical neighbours and 60 for England average. This is despite substantial budget reductions since 2010.
- 1.16 In addition to an increase in demand for support, we have faced several unforeseeable challenges in the last 2 years; instability in leadership, financial reductions and loss of a significant number of social workers to other local authorities, in particular to neighbouring authorities in special measures who have offered higher pay scales and guaranteed lower caseloads.
- 1.17 The Sheffield Safeguarding Hub (formerly known as the Integrated Front Door) is now the first point of contact for all new safeguarding concerns. The Hub was developed to improve our response to concerns about vulnerable children, young people and adults by providing a more integrated and seamless service, enabling safe and secure data sharing between professionals. The first contacts are key to identifying timely next steps to prevent inappropriate crisis interventions, reducing the likelihood of entry into care. The integration of the new working practices into the whole partnership will be an important part of ensuring that we respond in a timely but safe way to children.
- 1.18 Following the launch in April the Hub is in the process of being embedded, and has yet to show a real impact on referrals into MAST and Social Care. Professionals are co-located but we need to embed further collaborative working between professionals within the local authority, police and health. This is a key focus of improving the practice and outcomes for families. As part of the ongoing development a peer review has been carried out in August and will be used to create a Multi-agency Hub development plan.
- 1.19 **Current Action to recover our financial position**  
A number of plans and proposals are in place, designed to take immediate action to assist in addressing the financial pressure, develop new initiatives to support families and to improve the practice within the service. The service has undertaken a 'Stocktake' to inform development and investment needs, which included consultation with staff, partners, children and carers. This will also support the service in preparing for future Ofsted inspections.
- 1.20 The investment that has been agreed and attached to the Strengthening Families Change Programme aims to reduce the number of children and young people in care and reduce expenditure over the next 5 years. The approach is building on the council's vision of prevention and early intervention using innovation and transformation. These services work with the child and family to develop resilience, build on strengths and prevent risks, to stabilise the situation, reducing the number of children and young people entering the care system where it can be safely avoided. It is recognised that issues cannot be resolved in one year and therefore we have developed a five year plan which was agreed as part of 17/18 budget setting process. Services continue to be child-focused and therefore some actions will need to take account of the impact on the child and their plan as well as the service requirements and demands.

- 1.21 The identified initiatives have been incorporated into a single Children and Families Improvement Action Plan. This plan covers demand, supply and performance management, addressing workloads, quality of provision, workforce and quality of practice.

Figure 3. Current workstreams



1.22 **Demand management**

We are continuing the development of prevention and early intervention, strengthening the resilience of parents and children. We are working to reduce referrals to social care, and the number of children entering looked after system by delivering earlier support and the development of several evidence-based programs. Based on working successfully with families on the above initiatives the aim is to reduce existing demand by a total of 125 children not placed in our care who would, without these initiatives, have become looked after, saving an estimated £16.7m over 5 years.

- **Fresh Start Programme** - working with expectant parents who have already had children removed to prevent repeat removals. This should provide better outcomes through alternative support and avoid the need for 36 long term placements over the next 5 years.
- **Domestic Abuse Project** (previously known as Growing Futures) and other **Parenting Support Programmes** addressing parental resilience aim to avoid the need for 44 long term placements in the care system over 5 years.
- **Family Group Conferencing** - restorative practice techniques to work with families subject to early legal action or child protection plans, to reduce risk by engaging wider family and community supports. We aim to successfully and safely prevent the need for a further 20 long term placements over 5 years. We are also looking at expanding this service to support families to prevent entry into care and reunification of children back with families.



- **Multi Systemic Therapy** - an intensive programme working with 11+ year olds to reduce risk of removal from family due to social or behavioural issues. Through MST we aim to provide alternative support to keep families together safely, and avoid the need for a further 25 long term placements over 5 years.
- **Reunification programme** - working with children currently in care to return back to their families through identification of appropriate kinship care. We are using an evidence-based assessment Tool (Taking Care) with children and their families to enable them to safely return to their family home.

### 1.23 **Supply management**

We are redesigning and investing in the availability of resources within Sheffield, across the partnership, to ensure the right resources are available for maintaining Sheffield children in Sheffield. We are working to reduce the demand for external placements whilst ensuring appropriate sufficiency of placements to meet changing needs. This will be achieved through;

- Increasing the numbers of local authority foster carers through development of a comprehensive package of support which will include wraparound support for foster carers, training packages and benchmarking fostering allowances.
- Re-negotiating relationships with providers to develop partnerships focused on the needs of children, ensuring that we have places available for Sheffield children in Sheffield.
- Partnership working within the portfolio and across other statutory bodies to develop capacity e.g. increasing range of post 16 provision and housing support for care leavers.
- Invest to save; seeking funding opportunities both internal and external to deliver changes, including potential capital investment.

1.24 We are working to increase the number of in-house fostering placements, recruiting over 70 new Foster Carers over the life of the programme. We are also working closely with colleagues across the authority to increase the housing and accommodation stock and develop seamless accommodation solutions for Care leavers in the city.

### 1.25 **Performance management**

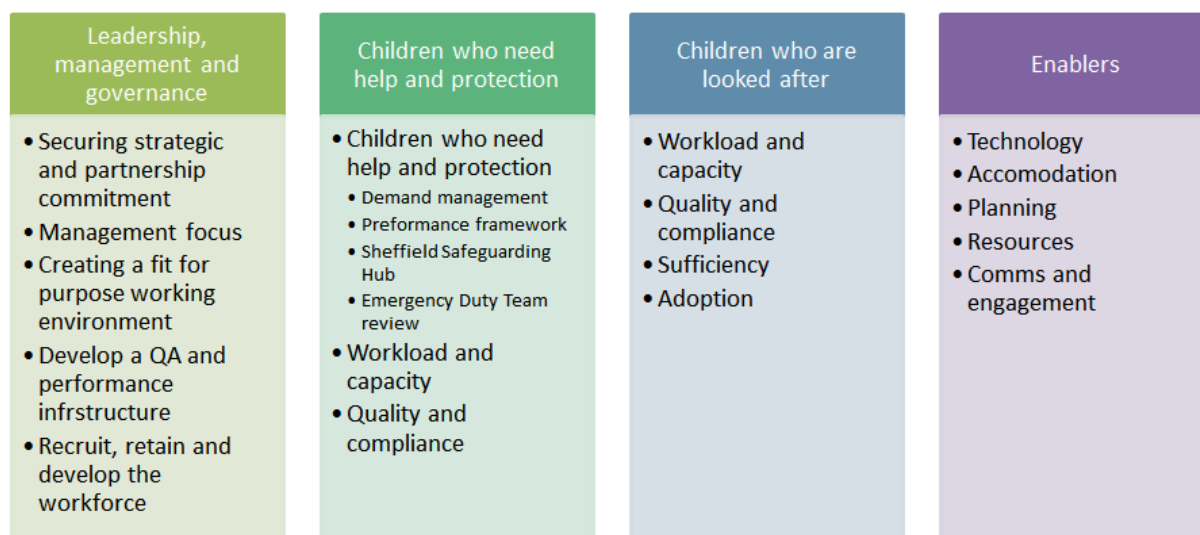
Having the right number of staff and an appropriately-trained workforce is a critical determinant in improving the quality of service delivery. We are committed to ensuring that the authority continues to meet its statutory duties consistently and to a high standard. We are looking to invest in our staff to ensure strong practice and good quality risk management, delivered in a consistent manner across the whole partnership, ensuring children and their families receive support in a timely manner. This will be achieved through;

- Developing a robust workforce strategy
- Developing consistent practice standards across the system in delivering good

quality assessment and planning processes, to deliver change to children and their families.

- Investment in Signs of Safety across the system; an evidence-based social care approach to managing risks, focusing on families' strengths. This approach compliments other investments being developed.
- Embedding of stronger monitoring processes around need, supply and demand to impact on financial pressures.
- Invest in our social care workforce to relieve some of the administrative burden on social workers and reduce their caseloads, which are currently considerably higher than would be expected to achieve consistent practice standards.
- Continued financial rigor and performance management, challenging partners and providers to ensure shared costs and value for money.

Figure 4. Improvement Action Plan



## 2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The proposals and plans detailed herein contribute to all 5 of the Corporate Priorities detailed in the Corporate Plan 2015-18. The primary focus of improving the health and wellbeing of families across Sheffield by providing the right services at the right time and in the right place, ensures we are able to meet increasing (and increasingly complex) demand. To achieve better health and wellbeing we will become a more in-touch organisation and contribute to thriving neighbourhoods and communities and a strong economy. Finally, the focus of this work is very much about meeting the needs of the most vulnerable, therefore tackling inequalities and redressing equity of service.

## 3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 In general, we are not significantly changing or reducing service delivery from the viewpoint of the service user so consultation has not taken place. Should this change, we will consult with Legal and add consultation to the timeline. Ongoing communication is

taking place with staff across the organisation to keep them abreast of the developments and our approach.

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

##### **4.1 Equality of Opportunity Implications**

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

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

The Equality Act 2010 identifies the following groups as a protected characteristic: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation

The Equality Impact Assessment (EIA) is being prepared and will be ready in time for Cabinet. The initial views from the Programme Management Team are that proposals are focused on access to services and equity of service and therefore any impact to service users would be positive. Detailed EIA's will be required for individual projects.

##### **4.2 Financial and Commercial Implications**

The Children & Families Service is currently forecasting to overspend by £11m by the year end. The reasons for this are highlighted in the report around the increasing number and costs of placements for looked after children and the associated pressures that brings in supporting budgets such as fieldworker caseloads, legal, transport and contact time.

The actions identified in the report will deliver long term savings to address this overspend and manage future growth. However this will take a number of years and requires some investment into initiatives as identified in the 2017/18 budget process as part of the Strengthening Families change programme.

The table below shows the 5 year impacts of in year pressures and future anticipated pressures for the services, along with the savings currently identified to mitigate these. The Service will spend more than the budget available, coming back to near balance by year 5 (2021/22).

Pressures	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£000	£000	£000	£000	£000	£000
Growth in Client Costs	11,801	250	250	250	250	12,801
Loss of Income		650				650
Repayment of one off funding			4,000			4,000
Other		370	370	370	370	1,480
<b>New pressures in year</b>	<b>11,801</b>	<b>1,270</b>	<b>4,620</b>	<b>620</b>	<b>620</b>	<b>18,931</b>
<b>Total Pressures</b>	<b>11,801</b>	<b>13,071</b>	<b>17,691</b>	<b>18,311</b>	<b>18,931</b>	

Savings Proposals	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£000	£000	£000	£000	£000	£000
CIC Placements	-507	-1,200	-1,501	-1,617	-1,617	-6,442
Supply Increase Capacity	-244	-1,342	-1,342	-1,342	-937	-5,207
Caseloads Management		-93	-266	-276	-276	-911
Additional Recovery plans action		-3,493				-3,493
Temp staffing ends			-1,926			-1,926
<b>In Year Savings</b>	<b>-751</b>	<b>-6,128</b>	<b>-5,035</b>	<b>-3,235</b>	<b>-2,830</b>	<b>-17,979</b>
<b>Total Savings</b>	<b>-751</b>	<b>-6,879</b>	<b>-11,914</b>	<b>-15,149</b>	<b>-17,979</b>	
<b>Overspend in year</b>	<b>11,050</b>	<b>6,192</b>	<b>5,777</b>	<b>3,162</b>	<b>952</b>	

#### 4.3 Legal Implications

The Council has a number of duties towards children in need, children in care and care leavers, under the Children Act 1989 as amended by other legislation including the Children and Young Persons Act 2008 and the Children and Families Act 2014. There are no proposals within this report that suggest these duties cannot be met.

#### 4.4 Other Implications

- HR – on areas of the plans/proposals where changes are proposed to staff, consultation will take place as part of the Achieving Change process.
- Ofsted - local authorities' children and family services are subject to regular inspection by Ofsted and the next inspection is due later this year or early 2018. The issues identified in this report are likely to feature significantly in an inspection, and Ofsted will require clear actions to address areas of improved performance required against the inspection framework.
- Cumulative impact – this will be assessed through the EIA.

### 5. ALTERNATIVE OPTIONS CONSIDERED

5.1 We have explored the increase in demand, where it is coming from and what is available to us to better enable us meet this. The overspend projected is linked to this increase in demand for services. Demand is increasing nationally. We have previously been successful in continuing to meet demand with lower budgets and less capacity. We are not excluding any viable options at this stage.

End

## **Adult Social Care**

### **Improvement and Recovery Plan**

#### **Appendix 2**

##### **Executive Summary**

The Financial pressures facing adult social care across the country have been well publicised in recent years and, whilst this has resulted in some additional monies being made available to Councils up until 2019-20, there is still no clear national position about how the sustainability of adult social care will be ensured after that time.

In Sheffield the financial pressures facing adult social care can be broadly defined in three categories – provider costs (amounting to around a £23m pressure in the coming four years), growth in client costs (of around £18m over 4 years) and a loss of income (around £6.5m over four years).

Up to £12m of financial savings will be delivered in Adult Social Care during 2016-17 and 2017-18 through a number of significant change programmes focusing on demand management, supply management and ongoing performance improvement but despite these savings Adult Social Care budgets are still facing an overspend because of the scale of the demand pressures they are facing.

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, and instead increasing focus on access to universal services and early help and preventative support. This will improve outcomes for local people and promote better usage of adult social care resources.

In older people's services there is a need to improve rates of customer satisfaction through an emphasis on practice and leadership development as well as the use of systems that reduce bureaucracy. There are also opportunities to improve use of adult social care resources so that Sheffield benchmarks more favourably with comparator authorities. Considerable progress has been made over the last two years in making improvements to a number of adults services and these need to be sustained and accelerated.

The high number of adults of working age accessing formal social care services in Sheffield creates a key risk to the future sustainability of care and support for adults of working age. This requires a considerable shift towards inclusion and prevention to help to help adults access employment and other universal services which are available to the wider population. Without this shift the pressure on services for adults of working age will increase.

There are a number of further opportunities being explored to improve the use of resources in adult social care and these centre around continuing the Council's shift towards prevention, continuing to work with providers in relation to supply management, and improving and maintaining performance.

## Proposals

- 1.1 For the Council to note the significant work that is already taking place to improve the use of resources within Adult Social Care, but also to note the significant projected deficit once the additional adult social care funding from central government expires at the end of the 2019-20 financial year and to support the actions set out below to help address this.
- 1.2 For the Council's approach to **demand management** to continue in its shift towards prevention, and
  - Increase its ability to provide early advice and support to people who might otherwise develop adult social care needs including family carers
  - Reduce over time the number of people using formal adult social care in Sheffield in line with the average per head of population for comparable Councils
  - Improve emotional health and wellbeing outcomes associated with all services
- 1.3 For the Council to continue its work with providers of adult social care in relation to **supply management**, and
  - Deliver an accommodation strategy for the city which ensures that future people with disabilities or health issues have access to high quality homes which are accessible and promote independence
  - Reduce reliance upon services outside the city
  - Support local Sheffield organisations to grow and support our communities
  - Reduce reliance on expensive services where alternatives exist that enable better value for money at comparable quality
  - Develop a sustainable role for Council-run adult social care provision
- 1.4 For the Council to maintain and improve **performance** through further development of an adult social care workforce that
  - Is better equipped to provide the information and advice that Sheffield citizens need to maintain their independence and wellbeing
  - Forms stronger connections with Sheffield's communities and neighbourhoods and make the best use of their strengths and assets
  - Works more closely with NHS and community colleagues to collaborate and make best use of resources in the interests of local people
  - Adopts an "all-age" approach that provides seamless support between childhood into adulthood and through to later life
- 1.5 For the Council to continue its work with local NHS organisations so that
  - Sheffield citizens get the right support from the right person at the right time without confusion or delay
  - NHS partners work preventatively to reduce avoidable demand on adult social care, and vice versa

## 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 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 However the Care Act states that the Council also has a duty of wellbeing towards a much wider population of individuals with “care and support needs”. The Care Act defines wellbeing in broad terms, including participation in work, education, training or recreation, social and economic wellbeing, suitability of living accommodation and the individual’s contribution to society. This emphasises that the promotion of wellbeing for people with adult social care needs is a responsibility of the whole Council and that all council services have a role to play in ‘prevention’.
- 2.3 The Care Act explicitly states that “[the wellbeing principle] should inform the delivery of universal services which are provided to all people in the local population, as well as being considered when meeting eligible needs.” Universal services (for example housing, transport, leisure) can also perform a valuable preventative function in relation to adult social care, helping ensure participation in community life, the continuation of both physical and mental health and the focus of intensive adult social care resources upon those who need it the most.

### **3 The vision for adult social care**

- 3.1 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, and instead increasing focus on access to universal services and early help and preventative support. This will improve outcomes for local people and promote better usage of adult social care resources.
- 3.2 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 to enable them to thrive.
- 3.3 **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.
- 3.4 **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.
- 3.5 **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.
- 3.6 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. This means that the development of Adult Social Care in Sheffield can be closely connected to local improvements required in NHS services
- 3.7 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.
- 3.8 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 Overview of Sheffield's use of resources in Adult Social Care**

- 4.1 The Council has asked for a Peer Review to look at its use of resources in Adult Social Care. This will be coordinated by the Local Government Association and will involve Members and officers from other Councils who can compare Sheffield's challenges with their own and also highlight areas of national good practice that Sheffield can emulate. There will also be NHS representation on the team. The review will take place in early October 2017.
- 4.2 As part of preparation for the review, the Council has been comparing its spend and customer profile with other Councils in comparable authorities, using 2015-16 data but also examining more recent trends. Some early conclusions are set out below.
- 4.3 **For older people**, Sheffield's spend per head of population was just above the comparator average in 2015-16 while the number of older people directly supported by the Council was marginally below the comparator average. There are also key performance measures where Sheffield has not been close to the comparator average in recent years:
- 4.3.1 Sheffield's older people have reported considerably lower levels of customer satisfaction than those in average comparator authorities when annually surveyed as part of the national Adult Social Care Outcomes Framework (ASCOF)
- 4.3.2 In recent years Sheffield has admitted significantly more older people than average comparator authorities to residential and nursing care homes. This is a relatively high cost resource and also a difficult step for many older people who would prefer to stay in their own homes. The measure improved in 2016-17 but still lags behind many other authorities.
- 4.3.3 Sheffield has historically poor performance in relation to people staying too long in hospital. "Delayed Transfers of Care" have been higher than most comparator authorities. This chiefly concerns older people, and has significant consequences for use of resources in adult social care. There is very clear evidence that extra time in hospital diminishes the physical abilities and also the confidence of older people, therefore increasing social care needs on discharge. There is a particularly strong link in Sheffield between delays in discharge from hospital and increased requirements for care homes.
- 4.4 For older people the key conclusions are therefore as follows:
- 4.4.1 Low customer satisfaction cannot be attributed to insufficient resources. Other authorities have much higher rates of satisfaction from local older people than Sheffield even though their spend per head is less. Therefore there needs to be considerable emphasis upon practice and leadership development, as well as the use of systems that reduce bureaucracy. This is referred to in 7.6 below.
- 4.4.2 There therefore ought to be opportunities to improve use of adult social care resources for older people in Sheffield so that we compare more favourably with comparator authorities. Although spend and activity figures are much closer to average than for adults of working age it is not enough to aspire to be average.
- 4.4.3 A great deal of focus needs to be given to partnership work with the NHS, and in particular to supporting older people so that any stay in hospital is no longer



than necessary to address medical issues, and gives them the best chance possible of returning home as independent and confident as before.

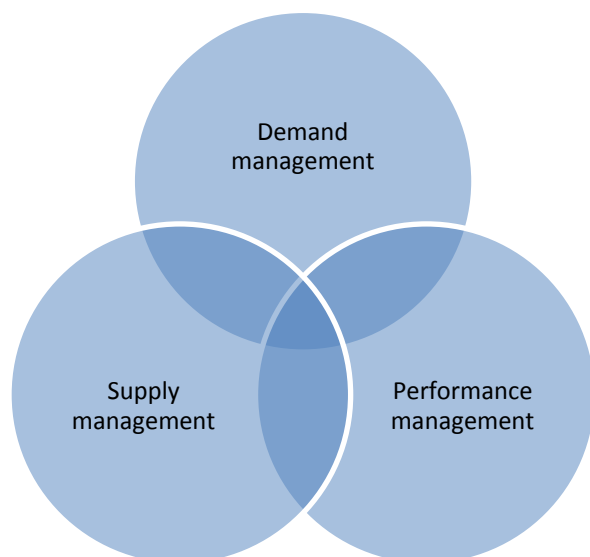
- 4.5 There has been considerable progress from 2016-17 to date in improving both quality and use of resources for older people. The Council's Short Term Intervention Team (STIT) that provides rehabilitation support to older people after illness or injury has become greatly more efficient and effective, and savings achieved from this have been used to ensure greater consistency and quality from our homecare providers. It is expected that this will have a positive impact on customer satisfaction as well as on rates of care home placement and there has certainly been a reduction in delayed discharges from hospital as a result. There has also been progress in developing a new "access model" that gives people of all ages better information and advice, and earlier access to support in their own neighbourhoods, for example from community organisations. This will further reduce the numbers of older people that need social work support and formal care arrangements because they are receiving earlier and more preventative help.
- 4.6 The above progress needs to be sustained and accelerated. Further measures that will improve use of resources for older people are set out later in this report. The position with adults of working age set out below is extremely challenging and continual improvement in the use of resources for older people will be necessary to help the working age position to recover.
- 4.7 **For adults of working age** (this includes people with a learning disability, with a physical disability and those with a mental health problem) Sheffield's spend per head of population was below the comparator average in 2015-16 while the number of adults with a working age directly supported by the Council was substantially above the comparator average. For example the number of people with a Learning Disability supported by the Council was above average per head of population and the number of adults of working age with a mental health problem (supported via the Council's commissioning arrangement with Sheffield Health and Social Care Foundation NHS Trust) was above the comparator average.
- 4.8 This relationship between available resources and numbers of people supported creates huge risks in relation to the sustainability of Sheffield's care and support for adults of working age. As with older people, there are key links with other aspects of performance.
- 4.8.1 Sheffield's adults of working age also report lower levels of customer satisfaction than those in average comparator authorities when annually surveyed as part of the national Adult Social Care Outcomes Framework (ASCOF). There is variation within the group, with satisfaction of those with a learning disability higher than for those with a physical disability. But all are below average.
- 4.8.2 The proportion of people with a learning disability or mental health problem in employment is lower in Sheffield than for comparator authorities. Performance for most Councils tends to be poor, and therefore Sheffield is below average on a measure where few Councils do well in any objective sense.
- 4.8.3 Sheffield has admitted significantly more adults of working age than average comparator authorities to residential and nursing care homes. This tends to be a very high cost resource and also a very challenging step for people who will potentially face decades in care. Numbers of adults of working age in residential care are particularly high for those with mental health needs but have increased considerably for all.
- 4.9 For adults of working age the key conclusions are therefore as follows:

- 4.9.1 There needs to be a considerable shift towards inclusion and prevention to help a number of adults of working age access employment and other universal services that are available to the wider population. Excessively high numbers of adults of working age receiving formal social care support is demonstrably neither resulting in satisfaction for them nor helping them achieve the independence outcomes that are being delivered by some comparator authorities.
- 4.9.2 Universal services offered by the Council and by key partners need to continually improve in becoming more accessible to adults of working age who might otherwise go on to develop formal care and support needs. There is already good work taking place across the Council, for example developing accessible housing. But there is much more that can be done.
- 4.9.3 Adult social care services supporting people of working age need to change. There needs to be much more focus upon equipping adults who might otherwise have social care needs to access opportunities that are there for others. This needs to replace the focus on traditional services like day centres which provide a social outlet for adults of working age and which provide a break for family carers but which do not support the development of skills and confidence to help people achieve their ambitions. This is not to denigrate all day centres: some can be refocused to achieve this approach and a small number of people may not be able to be supported in this way.
- 4.9.4 Supporting more adults of working age in a preventative and inclusive way, so that the number of people receiving formal social care reduces will mean that people with higher needs can be supported with greater quality and focus. The numbers of people requiring residential or nursing care will reduce because there is more ability to work with them in the community and prevent their situation deteriorating.
- 4.9.5 Without the actions above, the pressure on services for adults of a working age will increase. Adult social care budgets face significant pressure from two sources: the number of young people with disabilities who will have care needs on adulthood, and the number of people being supported by the NHS who may in future be supported by the Council linked to shifts in NHS Continuing Healthcare and also the national Transforming Care programme. Work within the People portfolio is bringing Childrens and Adults services closer together and working in partnership with the NHS to jointly manage these pressures (see for example 7.1 below), but unless there is transformation in current approaches to supporting adults of working age the position will become unsustainable.

## **5 The financial pressures facing adult social care**

- 5.1 The financial pressures facing adult social care across the country have been well-publicised in recent years. That resulted in additional monies being made available to Councils over 2017-18, 2018-19 and 2019-20. While this is welcome, there are two concerns about the national position. Firstly, there is as of yet no clear national position, or even debate, about how the sustainability of adult social care will be ensured after that time. Secondly, many provisos have been attached to new adult social care funding which relate to financial sustainability of the NHS, itself under huge pressure.
- 5.2 Adult Social Care faces significant financial pressures over the coming years which can broadly be defined in three categories- provider costs, growth in client costs and loss of income.

- 5.3 Rising provider costs are forecast to contribute around £23m pressure to adult social care in the coming four years. These costs are predominantly the rising costs incurred by providers for the ongoing roll out of the National Minimum Wage to staff. These assumptions are predicated on the National Minimum Wage rising to £9/h by 2021.
- 5.4 An additional pressure of approximately £18m over the coming four years is forecast as a consequence of increased service user numbers over time (as a result of population change and other factors) and of an increasing demand for higher intensity packages.
- 5.5 The Council is facing a forecast loss of income in relation to adult social care of around £6.5m in the next four years. This is made up of reducing government grant and the ending of both external project funding and internal income from reserves.
- 5.6 The Council has received additional funding through the improved Better Care Fund (iBCF) for the period 2017/18 to 2019/20. The allocation of this funding was subject to a decision by Cabinet on 19th July 2017 and further information on that funding and its allocation can be found in that Cabinet Report. The iBCF represents one off funding for Adult Social Care over its three year period. Therefore, whilst the funding will improve the in year position over these three years, its cessation after this period creates a pressure, for all Councils nationally, which will have to be managed following its removal.
- 5.7 These financial challenges are significant and will not be resolved in the short term. A medium term plan has therefore been developed which will ultimately describe how ongoing changes in adult social care will allow the service to adapt to these changes and meet its statutory obligations to deliver adult social care in a financially sustainable way. This plan will feed into the Council's Medium Term Financial Strategy which was updated and approved by Cabinet in July 2017.
- 5.8 The three key areas of financial pressure help inform the three strands of the recovery plan as follows:



## 6 The adult social care savings programme to date

- 6.1 There has been a high level of financial savings delivered through Adult Social Care over the last two years through a number of significant change programmes. Savings achieved in 2016/17 and savings targeted in 2017/18 amount to around £12m (not including £1.4m savings to Public Health budgets). This includes Mental Health (£2.7m), Learning Disabilities (£3.1m), Older Adults (£3.8m) and Income (£1.3m).

- 6.2 A focus on **demand management** has been the subject of major change in 2016 and 2017. The First Contact team provides new Access model for 'unplanned' social care contacts for new and known customers. Social Care knowledge and expertise has been moved closer to the point of the customer's first contact with the council, allowing for people to have a better conversation, at an earlier point in time. More focused advice and information to people earlier is reducing the number of different council staff that customers have to speak to and reducing the length of time they have to wait for their query or problem to be resolved. This helps people to manage urgent and crisis situations, prevent them escalating, and improve customer experience. The new arrangements have seen a significant reduction in the number of initial contacts going on to formal care and support.
- 6.3 One of the most significant programmes of the council in relation to **supply management** has been the Learning Disabilities Commissioning programme. This programme has introduced a supported living framework which set higher standards for supported living based on clear outcomes, and a guide price. A further framework which develops innovation in supported living will be in place this autumn. A programme of deregistration of nine residential care homes to supported living has been completed which represent positive change which has transformed services and resulted in greater choice and support as well as making savings. A system of brokerage now supports access to accommodation and support and this improves the customer experience by reducing waiting times and ensuring that the accommodation is right for the individual. It also supports proactive management of and reduction in voids and a process of verification which is leading to better management of provider payments. Improvements have been made to quality in accommodation. The programme has also made improvements to the availability and choice of short breaks.
- 6.4 The ongoing transformation programme in adult social care aimed at driving **performance** centres around a move to locality working for adult social care teams to put decision making into the community, join up service delivery and allow for a better use of council resources. This project delivered a new structure for adult social care services in 2017 and follows a completed and successful transformation of the Council's in house reablement service in 2016 which delivered significant savings through a clear and robust improvement programme including a review all systems and processes.
- 6.5 Despite these significant savings being delivered Adult Social care budgets are still facing an overspend because of the scale of the demand pressures we are facing.

## **7 Further opportunities to improve the use of resources in adult social care**

### **Demand Management**

#### **7.1 0-25 interventions**

One of the most significant opportunities for making better use of ASC monies in Sheffield is through a more balanced approach to the support of working age service users. The recovery plan sets out how more coordinated support of disabled young people from early years to adulthood will increase their independence and access to opportunities and also reduce their care needs in adulthood. This work will be undertaken by a new, dedicated, 0-25 service that incorporates children and adult social care colleagues to ensure well planned and effective transition support specifically from the age of 14 for those with Special Educational Needs and

Disabilities (SEND). This will improve planning for provision and provide a clear understanding of commissioning needs for those with SEND as well as focussing on improving the number of young people with disabilities entering employment, becoming independent and accessing their local community.

## 7.2 Council wide prevention

The Council's Executive Management Team has commissioned work to develop a coordinated and coherent approach to prevention across everything delivered by the Council. This work is being led by the Director for Public Health with the support of an Advisory Group comprised of Directors and senior officers drawn from each portfolio including the Peoples portfolio Director for Commissioning, Inclusion & Learning. The focus of the group is considering how the Council can change the way it operates in order to more effectively prevent poor outcomes in the whole of Sheffield's population, and thus over time reduce demand for high-cost acute services.

## **Supply Management**

### 7.3 Negotiation with external providers of adult social care

The Council has to maintain a careful balance between paying a price for care that delivers the right quality and consistency, and delivering value for money for Council Tax payers. There have been significant improvements to the quality of home care support in the last year because of targeted investment that has delivered good value. Some providers, for example those giving residential care for older people, remain concerned at what they see as low fee rates paid by the Council. These are reviewed annually via a robust engagement process and are agreed by Cabinet. Some provision remains, almost entirely supporting younger adults and often outside the city, where the unit cost is excessively high and does not look to deliver good value. As below, new service models are being introduced to lessen reliance on this support. But commissioning expertise and capacity has also been introduced to negotiate better with providers on price and ensure that our approach is commercially sound.

### 7.4 Community support

A key priority for the recovery plan is the ongoing support of adults of working age to access high quality community provision which is tailored to meet their support needs. This month a new 'Future Options' team has been established that will specifically support customers who have complex needs and are in a restrictive care settings, moving them to new models of care that promote independence. The team will work closely with Commissioning colleagues on specific task and finish activities as a result of commissioning changes and longer term plans. This change of approach will help to shape the future models of delivery namely less reliance on restrictive settings and more community opportunities, as well as a change in the direction of partner agency and commissioning expectations.

### 7.5 Accommodation strategy

The Learning Disabilities change programme includes large scale plans in relation to the development of housing accommodation for Learning Disability service users which are linked to the council's housing strategy. New build schemes for mixed level needs are currently in negotiation with Housing Association partners will reduce costs to adult social care budgets once delivered and provide housing that helps people have ordinary lives with support tailored to their needs.

### 7.6 Remodelled short breaks

A review is required of the both the style and eligibility of short breaks offered to adults of a working age in Sheffield which will lead to a reduction in some of the buildings based services, an increase in more flexible short break arrangements such as Sharing Lives, Independent Service Funds, and a review of service users entitlement based upon their service arrangements and historical expectations.

#### 7.7 Remodelled day services

A review of day services for adults of a working age will provide more focus on the development of skills and confidence of service users to help people access universal services and achieve their ambitions. Work within the People portfolio is bringing Childrens and Adults services closer together, and also creating much stronger links with Employment and Skills services. Creating opportunities which help people genuinely build independence and increase prospects for employment will also reduce reliance on traditional day services over time.

### **Performance Management**

#### 7.8 Workforce development

The move to locality working will be complemented by the planned introduction of a new ICT case management system to improve efficiency within social care. A workforce development programme involving practice and culture change will be introduced in 2017/18 which will enable staff to make optimum use of the new structure and systems to the benefit of customers. The expected outcomes from the programme will be an improvement in customer and carer satisfaction, an improvement in staff satisfaction and a reduction in the dependence on formal social care services.

#### 7.9 Focussed case management

A low throughput of reviews and reassessments in adult social care has meant that some service users are receiving the same ongoing support despite potentially changing circumstances. An analytical review of service users and their care packages will identify potential customer cohorts e.g. Learning Disability service users approaching old age which should be prioritised for review to ensure that the support being provided is still appropriate to their support needs

#### 7.10 Improving the inclusion of service users of working age

There are a number of approaches planned for improving inclusion of working age service users. The 0-25 team will work with young people in the years before they transition to adulthood to optimise social inclusion by promoting opportunities for employment, learning and volunteering as appropriate. The organisation and coordination of social groups which provide real social experiences for individuals will also be explored in order to further reduce dependence on traditional day services which do not always serve to promote independence. Further, the Council's in-house prevention teams will be tasked with supporting existing day service users to access other opportunities in the community.

#### 7.11 Hospital discharge

The new Hospital team will support our known customers who are admitted to hospital, liaising with ward staff, providers, and families to facilitate discharge from hospital more quickly – supporting people to go home before their wellbeing begins to deteriorate. People often require less support if they can be supported to return home and quickly as possible, and having social work staff supporting decision making in hospital means that the support that is provided is enough to meet people's needs, but not over-prescribed.

## 7.12 Income opportunities

A program of work has commenced to review the City Wide Care alarms service and identify opportunities to increase income. This includes reviewing the current pricing structures; reviewing the '6 weeks free' options; re-structuring the staffing in the service through an MER to ensure a balanced and responsive service in terms of 24 hrs response, and for new installations; review of all processes and systems; promotion through more modern methods including use of social media.

## 7.13 Mental Health

Mental Health savings are being realised from the implementation of a Transformation Plan and a series of coordinated projects which have been developed by the Council and Health to improve services in Sheffield.

## **8 How does this decision contribute?**

8.1 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.

8.2 The proposals in this report will:

- Increase the independence and health of local people through an increased focus on prevention.
- Increase care quality as well as economic wellbeing through the further development of Sheffield's local care provision.
- Improve workforce morale.
- Improve use of resources both within the Council and with partners, contributing to a sustainable future for Adult Social Care and wider Council functions.

## **9 Has there been any consultation?**

9.1 There has been no consultation in relation to this report.

9.2 Any specific proposals that are brought forward to improve the Council's use of adult social care resources will need appropriate consultation tailored to their circumstance.

## **10 Risk Analysis and Implications of the Decision**

### **Equality of Opportunity Implications**

10.1 The proposals are designed to improve the stability, availability and quality of Adult Social Care for all of Sheffield's population. Any specific proposals that are brought forward to improve the Council's use of adult social care resources will need appropriate consideration of Equality of Opportunity Implications tailored to their circumstance.

## **11 Financial and Commercial Implications**

11.1 ASC is currently forecasting to overspend by £6.6 by the year end. The main reasons for this are Learning Disabilities Services: forecast £8.8m overspent reflecting increase in demand and complexity for services: Mental Health Service : Forecast £1.4m overspent due to savings expected from pooling with the CCG slipping into future years and Long Term Care: Forecast £1m overspent reflecting the increase in

homecare provision and cost for older people. This has been offset by an allocation of one off funding from the Improved Better Care Fund (iBCF) to bring the forecast position to £6.6m.

- 11.2 The actions identified in the report will deliver long term savings to address this overspend and contribute to managing future growth pressures eg demographic growth in all client groups, increasing complexity of need and legislation changes such as the National Minimum Wage. However the actions identified will not deliver a balanced budget in the short term.
- 11.3 The table below shows the 5 year impacts of in year pressures and future anticipated pressures for the services, along with the savings currently identified to mitigate these.
- 11.4 The Service will spend more than the budget available, with current proposals still falling short of bringing the budget back in to balance by year 5

<b>Pressures</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Supply Costs		5,512	4,682	10,121	2,983	<b>23,298</b>
Demand: Client Growth	11,585	4,613	4,376	4,385	4,664	<b>29,623</b>
Loss of Income		2,652	388	2,524		<b>5,564</b>
Repayment of one off funding		1,000				<b>1,000</b>
Other		1,058	294	291	290	<b>1,933</b>
Use of one off BCF funding		5,000	2000	1250		<b>8,250</b>
<b>New pressures in year</b>	<b>11,585</b>	<b>19,835</b>	<b>11,740</b>	<b>18,571</b>	<b>7,937</b>	<b>69,668</b>
<b>Total Pressures</b>	<b>11,585</b>	<b>31,420</b>	<b>43,160</b>	<b>61,731</b>	<b>69,668</b>	
<b>Savings identified to date</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Demand Management	-203	-780	-570	-570	-570	<b>-2,693</b>
Supply Management	0	-1,308	-200	-200	-200	<b>-1,908</b>
Performance Management	0	-1,477	-1,788	-6,263	-2,171	<b>-11,699</b>
Other	0	-72	-37	0	0	<b>-109</b>
one off use of BCF	-5000	-2,000	-1,250	0	0	<b>-8,250</b>
<b>In year Savings</b>	<b>-5203</b>	<b>-5,637</b>	<b>-3,845</b>	<b>-7,033</b>	<b>-2,941</b>	<b>-24,659</b>
<b>Total Savings</b>	<b>-5203</b>	<b>-10,840</b>	<b>-14,685</b>	<b>-21,718</b>	<b>-24,659</b>	
<b>Overspend in year</b>	<b>6,382</b>	<b>20,580</b>	<b>28,475</b>	<b>40,013</b>	<b>45,009</b>	

## 12 Legal implications

- 12.1 As already mentioned in the main body of the report, the Council has a number of duties under the Care Act 2014. There are no proposals within this report that suggest these duties, and the other duties contained within the Act, cannot be met.”

## 13 Alternative options considered

- 13.1 Doing nothing is not considered to be a viable option. The Council needs to maintain the best possible balance between its statutory responsibilities in relation to Adult



Social Care and its statutory responsibilities to make arrangements for the proper administration of finances. In the context of increasing demographic pressures and the loss of central government grant over recent years, doing nothing will inevitably lead to the Council failing in one or both of these statutory responsibilities.

#### **14 Reason for recommendations**

14.1 Current economic circumstances are very challenging, but nevertheless the Council must balance its statutory duties to meet adult social care needs and also to manage its finances responsibly. The Council must also balance its responsibility to people who need support with adult social care to the wider population who need access to other services and facilities.

14.2 Specific decisions will need to be made in relation to some of the challenges set out in this paper. Appropriate consultation will need to be undergone in each case, with decisions being made in line with the Council's scheme of delegations.

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**Author/Lead Officer of Report:** Greg Fell,  
Director of Public Health

**Tel:** 0114 205 7463

**Report of:** Director of Public Health

**Report to:** Cabinet

**Date of Decision:** 20<sup>th</sup> September 2017

**Subject:** Adding life to years and years to life: Director of Public Health Report for Sheffield, 2017

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 type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <b>Health and Social Care</b>		
Which Scrutiny and Policy Development Committee does this relate to? <b>Healthier Communities and Adult Social Care</b>		
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:-		
<p><i>“The (<b>report/appendix</b>) is not for publication because it contains exempt information under Paragraph (<b>insert relevant paragraph number</b>) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>		

**Purpose of Report:**

*(Outline the decision being sought or proposal being recommended for approval.)*

The Director of Public Health has a statutory duty to produce an annual report on the health of the local population. This year's report sets out the three key strategic messages from the Joint Strategic Needs Assessment (JSNA) and why these are priorities for the City's health and wellbeing in terms of their impact on healthy life expectancy and life expectancy: adverse childhood experiences; mental health (across the life course); and multi-morbidity. The report also makes three recommendations to the Council and the CCG for further research as well as reporting on the progress made with the recommendations from the 2016 report. The report will be presented to full Council on 4<sup>th</sup> October 2017.

**Recommendations:**

Cabinet is asked to

- (a) note the contents of the report of the Director of Public Health and the recommendations it makes;
- (b) note that the report will be presented to full Council on 4<sup>th</sup> October 2017;  
and
- (c) agree that the report be published on the Council's website after that date.

**Background Papers:**

- DPH Report for Sheffield, 2017

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: N/A
		Legal: Andrea Simpson
		Equalities: Greg Fell
<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	<b>EMT member who approved submission:</b>	John Mothersole
3	<b>Cabinet Member consulted:</b>	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.	
	<b>Lead Officer Name:</b> Greg Fell	<b>Job Title:</b> Director of Public Health
	<b>Date:</b> 20 <sup>th</sup> September 2017	

**Adding life to years and years to life:  
Director of Public Health Report for Sheffield 2017**

**1. PROPOSAL**

- 1.1 The Director of Public Health has a statutory duty to produce an annual report on the health of the local population. This year's report, which is attached to this report, sets out the three key strategic messages from the Joint Strategic Needs Assessment (JSNA) and why these are priorities for the City's health and wellbeing in terms of their impact on healthy life expectancy and life expectancy: adverse childhood experiences; mental health (across the life course); and multi-morbidity. The report makes recommendations to the Council and the CCG for further research as well as reporting on the progress made with the recommendations from the 2016 report.
- 1.2 The report considers the ways in which the three priorities identified impact on the overall health and wellbeing of the local population and in particular how this is leading to poorer outcomes in relation to: healthy life expectancy (the amount of time we can expect to live in good health); life expectancy (how long we can expect to live); health inequalities (disproportionate burden of ill health and poor wellbeing for people experiencing deprivation and/or other risk factors); and how these issues place an unsustainable, yet largely preventable, burden on health and social care services in the city.
- 1.3 The report makes the following three recommendations to the Council and the CCG for further research:
- **The Council and the CCG** should request Public Health England to co-ordinate further research on identifying and describing the long term return on investment of tackling ACEs and effective primary and secondary prevention models.
  - **The Council and the CCG** should review the Sheffield strategy and evaluate the city's approach to mental health and wellbeing against the current evidence base for high impact/high value interventions, including the economic case for investment in good mental health.
  - **The Council and the CCG** should commission more in-depth epidemiological analysis of changes in multi morbidity and enhance their approach to healthy ageing, including care of people who have multiple illnesses.
- 1.4 The report will be presented to full Council on 4<sup>th</sup> October 2017 and will be published on the Public Health page of the council's website after that date.

**2. HOW DOES THIS DECISION CONTRIBUTE ?**

- 2.1 The report of the Director of Public Health contributes directly to the Council's priority of Better Health and Wellbeing, set out in the Corporate Plan.

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

- 3.1 There is no requirement for consultation.

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

### **4.1 Equality of Opportunity Implications**

4.1.1 The report focuses on those groups of the population who are most likely to experience poor health and wellbeing and most likely to benefit from improvement.

### **4.2 Financial and Commercial Implications**

4.2.1 There are no financial or commercial implications arising from this report. If there is a need for any further executive decision consequent from the Director of Public Health's recommendations the implications will be addressed in that executive report.

### **4.3 Legal Implications**

4.3.1 The Health and Social Care Act 2012 made amendments relating to public health, including the requirement that a local authority appoint a Director of Public Health, to the National Health Service Act 2006. Under section 73B of the 2006 Act the Director of Public Health has a duty to prepare an annual report on the health of people in the area and the Council has a duty to publish the report.

4.3.2 There are no other legal implications arising from this report. If there is a need for any further executive decision consequent from the Director of Public Health's recommendations the implications will be addressed in that executive report.

### **4.4 Other Implications**

4.4.1 The report focuses on the key priorities and actions needed to improve the health and wellbeing of the local population.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 The Joint Strategic Needs Assessment (including detailed health needs assessments) and an analysis of our performance against the 159 indicators that make up the national Public Health Outcomes Framework were used to identify the three main priorities for improving health and wellbeing in the local population and these formed the basis of the report accordingly.

## **6. REASONS FOR RECOMMENDATIONS**

6.1 It is good practice for DPH reports to contain recommendations aimed at improving the health of the local population, addressed to a number of partners and stakeholders as required. This year's report includes three such recommendations addressed to the Council and the CCG. This year the recommendations are based on areas for further research.







# ADDING LIFE TO YEARS AND YEARS TO LIFE

Director of Public Health Report for Sheffield 2017





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# 1. Introduction

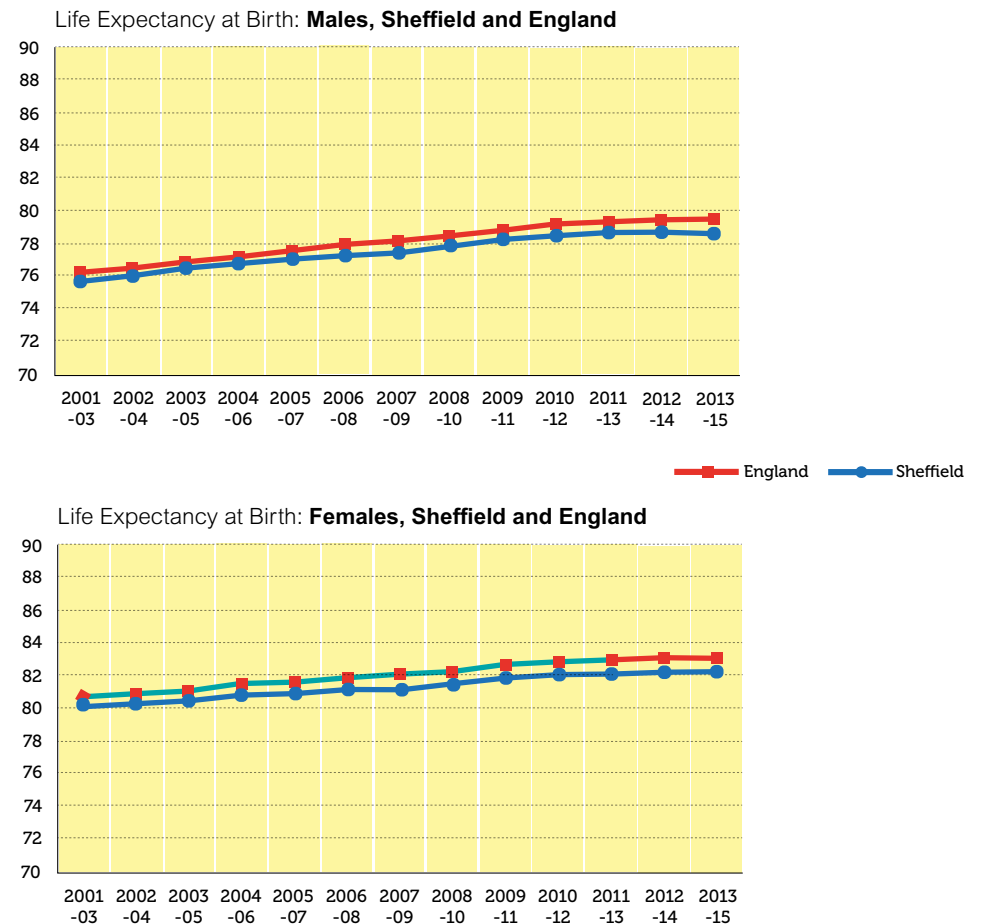
**Health is an essential part of everything we do, yet we are still tempted to think of it as being about “not being sick” and our automatic response is therefore to see “health” as the same as “health care services”.**

As I attempted to describe in my report last year, if we take an individual, community and population approach, health is the building block of personal fulfillment, prosperity, resilience and sustainable growth. That’s why a loving family, a safe home, educational achievement, a decent income, a good job, friendly neighbours, clean air, and an environment that lets us all start, live and age well are all far more influential factors in securing good health outcomes than health and social care services alone.

Despite this universal truth, we continue to focus our attention in the health domain on health and social care services and how to reduce our expenditure on them. As I have blogged many times, prevention is the key to addressing growing expenditure on health and social care and until this is addressed robustly and improved outcomes secured, the issue of care costs will remain. This consideration is even more pressing given that the key indicators of a healthy population (life expectancy and healthy life expectancy) are beginning to tell a worrying story: one which should give us serious pause for thought.

The most recent data on average life expectancy for both men and women in the UK show that the rate of annual increase has been slowing down over the last few years.

Figures 1 & 2: Trends in Male and Female Life Expectancy 2001-03 to 2013-15 (Sheffield & England)



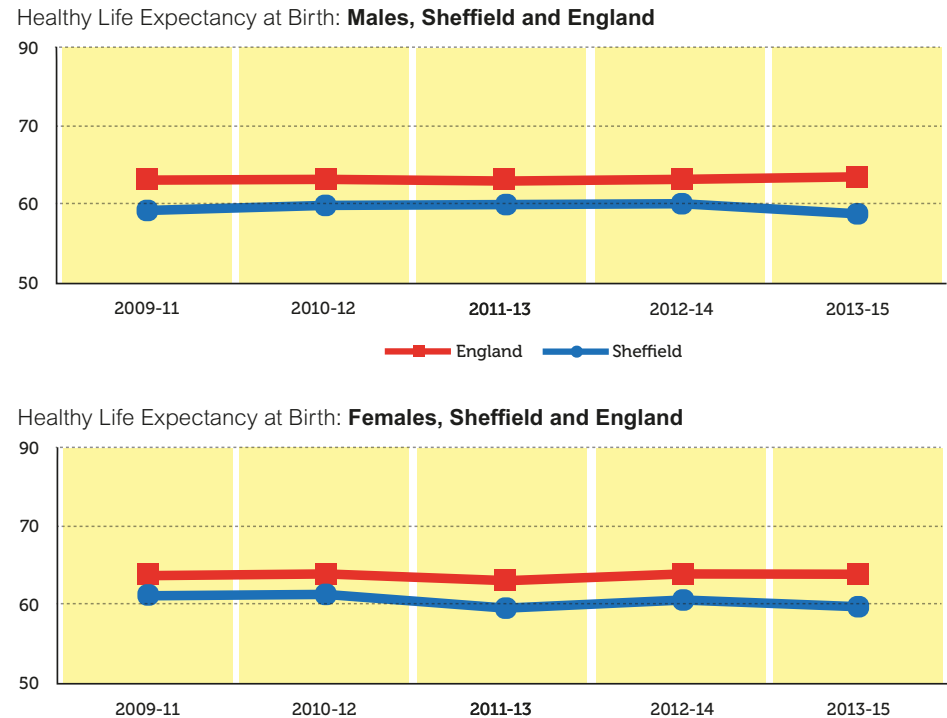
In Sheffield we have noted very little improvement in women’s life expectancy over the last 10 to 15 years. For men, we have seen a decrease in average life expectancy from 78.8 years in 2012-2014 to 78.7 years for the most recent period of 2013-2015. This is deeply concerning. There are many theories to explain this stall in improvement, but the direct and indirect impact of continuing austerity ranks highest among these.

But the story doesn’t end there. We are also seeing a similar problem emerging with how long we can expect to live in good health (‘healthy life expectancy’), although we do not have reliable data going back as far as we do for life expectancy.

Latest figures for Sheffield show that average healthy life expectancy for women decreased from 61.5 years in 2009-11 to 59.9 years in 2013-15. The decrease in men’s healthy life expectancy has been less sharp over the same period, reducing from 59.3 years to 59 years. It should also be noted that Sheffield’s figures, for both life expectancy and healthy life expectancy, are worse than for England and for Yorkshire and Humber. This means more people in poor health at a (slightly) younger age than previously.

We are currently updating our Joint Strategic Needs Assessment and, in so doing, taking a much more in-depth look at health and wellbeing in the city. This has included for example, examining our progress across all the 159 indicators in the national Public

**Figures 3 & 4:** Trends in Male and Female Healthy Life Expectancy 2009-11 to 2013-15 (Sheffield & England)



Source: <https://www.ons.gov.uk/releases/healthstatelifeexpectanciesuk2013to2015>

Health Outcomes Framework<sup>1</sup>. Together with the latest data on life expectancy and healthy life expectancy, this work is pointing to the need to focus on a number of areas as a priority.

In this year's report, I draw attention to three particularly important priorities for the health of our city. They are not the only priorities, but they are three that warrant careful consideration.

### Adverse childhood experiences (ACEs)

There is increasing evidence that both positive and negative childhood experiences have a tremendous impact on future violence (victimisation and perpetration) and lifelong health and life chances. Moreover, early childhood development programmes targeted towards the most vulnerable show good rates of return on investment across many social outcomes, albeit over the long term. Sheffield is no exception to the effects of ACEs but it is also well placed to respond. This section of the report therefore considers why ACEs matter so much to longer term health outcomes and sets out some of the work already taking place in the City to address the adverse effects.

### Mental wellbeing for life

Good mental wellbeing is essential for a healthy and prosperous society and it is just as important as good physical health. But it is all too easy to focus on what happens when someone becomes mentally ill and how specialist services respond to that rather than

how to stay well in the first place, prevent problems from arising, intervene early if problems do emerge, and help people to manage and look forward with their lives. In this second section of the report I therefore look at some of the key determinants of mental health and wellbeing and what we can do locally to ensure there is no health without mental health.

### Multiple morbidity (ill health and disability)

The practice of hospital based medicine is highly specialised with specific conditions treated individually and usually in isolation from each other as well as from the lived context of the person with the condition. The reality however is that we are seeing more and more people with two or more long term conditions at a time – known as multi morbidity. In this third and final section of the report I suggest it is this expansion of multi morbidity, both in terms of overall numbers and at earlier ages, that is not only impacting adversely on healthy life expectancy but is also the key factor driving the increase in the demand for health and social care services, rather than the ageing of the population.

For each of the three areas covered in the report I identify a number of priorities for action over the short, medium and longer term. This year I am also making the following three recommendations for further research:

<sup>1</sup> Access the Public Health Outcomes Framework here: <http://www.phoutcomes.info/public-health-outcomes-framework#page/0/gid/1000049/pat/6/par/E12000003/ati/102/are/E08000019>

**The Council and the CCG** should request Public Health England to co-ordinate further research on identifying and describing the long term return on investment of tackling ACEs and effective primary and secondary prevention models.

**The Council and the CCG** should review the Sheffield strategy and evaluate the city's approach to mental health and wellbeing against the current evidence base for high impact/high value interventions, including the economic case for investment in good mental health.

**The Council and the CCG** should commission more in-depth epidemiological analysis of changes in multi morbidity and enhance their approach to healthy ageing, including care of people who have multiple illnesses.

The report also includes a progress report on the recommendations I made in last year's report and provides details on how to access further information about health and wellbeing in Sheffield.



**Greg Fell**  
Director of Public Health for Sheffield

## Acknowledgements

Reports such as this are always the result of many people's work.

I am grateful this year to the following contributors: Ian Baxter, Kieran Flanagan, Mark Gamsu, Muir Gray, Susan Hird, Mike Hunter, Anant Jani, Jim McManus, Lisa McNally, Karen O'Connor, Matthew Peers, Bethan Plant, John Soady, Dan Spicer, Sarah Stopforth, Steve Thomas, Julia Thompson and Scott Weich.

I would also like to thank Louise Brewins, who puts this report together. The report wouldn't happen without her hard work. Final responsibility for the content rests with me.





# 2. Adverse Childhood Experiences

# Why ACEs matter

There is a growing body of evidence showing the profoundly damaging impact that adverse childhood experiences (ACEs) can have on a child's future outcomes across many areas including health and wellbeing, and these effects can last a lifetime.

ACEs are stressful experiences occurring during childhood that directly harm a child or affect the environment in which they live and grow up. It is estimated that almost as many as 50% of adults may have been exposed to at least one adverse experience during their childhood (indeed some studies have put this higher at around two thirds of all adults).

Types of ACEs include child abuse (which includes emotional, physical or sexual abuse), neglect (both physical and emotional) and household challenges such as growing up in a household

where there is substance misuse, mental illness, domestic violence, parent separation/divorce or where a member of the household is sent to prison. Evidence shows there is a strong graded relationship between the number and category of childhood exposures and the risk of developing emotional and physical health problems in later life.

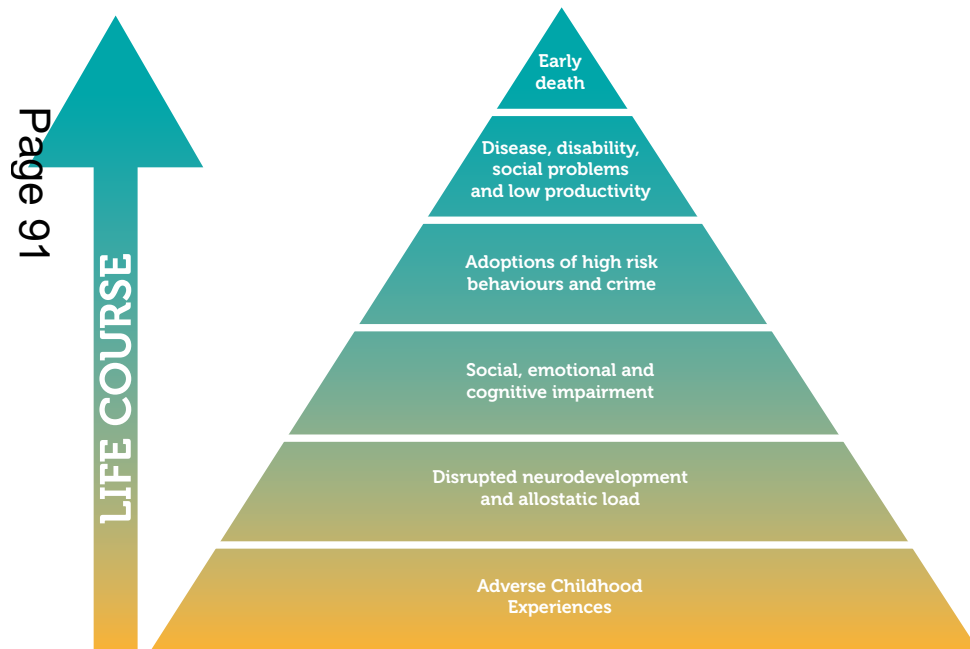
Children who experience ACEs are more likely to become parents who raise their children in family environments where these risk factors are more common. This can result in a cycle of disadvantage and poor health outcomes. By preventing or reducing the impact of ACEs there is a real opportunity to break these destructive cycles and reduce the impact on future health and wellbeing outcomes.





# Impact on healthy life expectancy

Figure 5: Model of ACE impacts across the life course



Source: Public Health Wales NHS Trust (2015). Adverse Childhood Experiences - and their impact on health harming behaviours in the Welsh adult population. Page 7

The 'Great Start in Life' Best Start strategy<sup>2</sup> describes Sheffield's ambition that every child, young person and family achieves their full potential. We aim to do this by providing families and communities with the capacity, resources and support that will enable young children to flourish. Exposure to ACEs can have a direct negative effect on these aspirations.

We are increasing our understanding of the biology of ACEs, their social and physical causes and what we can do to respond. Recent evidence for example, shows that chronic traumatic stress in early life alters how a child's brain develops as well as changing the development of their immune and hormonal systems. Such changes can have a detrimental impact on a child's capacity to learn, and on their physical health, increasing the risk of illnesses such as cancer and heart disease. The combination of these factors may lead to mental health problems and a greater likelihood of adopting harmful behaviours in adulthood, such as smoking, poor diet, substance misuse and early sexual activity. By understanding ACEs and developing interventions that reduce the risk factors in vulnerable families we have an opportunity to:

- improve health outcomes and prevent disease across the life course
- improve individuals' mental and emotional wellbeing
- increase economic productivity
- reduce costs to the health and welfare system.

# Breaking the cycle

We know children's earliest experiences are the key to their success in adulthood. Significant developments have been made over the last few years to improve Early Years provision in Sheffield and deliver interventions from pregnancy through to early childhood that promote bonding and attachment, and protect babies' brain development.

Joint working is key and partnerships involving statutory organisations, the voluntary sector and local communities are using a range of evidence-based programmes to provide universal and targeted support, which also offer opportunities to identify families at risk or in need of greater support. This activity has been supported by the delivery of skills development and training to over 3,000 practitioners on attunement<sup>3</sup>, regulation and its critical importance in infancy.

The new Family Centres, which build on the role that Children's Centres played in prevention and early intervention, offer an extensive range of early help services across Sheffield. These can be tailored around the needs of individual families with children from pre-birth up to 19 years, and include input from partners in health, education and the wider community. Provision includes support with physical and emotional health, practical advice on keeping children safe, support with education and learning, support with parenting, home, money, work, training, and volunteering.

Whilst action to address ACEs is not currently an explicit feature of this work, existing activities provide an excellent foundation for greater understanding and awareness. They also offer the opportunity for further collaborative action to support prevention, early intervention and to mitigate the impact of ACEs.



<sup>3</sup> "Attunement" describes how reactive a person is to another's emotional needs and moods. A person who is well attuned will respond with appropriate language and behaviours based on another person's emotional state.

# Priorities and recommendation

Growing knowledge and understanding of the effect that ACEs have in early life and their damaging consequences for lifelong outcomes cannot be ignored. Tackling their presence and impact is important for reducing inequalities across the community.

We will work with our Children's Health and Wellbeing Transformation Board<sup>4</sup> to agree a plan that provides a detailed programme of work on ACEs for Sheffield, based on our priorities for action. This plan will include a simple framework that identifies innovative ways to build a systematic approach to ACEs into our early years' delivery model, including prevention and harm reduction. The work will complement the city's Tackling Poverty Strategy<sup>5</sup> and the work of the Fairness Commission<sup>6</sup>.

We want every child to grow up free from ACEs and reach their full potential. The social and economic benefits of taking forward this approach are compelling - the costs of not doing so are far greater.

**Recommendation:** The Council and the CCG should request Public Health England to co-ordinate further research on identifying and describing the long term return on investment of tackling ACEs and effective primary and secondary prevention models.

## Priorities for action

- Increase public awareness of ACEs and their lifelong consequences in childhood, and gain political and organisational commitment for a coherent programme of work to prevent ACEs.
- Identify what can be done at individual, family and community level to put in place effective interventions in the pre-natal period and first 3 years after birth for the most disadvantaged children and families.
- Explore how we can incorporate our response to ACEs into our Early Years' delivery model, its pathways and services. This model provides an ideal basis for identifying vulnerable children and families, and providing appropriate and timely support.
- Equip Early Years' practitioners with a full understanding of ACEs, the importance of promoting bonding and attachment for good parent-child relationships and secure emotional attachment, and also promoting positive maternal, family and emotional health and resilience.

4 <http://www.sheffield.gov.uk/home/public-health/children-health-wellbeing>

5 <http://democracy.sheffield.gov.uk/ieDecisionDetails.aspx?AllId=10078>

6 <http://www.sheffield.gov.uk/home/your-city-council/fairness-commission>





# 3. Wellbeing for life



# No health without mental health

The statement “no health without mental health” and the underlying meaning of parity of esteem between physical and mental health is widely accepted, but achieving this aspiration in practice is more challenging: the fact remains that much more needs to be done to secure good mental wellbeing and emotional resilience in both children and adults. This means going further upstream to prevent illness and promote positive health.

Many people prefer the term “mental wellbeing” to “mental health” as the latter can focus attention on psychiatric conditions and related specialist mental health care services. This can lead us to assume that good mental wellbeing outcomes can only be achieved through better mental health services. Good service provision is necessary but it is not sufficient for achieving mental wellbeing. Good mental wellbeing is about feeling good and functioning well, comprising an individual’s experience of their life and a comparison of life circumstances with social norms and values. It also means increasing the focus and emphasis on population and community level resilience and risk factors without losing focus on the need to continue to improve services for those who are ill. A social and economic environment that supports good mental wellbeing is as important as high quality specialist services.

The economic case for good mental wellbeing is also increasingly well evidenced. For example, it has been estimated that doubling the number of people offered good quality employment would cost approximately £54 million but could generate savings to the NHS alone of £100 million in under two years with significant additional savings for other parts of the public sector, not to mention the impact on individual and family incomes.

Blending the social and medical models to promote good mental wellbeing is critical to achieving our aspiration of no health without mental health. On the whole we have good clinical services including both pharmacological and psychological treatments and support. However, if we focus only on the service response we miss the opportunity to prevent poor mental wellbeing and secure longer term positive outcomes.






# The determinants of mental wellbeing

The determinants of mental wellbeing can be thought of as both protective of and risk factors for mental health outcomes, and operate at individual, family, community and population levels. Traditionally our focus has been on how we treat and support severe mental illness rather than how we promote and protect wellbeing.






Evidence relating to the detrimental impact of poverty, financial and housing insecurity and the ongoing consequences of austerity on mental health and wellbeing is growing. Whilst there may be little that we can do to change national policy, there is still considerable potential to achieve positive change at the local level, and Sheffield already has a strong offer in this regard. It is worth noting, for example, that ensuring timely, effective and appropriate access to the £126 billion social welfare system represents a significant priority for local action.

However, these factors and responses are primarily focussed on adults, at least at the first point of contact. If we are determined to prevent poor mental wellbeing we need to go further upstream and start much earlier.

## Risk factors

-  Housing insecurity, homelessness and fuel/food poverty
-  Debt problems, financial insecurity and exclusion
-  Low wages, insecure employment and long term unemployment
-  Welfare rights and ongoing consequences of welfare reform and austerity
-  Bereavement, family breakdown, social isolation

## Protective (local) services

-  Housing Plus (covering Council Homes) and homelessness support services
-  Financial inclusion strategy
-  Help for people with mental health problems back into work
-  Sheffield Citizens' Advice Bureau
-  Voluntary, Community and Faith (VCF) sector services supporting community based asset development and resilience

# Starting early

Promoting, protecting and improving our children and young people's mental health and wellbeing are national and local priorities. Experiences in childhood have a profound effect on our adult lives. Many mental health conditions in adulthood show their first signs in childhood and, if left untreated, can develop into conditions that need regular care. Indeed, it is estimated that 75% of mental health illnesses (excluding dementia) emerge before the age of 18.

Our local priorities and actions for improving children's emotional health and wellbeing are set out in our 'Future in Mind' plan<sup>7</sup>. This plan has enabled us to access an additional £1.3 million per year of national funding from 2015-16. We are using this in a number of ways including:

- improving access to and reducing waiting times for therapeutic services
- improving support for our most vulnerable children and young people, including those living in care, those involved in the Youth Justice System and children in need
- providing the Sheffield workforce with the training and development it needs to support the emotional wellbeing and mental health needs of children and young people
- providing help and support to young people experiencing low level mental health problems at the earliest opportunity in schools and other settings

- redesigning child and adolescent mental health pathways, suicide prevention and crisis response.

A whole system approach to improving children and young people's emotional wellbeing and mental health promotes protective factors at all levels:

- **Individual:** balanced nutrition, regular physical activity, sufficient sleep
- **Family:** things are spoken about and someone listens, feeling safe and loved, free from harm
- **School:** personal, social and health education (PSHE), sense of belonging, feeling safe, positive relationships with teachers and peers, achievement
- **Community:** good places to spend time, trusting people and feeling safe

<sup>7</sup> <https://www.sheffield.gov.uk/home/public-health/children-health-wellbeing>

# Priorities and recommendation

As part of our JSNA we have undertaken in-depth analysis of mental health needs in Sheffield including a health needs assessment (HNA) for children and young people (2014) and for adults (2015)<sup>8</sup>. These HNAs continue to help shape and structure our approach to mental health and wellbeing in the City. Based on what these tell us, the main priorities for mental health across the life course are:

- Page 98
- Promoting wellbeing - a good and positive state
  - Promoting psychosocial resilience - skills to cope with stressors and life's problems
  - Preventing ill health - spotting signs, intervening early with basic interventions
  - Addressing and recovering from mental ill health - coping, functioning and best possible recovery.

Ensuring we have the right mix of asset based community development, primary care, early intervention, treatment & support and recovery is an ongoing challenge. We should not abandon difficult future challenges in the face of overwhelming immediate pressures. The approach we develop should include population and individual level interventions (risks, assets and protective factors) and connect services that deliver care and support with the “determinants” of mental health.

**Recommendation:** The Council and the CCG should review the Sheffield strategy and evaluate the city's approach to mental health and wellbeing against the current evidence base for high impact/ high value interventions, including the economic case for investment in good mental health.



<sup>8</sup> <https://data.sheffield.gov.uk/stories/s/Sheffield-Health-Needs-Assessments/hb5c-7389>



## Ten ways to improve mental wellbeing

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1	Promote mental wellbeing as something everyone can improve on, not just those using mental health services
2	Tackle the things that impact on mental wellbeing such as bullying, financial stress, abuse and social isolation
3	Fight mental health stigma with positive social marketing and personal 'real life' stories
4	Design campaigns and initiatives in collaboration with target audiences
5	Support mental wellbeing and resilience in schools and tackle bullying as a priority
6	Encourage employers to take ownership of their employee's mental wellbeing, and offer support and training
7	Recognise healthy lifestyle choices as being both a cause and effect of mental wellbeing
8	Treat social isolation as a threat to mental and physical health and work to link people up with their community
9	Consider the effect of public policy on mental health and wellbeing
10	Ensure everyone has access to timely support - waiting lists and restricted access are a false economy



# 4. Multiple morbidity

# What drives demand for health and social care?

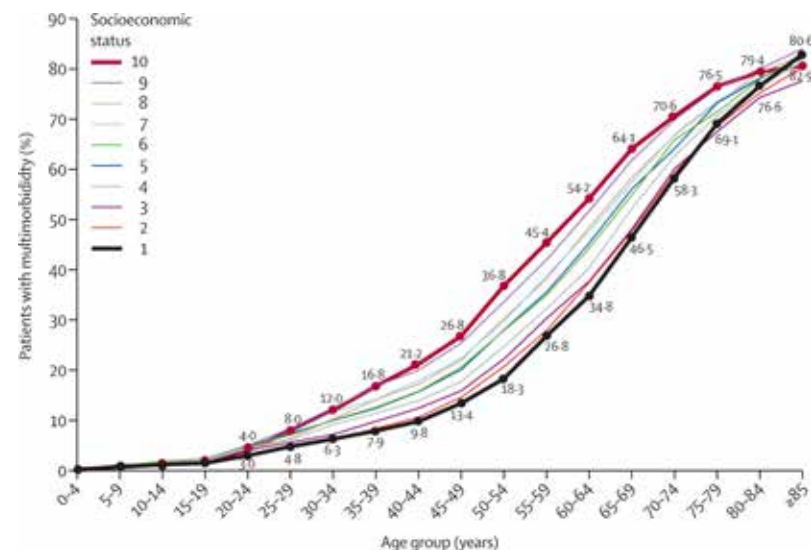
The most popular answer to this question is “the ageing population”. Evidence derived from Sheffield and across the UK clearly shows this is the wrong answer to the question and that it is to the issue of multiple morbidity (people with many illnesses) that we should look for our answer.

We know that healthy life expectancy is not improving. This means we are developing long term illnesses earlier in our lives and therefore living longer in poor health. GP records show that almost 40% of the Sheffield population (all ages) has at least one long term condition and all the indications suggest this percentage is not likely to decrease anytime soon. This leads to more ‘unhealthy person years’ in a fixed capacity system that is designed to respond to single diseases and acute health problems. Moreover, the ‘unhealthy person years’ are not evenly spread across the population with the burden falling disproportionately on poorer people.

Contrary to conventional wisdom, while the number of older people in Sheffield and nationally (people age 65 and over) is rising, the basic age structure of the population isn’t changing very much. If the ageing population was the key driver for increasing demand for health and care services, we would expect to see this changing impact reflected in increases in hospital admissions for selected one-year periods. However, when we look at national hospital admission data for 1994-1995, 2004-2005, and 2014-2015, for example, the proportion of increase that can be attributed to ageing factors are

0.33%, 0.63%, and 0.80%, respectively. Demand for health and social care in England is currently increasing by about 4% per year, far faster than the ageing population. Moreover, there is now consistent evidence from a macro perspective that the key drivers of cost growth are: disease incidence (prevention); lack of attention to primary care, high cost technology (manufacturer pressure & patient expectation); and over diagnosis (clinical culture and system pressure)<sup>9 10 11 12</sup>.

Figure 6: Prevalence of multi morbidity by age and deprivation



Source: Barnett K, Mercer SW, Norbury M, Watt G, Wyke S, Guthrie B (2012) Epidemiology of multi morbidity and implications for health care, research and medical education: a cross-sectional study. The Lancet 2012 Jul7; 380 (9836): 37-43.

9 NHS Greater Glasgow and Clyde [http://www.gla.ac.uk/media/media\\_443695\\_en.pdf](http://www.gla.ac.uk/media/media_443695_en.pdf) & [http://www.gla.ac.uk/media/media\\_443697\\_en.pdf](http://www.gla.ac.uk/media/media_443697_en.pdf)

10 Office for Budget Responsibility [http://budgetresponsibility.org.uk/docs/dlm\\_uploads/Health-FSAP.pdf](http://budgetresponsibility.org.uk/docs/dlm_uploads/Health-FSAP.pdf)

# Prevalance of multi morbidity in Sheffield

Information derived from GP practice medical registers shows that in 2017, 94,110 people in Sheffield had been diagnosed with two or more long term conditions. The most common conditions are hypertension (high blood pressure), depression and diabetes.

In terms of age distribution, multi morbidity is most common in people aged 70 to 79 years followed by 60-69 year olds and then people aged 80-89 years. Overall, there are more people under the age of 70 with two or more long term conditions in Sheffield than there are over the age of 70.

If we focus only on the ageing population, the wrong response becomes more likely. So, for example, if we think the increase in demand for health and social care services is an inevitable consequence of more, older people, we may prepare for this incorrectly by building bigger hospitals and increasing the number of hospital beds provided to cope with this demand. But as we can see, it is multi morbidity that drives demand.

The response should therefore be about prevention, early identification and management of these conditions within primary care. We are in danger of losing our focus on healthy life expectancy by fixating on something we can't control (people getting older) rather than on something we can control (preventing onset of ill health).

**Table 1:** Prevalence of individual conditions in Sheffield people having two or more physical and/or mental health long term conditions

Condition	Number	Proportion
Hypertension	54,906	58.3%
Depression	37,711	40.1%
Diabetes	25,658	27.3%
Asthma	25,053	26.6%
Chronic kidney disease	18,924	20.1%
Coronary heart disease	18,028	19.2%
Hypothyroidism	15,471	16.4%
Cancer history	13,581	14.4%
Stroke or transient ischaemic attack	10,608	11.3%
Chronic obstructive pulmonary disease	10,499	11.2%
Atrial fibrillation	9,718	10.3%
Heart failure	6,080	6.5%
Epilepsy	4,532	4.8%
Dementia	4,468	4.7%
Serious mental illness	3,907	4.2%
Peripheral vascular disease	3,659	3.9%
Learning disability	2,226	2.4%

The table is based on the 94,110 people in Sheffield who have two or more long term conditions. 54,906 (or 58.3%) of these people have hypertension as one of these long term conditions

Source: Sheffield GP Practice Registers (June 2017).

<sup>11</sup> Nuffield Trust <http://www.nuffieldtrust.org.uk/blog/nhs-financially-sustainable>

<sup>12</sup> Centre for Health Economics (University of York) [http://www.york.ac.uk/media/che/documents/papers/researchpapers/CHERP127\\_medical\\_spending\\_hospital\\_inpatient\\_England.pdf](http://www.york.ac.uk/media/che/documents/papers/researchpapers/CHERP127_medical_spending_hospital_inpatient_England.pdf)



# Shifting the curve

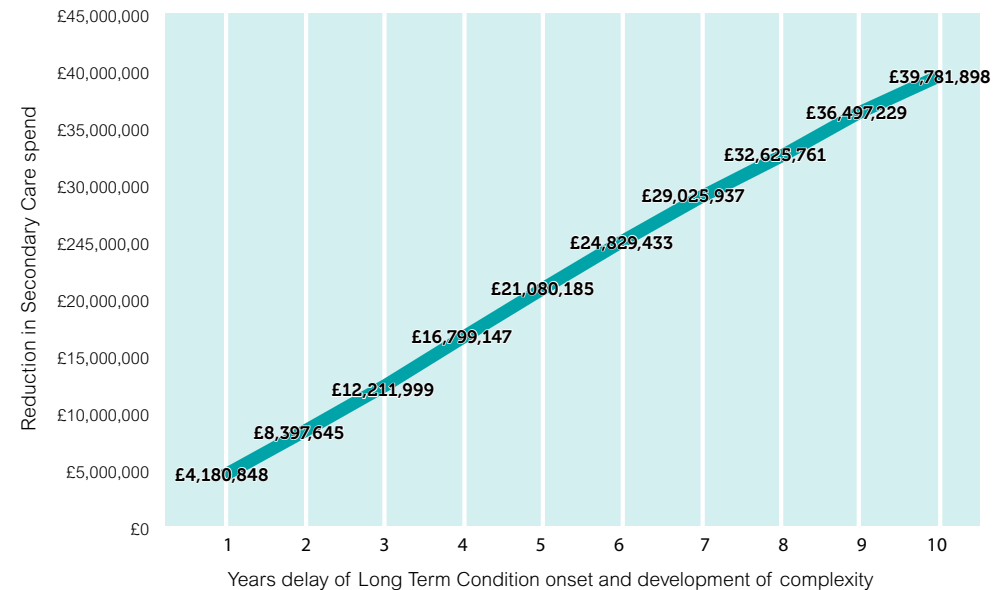
Our overall aspiration should be to move the whole multi morbidity curve downwards such that, instead of developing your first long term condition in your late fifties, you develop it in your sixties instead, as well as having fewer long term conditions overall.

Local analysis demonstrates the tangible financial savings that can be achieved by delaying the onset of multiple illnesses. As Figure 7 shows, a one year delay in onset and development of complexity overall could yield savings of approximately £4 million per year in NHS hospital costs in Sheffield alone. In addition to the financial saving there is a tangible improvement in health and wellbeing outcomes and, for those of working age, a clear economic benefit as well.

Work on shifting the curve will need to focus on inequalities. There is already a 15 year gap in onset of multiple illnesses between the most and least deprived people in Sheffield. For example, approximately 18% of the least deprived people in Sheffield have developed a long term condition by their fifties whereas as many as 40% of the most deprived 50 year olds have developed one or more chronic conditions.

This will mean shifting our health and social care system away from treating individual diseases on an episodic basis towards providing help for people with a number of different conditions, earlier on and in their own communities.

**Figure 7:** Impact of delaying onset of multiple illness in adults on hospital care expenditure in Sheffield



Source: Sheffield GP Practice Records

# Priorities and recommendation

To shift the curve, reduce demand for hospital care and ultimately improve healthy life expectancy there are a number of key actions and approaches we need to pursue, although fundamentally increasing emphasis must be given to preventing illness and better management of complications in those who are ill. No developed healthcare system is particularly good at this, so we shouldn't underestimate the level of challenge we face. Our main focus should be on:

Preventing illness and supporting healthier ageing in the widest possible sense

- Altering the balance of investment and provision in community and hospital based care. Broadly we need to double the level of investment in primary and community based care and ensure this investment is allocated according to where multi morbidity is prevalent and investment is matched to need
- Developing the generalist workforce (rather than specialist healthcare staff) and reviewing the type and combination of hospital bed provision within the City

- Developing a 'person centred' city approach. The aim would be to develop a shared culture and ethos that recognises the value of a person and a community centred approach in how the local health and social care system operates and the range of capabilities and opportunities that are vested within people. We should strive to create conditions for people to achieve the life they have reason to value, whatever their starting point may be, and for services to be tailored to this range of abilities and starting points.

**Recommendation: The Council and the CCG** should commission more in-depth epidemiological analysis of changes in multi morbidity and enhance their approach to healthy ageing, including care of people who have multiple illnesses.



5.

Progress  
on last year's  
recommend-  
ations



# Creating the environment for living well

Each year the Director of Public Health report makes a set of recommendations for improving health and tackling health inequalities within the local population. Here we summarise the progress made on the recommendations from last year's report.

Recommendation	Progress
<p><b>The Health and Wellbeing Board</b> should take forward a series of learning events / appreciative enquiry on different approaches to health and wellbeing to explore what optimising “health and wellbeing” could look like in a number of key policy areas.</p>	<p>The Health and Wellbeing Board has reviewed how it works and committed to consider how it uses engagement events in the development of its thinking. This work is still in progress and learning events will be built into the future programme of Board meetings.</p>
<p><b>The Council</b>, as part of Public Sector Reform, should consider a healthy population and minimising health inequalities as a core infrastructure investment for a prosperous economy.</p>	<p>The Council is developing its approach to inclusive growth and redefining its understanding of “the economy” and the relationship between economic, health and social policy. It is also seeking to develop a citywide strategy for work and health. The Sheffield City Partnership Board is due to discuss the link between health and the economy in September 2017 and this will be developed further in the 2018 State of Sheffield report, feeding into the wider inclusive and sustainable growth focus. Nevertheless, ongoing austerity and cuts to public services mean this work operates in a highly challenging context.</p>
<p><b>The Council and the CCG</b> should explore the development of a ‘Heart of Sheffield’ structural model to coordinate and shape a policy approach to improving living well options (such as increasing physical activity and reducing smoking) in the City.</p>	<p>The Council and the CCG developed the Sheffield ‘Healthy Lives’ Programme, agreed by the Health and Wellbeing Board in January 2017. The programme is part of the Sheffield Place Based Plan. There are three components: hospital-led smoking cessation and alcohol brief interventions; CCG-led cardiovascular disease risk factor management; and Council-led healthy public policies for tobacco, alcohol, sugar and food.</p>
<p><b>The Council and the CCG</b> should develop a joint neighbourhood delivery system with a broad model of primary care as the main delivery mechanism for services.</p>	<p>Primary care neighbourhoods have been set up across the City based on federations of GP practices and community, social care and third sector services. A Programme Board oversees this, covering the Council, CCG, housing and voluntary sector organisations and is part of the ‘People Keeping Well’ partnership. The SCC Libraries and Communities Service is working with Voluntary Action Sheffield to enhance capacity and capability of the VCF sector to support this.</p>



# Further information

For more information on health and wellbeing outcomes in Sheffield you can access various data, maps and graphs, in-depth health needs assessments and other resources from our online JSNA resource, although please be aware this is still a work in progress and there will be many more topics to be added over the rest of the year:

<https://data.sheffield.gov.uk/stories/s/fs4w-cygv>

You can download a copy of this report here:

<https://www.sheffield.gov.uk/caresupport/health/director-of-public-health-report.html>

We're keen to hear your views on this report and in particular on the themes and issues we've raised. Please complete our online feedback sheet available from our website at

<https://www.sheffield.gov.uk/caresupport/health/director-of-public-health-report.html>

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**Lead Officer of Report:** Mark Gannon, Director of BCIS

**Tel:** 34529

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**Report of:** *Eugene Walker, Executive Director Resources*

**Report to:** *Cabinet*

**Date of Decision:** *20<sup>th</sup> September 2017*

**Subject:** *Digital Inclusion Strategy*

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? Neighbourhoods and Community Safety		
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities		
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:-		
<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 present a Digital Inclusion Strategy for the Council and an accompanying action plan, setting out how the Council and its partners intend to tackle digital exclusion in the city.

## Recommendations:

That Cabinet:

1. That Cabinet approves the Digital Inclusion Strategy shown at Appendix 1 as a statement of the Council's strategic approach to digital inclusion.
2. That Cabinet approves the accompanying Digital Inclusion Action Plan.
3. That Cabinet delegates authority to the Director of BCIS to make amendments to the action plan on the basis of further development and consultation with stakeholders.
4. That Cabinet notes that the implementation of any of the proposed actions may be subject to further decision making in accordance with the Leader's Scheme of Delegation.

## Background Papers:

[UK Government Digital Strategy 2017](#)

[EU's Digital Economy and Society Index \(DESI\)](#)

[RSA Inclusive Growth Commission – Final Report](#)

[Sheffield City Region – 'A Better Future Together'](#)

[Good Things Foundation – 'State of the Digital Nation'](#)

[Go ON UK Digital Heat map](#)

SCC Financial Inclusion Strategy

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: Pauline Wood
	Legal: Deborah Eaton
	Equalities: Adele Robinson
<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	<b>EMT member who approved submission:</b>
	<i>Eugene Walker</i>
3	<b>Cabinet Member consulted:</b>
	<i>Cllr Olivia Blake</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.
	<b>Lead Officer Name:</b> <i>Mark Gannon</i>
	<b>Job Title:</b> Director BCIS
<b>Date:</b> <i>September 2017</i>	

## 1. PROPOSAL

### What is Digital Inclusion?

- 1.1 We live in an increasingly digital world where many people are already benefitting from the internet, digital TV and mobile communications. Cities are some of the most digitally advanced, digitally driven places on the planet. This creates a huge range of business and social opportunities with rapidly changing products, services and ideas. It also offers further opportunities to learn, save money and keep in touch. When individuals are digitally active it can improve the accessibility of services and support to people who find themselves physically and emotionally isolated, whilst also providing employment opportunities both in digital careers and other industries that make use of digital technology.
- 1.2 However, there are sections of Sheffield's communities that do not benefit from the internet or have the skills to do so and as such can be deemed as digitally excluded. Digital inclusion therefore includes both access to information technology (including the internet) and the ability to use it, and is experienced by different people in different ways.
- 1.3 Digital inclusion remains a challenge for some people in Sheffield and it can have detrimental impact on residents. The associated problems can be significant for citizens and families and may be symptomatic of wider social isolation, economic or health concerns for example. Therefore, becoming a more digitally inclusive city will contribute to reducing inequality and enabling all residents to thrive.
- 1.4 However this strategy does not purely focus on the digital skills of residents. It also recognises that we have a significant challenge in relation to overcoming a lack of basic digital skills within the council's workforce and therefore there is an urgent need to develop the digital skills of both our own staff and leaders.
- 1.5 The Government's Digital Inclusion Strategy has identified four main barriers that people face to going online, with an additional fifth barrier identified locally. These barriers form the basis of the accompanying action plan:
- **Skills** – people may be able to access social media such as Facebook or Skype, however this masks the fact that many lack basic ICT skills, including how to operate MS Office or use email for example. Lacking digital skills makes it harder for a person to access employment and training opportunities and compounds the levels of financial and other exclusion that they face.
  - **Motivation** – many people who are not online may not necessarily see the benefits for them and having an internet connection is of little value unless you have a reason to want to use it.
  - **Access** – the cost of kit and connectivity i.e. broadband packages, stops people from getting online. Finding affordable and flexible methods of connectivity is very difficult and currently, for many excluded groups, the additional cost of line rental is a barrier.

- **Trust** – Going online can be a daunting experience for many as they open themselves up to new risks. To keep people online it's vital that they can rely on trusted sources to get the help, support and assurance they need to build their confidence in a digital world. The internet will never be 100% secure and staying safe online needs to be a basic digital literacy skill.
- **Cultural Barriers** – Sheffield is a culturally diverse city and with this diversity comes additional challenges to digital inclusion. This may for example mean that some people and communities do not understand the benefits available due to language issues or have not had experience of/access to the internet as part of their everyday lives.

1.6 In the context of the strategy, it is useful to consider Digital Inclusion as spectrum, with 'basic' digital skill such as the ability to use and enjoy email, social media and online banking for example at one end and the highly skilled aspects that would feed into the city region's Creative and Digital Industries (CDI) sector at the other. The focus within the strategy is on what the council and its partners should do at the 'lower' end of the spectrum and that the shortage in high end skills will be addressed by the work of Creative Sheffield and the prevailing Digital Coalition.

## 2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 SCC is committed to maximising the economic and social wellbeing of the city, driving economic growth, tackling inequalities and supporting thriving neighbourhoods and communities. Ensuring that we fully utilise the potential of digital inclusion in its widest sense is critical to this. Digital inclusion has been shown to have a number of social and economic benefits and these are explored in greater detail in the strategy and appended below.

In addition digital inclusion is intrinsically linked to and has a key role to play in delivering the priorities and ambitions contained with the council's Corporate Plan:

- Strong Economy
- Tackling Inequalities
- An in-touch organisation
- Better health and wellbeing
- Thriving neighbourhoods and communities

The principles behind digital inclusion also mean that by its very nature it is linked to a number of wider council policies and strategies e.g. the Financial Inclusion Strategy, Tackling Poverty and the Fairness Commission recommendations. It will also go hand in hand with the development of our Customer Experience Programme so that we are equipping our residents with the digital skills that will help them make the most of our digital services offer.

## 3. HAS THERE BEEN ANY CONSULTATION?

3.1 Consultation for the development of the strategy has focussed on engaging

those council employees who are currently working in or have experience of working within the digital inclusion agenda. In addition there a number of opportunities to work with partners and business across the city to shape the approach further and to deliver the action plan. Conversations are either planned or will be held with interested parties to meet the council's and city's ambitions for digital inclusion.

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

##### **4.1 Equality of Opportunity Implications**

4.2 In carrying out its functions, the Council needs to be mindful of the Public Sector Equality Duty ('PSED') contained within Section 149 of the Equality Act 2010. This is the statutory duty to have due regard to the need to:

- a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act;
- b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c) Foster good relations between persons who share a relevant characteristic and persons who do not share it.

4.3 This includes having due regard to the need to:

- a) Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- b) Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low;
- d) Tackle prejudice; and
- e) Promote understanding

4.4 The relevant protect characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

4.5 The actions set out within this report are compliant with and will further the Council's adherence to the PSED.

4.6 Overall it is anticipated that the Digital Inclusion Strategy will have a significant and overall positive, impact on communities across Sheffield, including those that share Protected Characteristics under the Equality Act 2010 as set out above. An EIA will be conducted to confirm this belief.

##### **4.7 Financial and Commercial Implications**

4.8 There are no direct financial implications arising from this report as it presents a strategic approach to digital inclusion focussed on improving co-ordination of existing effort across the city. However, any new initiative within the strategy will be costed and the financial implications will be brought for approval as appropriate.

#### 4.9 Legal Implications

4.10 The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. This power is broad enough to encompass the production of the Strategy.

4.11 The implementation of any of the actions set out in this report may be subject to further decision making in accordance with the Leader’s Scheme of Delegation, and the legal implications will be considered fully at that time.

### 5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 The ‘As-is’ option: this would see no new strategy for digital inclusion adopted for the city. Much of the valuable work that currently takes place across the city to support people to access and benefit from using the internet would continue. However, the new opportunities for working together with Google Garage, Good Things Foundation, and businesses for example, to raise awareness of digital inclusion, provide digital skills training and target support more effectively would be lost. As would the potential to embed digital inclusion within the council’s approach to tackling wider social injustice such as fairness and financial inclusion.

5.2 Indeed the council’s Financial Social Inclusion Strategy makes specific mention of digital inclusion as an important enabler in addressing poverty and financial inclusion “*local intelligence also points to digital exclusion being closely linked to financial exclusion*”.

5.3 No alternative options were therefore considered, however the council’s approach to digital inclusion should be seen in the context of the overarching digital agenda and the council’s ambitions and priorities in this area.

### 6. **REASONS FOR RECOMMENDATIONS**

6.1 The introduction of a Digital Inclusion Strategy and action plan will provide the city with an opportunity to build on the excellent work that is already being done to improve the digital inclusiveness of its residents by organisations such as ‘The Good Things Foundation’, ‘Heeley Development Trust’, ‘Barclays Digital Eagles’ and in house activity led by council teams and Portfolios such as Lifelong Learning, Libraries and Children’s Services.

6.2 The strategy is designed to recognise that whilst the council cannot and does not have the resource to deliver against this agenda on its own, it is uniquely placed as a community and city leader to co-ordinate and provide the strategic leadership necessary to co-ordinate both existing and planned activity across the city. It also acknowledges that there is a need for greater links to be made at the strategic level e.g. with the Digital Skills Action Plan current development by Creative Sheffield.

6.3 Increasing the number of residents who are digitally active and included will have significant benefits from an economic and social perspective. As outlined in the strategy below (Appendix 1).



## Appendix 1

### Sheffield: A Digitally Inclusive City

#### 1. Introduction and context

We live in an increasingly digital world where many people are already benefitting from the internet, digital TV and mobile communications. Cities are some of the most digitally advanced, digitally driven places on the planet. This creates a huge range of business and social opportunities with rapidly changing products, services and ideas. It also offers further opportunities to learn, save money and keep in touch. When individuals are digitally active it can improve the accessibility of services and support to people who find themselves physically and emotionally isolated, whilst also providing employment opportunities both in digital careers and other industries that make use of digital technology.

Technology has radically transformed the way that services are delivered in recent years – people want services e.g. council tax payments, and information to be accessible digitally - and this trend will continue. Broadband access has been described as the ‘fourth utility’.

But rapid change can make it difficult to keep up and people miss out on the opportunities that having confidence, the skills and access to, that digital technology can create.

Public and private services are increasingly moving to a ‘digital by default’ delivery model as people become more and more used to accessing services digitally (e.g. online) and accessing those services when it best suits them rather than the traditional nine-to-five opening hours. This does not mean that people will no longer be able to access our services through traditional means such as face to face or via telephone, but rather that people will be offered a range of choices to suit their own individual preferences when contacting the council or using our services. This is often more convenient and more efficient for customers.

Using digital technology to deliver public services can improve quality, better target services so that people are more likely to get the right service to meet their needs, improve accessibility and reduce costs. In this context, those who don’t use digital technology risk being excluded from the economic, social and financial benefits that the majority of citizens are accessing, further worsening existing, entrenched inequalities.

For example, with the implementation of various aspects of the Government’s welfare reforms already affecting a large section of the community who are deemed to be vulnerable, the public sector will have to work hard to ensure that these individuals, as well as other vulnerable people, do not slip further into isolation.

Sheffield’s City Council is committed to tackling inequalities by supporting those with the greatest needs and helping and enabling people to achieve their full potential. Through Sheffield’s ‘Tackling Poverty Strategy’, we have identified that ‘affordable safe access to the internet and the ability to use it can save people money and increase their ability to search for and apply for work, develop skills and access the services they need.’

As a council, we are committed to promoting and ensuring Digital Inclusion for our communities but there is only so much that we can do on our own. We invite our partners

across the public, private and voluntary sectors to work with us and to commit to achieving our vision that. -

“Sheffield is recognised as a leading digitally inclusive UK city where everyone who wants to be online has the skills, access, motivation and trust to seize the opportunities, benefits and advantages of the digital world”.

## **2. A Digitally Inclusive City: Our Plan**

To achieve this we have set out a number of priorities that will help us work towards a more digitally inclusive city. However we’re only going to make real progress if we address all of these issues.

### **Our Priorities**

- Greater use of community facilities e.g. community centres and libraries to provide training opportunities and access to broadband
- Explore potential to provide a range of innovative approaches to overcome barriers to broadband access e.g. affordability
- Work with partners to develop a wider city region vision and strategy for Digital Inclusion focussing on the required skills for a prosperous city region
- Ensure new infrastructure developments (e.g. housing developments) include broadband provision where appropriate
- Develop a recognised Sheffield digital brand and associated campaigns including for example a ‘Big Switch’ style campaign to identify the most appropriate broadband packages
- Work with partners to make the best use of knowledge and resource to deliver the best outcomes for Sheffield with a particular focus on developing the digital skills of Sheffield residents and SCC employees, ensuring our support is targeted and recognises that different localities have different needs
- Identify and explore funding opportunities to drive forward Digital Inclusion work
- Establish a ‘Digital Community’ that will allow for the sharing of best practice and current activity

### **Digital lives: Why digital inclusion is vital for Sheffield’s future?**

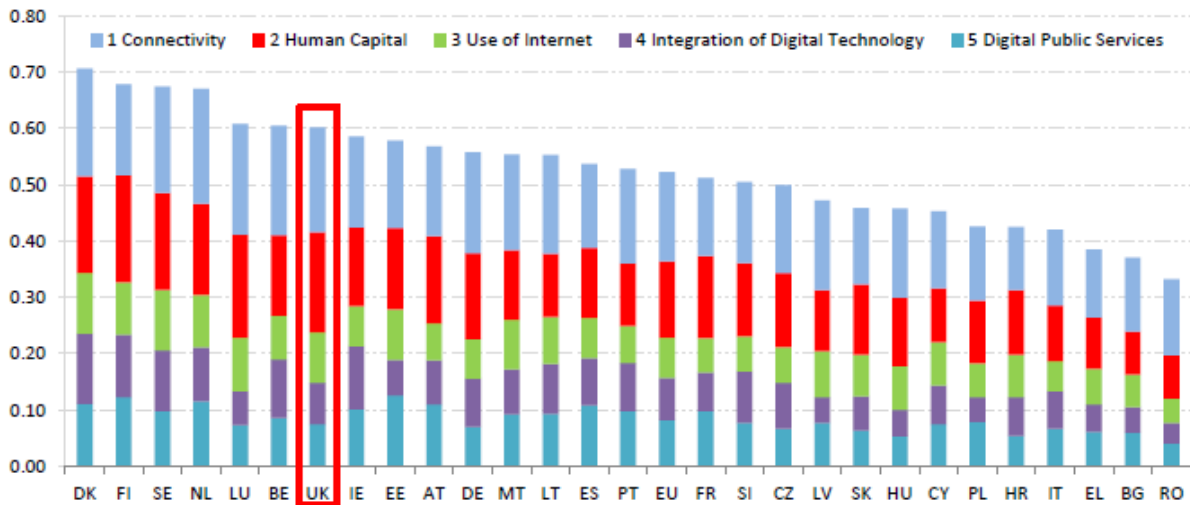
Digital Inclusion is a cornerstone of the Government’s Digital Strategy launched during March 2017, stating “that for the UK to be a world leading digital economy that works for everyone, it is crucial that everyone has the digital skills they need to fully participate in society....enabling people in every part of society – irrespective of age, gender, ability, ethnicity, health conditions or socio-economic status – to access the benefits of the internet”<sup>1</sup>.

At the national level the UK is currently ranked 7th out of 28 in the EU’s Digital Economy and Society Index (DESI). The DESI assesses digital inclusion across five areas – Connectivity, Human Capital (Skills), Use of Internet, Integration of Digital Technology and Digital Public Services.

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<sup>1</sup> UK Government Digital Strategy 2017

Digital Economy and Society Index (DESI) 2017 ranking



### Digital Inclusion as a means to support Inclusive Growth

Inclusive Growth recognises that job creation in itself and even economic growth in a broader sense, does not necessarily bring people out of poverty or enable them to participate more equitably in our economy and society. There are serious questions about the dependence of economic growth since the 2008 financial crash, on low paid and highly flexible employment i.e. zero hour contracts, and the type of recovery we have witnessed in recent years has exacerbated the pre-recession problem of ‘in-work poverty’.

In Sheffield we have already recognised and begun to address the complex challenges of delivering sustainable growth whilst driving down inequality through the ‘Our Fair City’ campaign for example - the work of the council and partners around tackling poverty, and the Sheffield City Partnership’s commitment to developing an inclusive and sustainable growth strategy over the coming year. Promoting Digital Inclusion is another example of how we can address these challenges and to ensure that we are taking positive steps to enable individuals and communities to participate fully and positively in the city’s economy and wider society.

The RSA’s Inclusive Growth Commission final report advocated for whole system change to deliver inclusive growth, arguing that people should be connected to economic assets (via digital, transport and housing) to support the an integrated economic and social policy.

Sheffield City Region recently published “A Better Future Together” and this highlights the importance of building our digital skills base and the importance of digital connectivity to delivering sustainable inclusive growth for the region.

### A digital Sheffield

The [UK online digital heat map](#) shows that the likelihood of digital exclusion in Sheffield is deemed to be medium. This is in line with neighbouring local authorities but not in comparison to other Core Cities such as Nottingham, Manchester, and Leeds, where the likelihood of digital exclusion is deemed to be low.

Sheffield as a city is unique both physically and geographically and this partly explains why we compare so poorly to other UK cities. Whilst Sheffield has some of the best access to 4G technology in the UK, access to broadband speeds above 10mpbs is still problematic across the city's geography, although significant work has been done via, for example Superfast South Yorkshire, to increase availability and take up of high speed broadband. But this is only part of the answer and we must do more to promote digital inclusion.

### **Economic impact**

'The economic impact of Basic Digital Skills and inclusion in the UK' considers the investment required over a 10 year period to equip 100% of the UK population with basic digital skills - £1.31 billion would be required from 2016 to 2025. It goes on to estimate a benefit of almost £10 for every £1 invested.<sup>2</sup> These findings suggest that investing to increase peoples digital skills would represent a good investment for Sheffield.

Sheffield's economy is becoming increasingly focussed on digital with a thriving Creative and Digital Industries (CDI) sector in the city. Digital exclusion and a corresponding lack of digital skills therefore may be a drag on the productivity of our population and our businesses. Having more people with digital skills and more digital businesses will be critical for creating growth and more jobs. Digital technology will transform many other sectors in the city's economy, from manufacturing to healthcare to professional services.

There is a real risk therefore that if we do not address this issue, we will not be able to maximise Sheffield's potential for future prosperity.

### **Social and health impact**

For Sheffield initial research has shown that approximately one in five people in Sheffield are digitally excluded, 60% of whom are over 65 years old. But digital exclusion is not limited to older generations. Increasingly our school children are expected to complete homework on line for example and without access to the internet, there is a real danger that we are putting our children's future prosperity and life chances at risk.<sup>3</sup>

Indicators show that those who are digitally excluded also tend to be disadvantaged socially and financially, and it is estimated that in some wards of Sheffield, up to 50% of the population are potentially non-internet users.<sup>4</sup>

Digital exclusion also affects some of the most vulnerable and disadvantaged groups in our society:

- Those in social housing – 37% of those who are digitally excluded are social housing tenants

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<sup>2</sup> Cebr Study commissioned by Good Things Foundation 2015

<sup>3</sup> Sheffield Community Network Programme

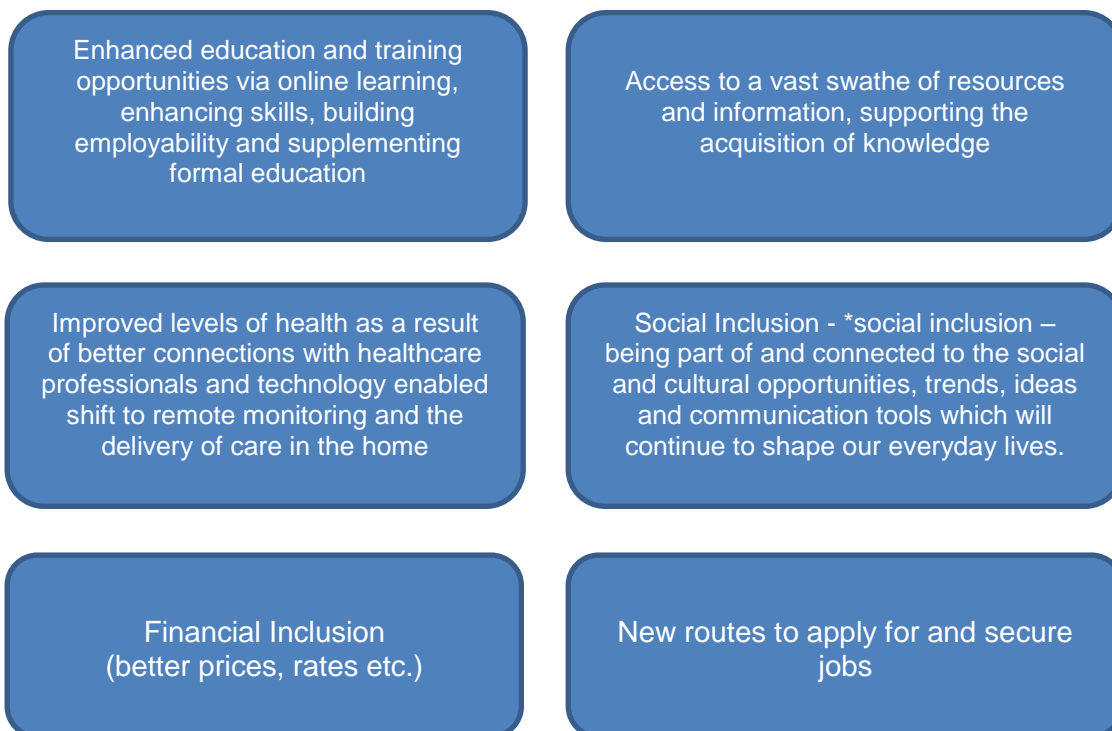
<sup>4</sup> Sheffield Community Network Programme

- 44% of people without basic digital skills are on lower wages or are unemployed
- 33% of people with registered disabilities have never used the internet.
- 53% of people who lack basic digital skills are aged over 65, and 69% are over 55
- 6% of people who lack digital skills are between 15-24 years old. Only 27% of young people who are offline are in full-time employment.
- Offender and ex-offenders have been shown to have a significantly reduced level of risk of re-offending when digital skills training and support is used to complement existing approaches.<sup>5</sup>

This means that large sections of our communities are missing out on the benefits of being digitally included, including for example:

### Figure 1: Benefits of Digital Inclusion

Digital skills are important not just for individuals but also for the wider economy. People who acquire digital skills can benefit through wider choice and lower prices available when managing their daily lives online. They may also be able to benefit from being able to use the internet to stay connected to family and friends, which helps to reduce social isolation.



Other benefits from achieving digital inclusion include:

<sup>5</sup> UK Government Digital Strategy 2017

**Earning benefits** – research shows that people in work who acquire digital skills achieve a rise in earnings of between 3%-10%.

**Employability benefits** – evidence shows that having digital skills helps improve the likelihood that a person can find a job or progress to a better paid job.

**Confidence** - for many it is hard to imagine living in a world without the internet and using computers, tablets or smart phones as part of our daily lives, whether professionally or personally. However, for those that have never taken part in the digital world, it can be isolating and damaging to people's self-image. Access to the internet and improved digital skills has been proven to give individuals a significant confidence boost that has a positive impact on their day to day lives.

People who had taken part in IT skills training later in life described getting a substantial confidence boost as a result.

**Reduced social isolation** – Cities are traditionally quite young places (e.g. students, young professionals) and Sheffield is no different but it also has lots of other communities in neighbourhoods across the city and so we could have a mix of the very digitally connected and the very digitally disconnected which may compound social isolation.

Social isolation is a significant problem in the UK, especially amongst older people. During 2015 Age UK launched the “no one should have no-one” campaign. In this they pointed out that 2.9million people aged 65 or over felt that they had no one to go to for support or help. Whilst basic digital skills can help people to stay in contact and connect with their community, their friends and their families, it is not true for all cases and can in fact heighten the sense of social isolation they feel. The same is true of people with disabilities, who are another group of people that are also significantly impacted by digital exclusion.

**Financial inclusion/savings** – at best financially excluded people end up paying more than they could or should and at worst they risk becoming socially isolated. Whilst there are many causes of financial exclusion, digital exclusion is becoming a particular issue as more products and services become “online only” or “digital by default”. However, we recognise that care needs to be taken to ensure that the council's increasing provision of online services does not exacerbate and perpetuate existing inequalities in the city.

The council's Financial Inclusion Strategy identifies the links between digital exclusion and people who face financial difficulties in their daily lives. Digital inclusion therefore can lead to access to cheaper financial services, wider choice of products, improved financial independence and online payments.

The Good Things Foundation's 'State of the Digital Nation' report identified that people who used online shopping for purchasing groceries, clothes etc. on average saved £744pa.

### **3. Barriers to Digital Inclusion**

The Government's Digital Inclusion Strategy has identified four main barriers that people face to going online, with an additional fifth barrier identified locally:

**Skills** – People may be able to access social media such as Facebook or Skype, however this masks the fact that many lack basic ICT skills, including how to operate MS Office or use email for example. Lacking digital skills makes it harder for a person to access employment and training opportunities and compounds the levels of financial and other exclusion that they face

**Motivation** – many people who are not online may not necessarily see the benefits for them. Pushing people to do something that doesn't interest them doesn't work. Let's face it, doing government transactions online is not the most inspirational digital activity and is unlikely to be the motivator that gets someone to go online. In contrast, keeping in touch with your grandchildren who live abroad might be. Nobody wants to learn digital skills for the sake of it, and having an internet connection is of limited value unless you have a reason to want to use it.

**Access** – the cost of kit and connectivity i.e. broadband packages, stops people from getting online.

Finding affordable and flexible methods of connectivity is very difficult and currently, for many excluded groups, the additional cost of line rental is a barrier. There exist some problems with broadband connectivity in parts of the south west and north of the city and in the more rural parts of Sheffield. Superfast South Yorkshire is currently working in the city to provide fibre broadband coverage in 99% of the city by the end of 2018.

**Trust** – Going online can be a daunting experience for many as they open themselves up to new risks. To keep people online it's vital that they can rely on trusted sources to get the help, support and assurance they need to build their confidence in a digital world. The internet will never be 100% secure and staying safe online needs to be a basic digital literacy skill. This again links to the point above and relating to the need for people to have an understanding of what accessing digital means in terms of safety, use of their personal data and other aspect.

**Cultural Barriers** – Sheffield is a culturally diverse city and with this diversity comes additional challenges to digital inclusion. This may for example mean that some people and communities do not understand the benefits available due to language issues or have not had experience of/access to the internet as part of their everyday lives.

There has also been recent research conducted by the Sheffield Clinical Commissioning Group on access to acute services and issues around digital exclusion for groups such as the homeless and also asylum seekers and refugees were found to be an area of concern.

#### **4. What is currently being done to promote Digital Inclusion in Sheffield?**

There is a significant amount of activity throughout the public, private and voluntary sectors across Sheffield to tackle digital exclusion and to help people and organisations go online:

- We have been developing a partnership with Google which has seen one of their most successful ever implementations of the Google Garage concept. Additionally, Sheffield is the first city in the world to benefit from a Google Bus which is visiting different parts of the city over the coming months to offer digital skills development for individuals and small businesses,
- The Good Thing's Foundations 'Learn My Way' initiative,

- The city councils Library Services People's Network, which provides 250 free to use internet connected PC's and free Wi-Fi,
- Barclays Digital Eagles Programme; and
- The council working alongside the Heeley Development Trust to deliver digital skills training in Housing Associations.
- The council's Children, Young Peoples and Families (CYPF) service are working to promote internet skills and tools through education and community engagement with schools, the VCF and national groups.

But digital inclusion remains a complex issue. For example, we can support people to get the skills they need to use digital technology but it does not mean that people will be able to afford to access the internet at home and information regarding free internet access can be difficult to find. Motivation is also a significant issue with people often not clear on what benefits of being online will bring to them. Helping to describe these benefits through case studies will be important as part of our overall approach.

Whilst there is a lot of activity taking place in the city, we know that our approach to increasing digital inclusion in Sheffield has been fragmented, and we don't have a clear picture of what difference this is making to people and communities across the city; with no way of measuring impact. This strategy will help us to be better at targeting our interventions, and to encourage greater take up of digital activities and services across the city. Better clarity on our strategy and the outcomes we want will also enable us to measure the impact of our interventions.

We also need to recognise that we are behind other cities in this area and we need to catch up if we are to maximise the opportunities for people, services and the economy. This means accelerating what we're already doing, delivering more and delivering in partnership. We need to learn from what has worked well elsewhere, for example -

- In Leeds, the City Council has established the "100% Digital Leeds" programme. This is creating a social movement for digital inclusion, mobilising support in communities across the city to reach people who need the most help to develop digital confidence and skills.
- In other cities such as London (Smart London Plan), Manchester (Go ON Manchester) and Birmingham (Digital Birmingham), digital inclusion has been incorporated into their approach to smart cities, ensuring that projects are co-ordinated to offer their communities the best possible solutions for their digital inclusion needs. As part of the developing Sheffield Digital Coalition, we will take a similar approach to embed inclusion across all our of smart city projects.

Some examples of digital activity in Sheffield include:

- The Sheffield Digital Skills Action Plan as a key area of activity as we continue to promote Digital Inclusion across the city. This plan will serve as a catalyst and ongoing reference point to examine how we as a city respond to the challenges and utilities the opportunities that digital gives.
- Council Housing Services Digital Boost Project – This project is being delivered alongside Heeley Development Trust (HDT) and provides free IT classes to Council tenants. Café



(Computing as a family experience) which is funded by Raspberry Pi Foundation is a key activity being provided by CYPF. Café trains secondary school pupils to teach primary school pupils, digital skills.

- UTC City Centre – focussed on creative and digital technologies alongside advanced engineering and manufacturing. The UTC is developing the next generation of digitally skilled people with a career focussed learning approach, working in partnership with a wide range of local engineering and creative and digital employers.
- NHS – GP surgeries are now obliged to provide some services online, such as appointment bookings and repeat prescriptions. 48 code clubs available in the cities schools (for ages 9-11) including code clubs at Central Children’s Library, Crystal Peaks and Ecclesall. Further codes clubs are due to be launched at Manor and Parsons Cross libraries over the coming months, and;
- The Sheffield based Good Things Foundation deliver a number of high profile projects to promote digital inclusion both within the city and nationally - the ‘Digital Housing Hub’, improving skills and employability via ‘Learn My Way’, helping communities with English as a second language – ‘English My Way’ and supporting people to manage their finances more effectively - ‘Money My Way’.

## Digital Inclusion Action Plan (draft)

The below action plan is a mix of the aspirational and the practical and proposes a number of actions to address the barriers to Digital Inclusion identified earlier. There is a need to recognise that in order to achieve a digitally inclusive city; the Council must work in partnership with businesses and other public and voluntary sector organisations to deliver this.

It is important to note that this Action Plan, and indeed this Strategy, is a starting point on our journey to be a digitally inclusive city and will be further developed as we build our capabilities and relationships in delivering the Strategy.

Barrier	Focus	Context	What SCC and/or partners will do
Access	Explore potential to provide a range of innovative approaches to overcome barriers to broadband access e.g. affordability and cost of equipment	The cost of broadband packages can be prohibitive for many and as a consequence are reliant on free broadband provided in public buildings or shops or use expensive mobile tariffs. The same is also true for the cost of computers and/or tablets.	<ul style="list-style-type: none"> <li>• Encourage more organisations to provide equipment loans or computer give-aways for example through promotion of the GetOnline@Home scheme</li> <li>• Work with the councils key partners to provide recycled computers for Sheffield community organisations and housing tenants</li> </ul>
Access	Greater use of community facilities to provide training opportunities and access to broadband	Existing community facilities include libraries and schools but both either close their doors early i.e. 15.30 or in the case of community libraries, are only open on certain days/times during the week. This prohibits possible access to a large number of computers that could be used for digital skills training in the community.	<ul style="list-style-type: none"> <li>• Explore possibility of working with schools to provide digital training to carers/parents and access to internet enabled computers</li> <li>• Establish feasibility of providing (free public) broadband access in community centres, housing offices</li> </ul>

Barrier	Focus	Context	What SCC and/or partners will do
			and libraries
Skills	Sheffield Digital Inclusion strategies, policies and action plans	<p>DI seen as a spectrum from basic skills right through to advanced skills required by local tech companies/CDI sector.</p> <p>Recognised need for a more coherent approach to DI across the city and city region – lack of a strategic leader is hindering Sheffield in this space and CDI sector locally, is being hampered by digital skills gap – losing people to Manchester and Leeds where there is a clear focus and vision for the importance of digital skills.</p>	<ul style="list-style-type: none"> <li>• Work with partners to develop a wider city region strategy and plan for Digital Inclusion as part of the Digital Coalition work that compliments existing strategies e.g. Creative Sheffield Digital Skills Action Plan</li> <li>• Approach Sheffield/city region based digital companies to act as sponsors for digital inclusion activity, either through use of expertise or through physical resource where appropriate</li> </ul>
Skills	Council colleagues and Elected Members also need to be encouraged to develop their digital skills.	Recognition that there are a significant proportion of SCC employees that could benefit from digital skills training.	<ul style="list-style-type: none"> <li>• Promote online independent digital skills training to all council officers and elected members</li> <li>• Develop SCC digital skills programme</li> <li>• Identify SCC digital advocates/champions and provide support to realise digital skills agenda</li> <li>• Provide support to Members to become digital advocates</li> </ul>

Barrier	Focus	Context	What SCC and/or partners will do
Access	Ensure new infrastructure development e.g. housing include broadband provision where appropriate	As noted within the strategy, broadband is now seen as the 4 <sup>th</sup> utility and yet the required infrastructure is not included as a condition for housing development by SCC Planning Authority. Ensuring that this is factored into the build process will negate the need for disruption/remedial works further down the line.	<ul style="list-style-type: none"> <li>• Ensure Sheffield's Local Plan reflects the need for broadband infrastructure as the fourth utility in planned and future housing developments (both social and private)</li> </ul>
Trust Motivation	Develop a recognised and trusted Sheffield digital brand and associated campaigns	<p>Development of a recognised brand will help to create a sense of a digital community within the city and could for example promote 'Big Switch' style campaigns.</p> <p>Other cities e.g. Manchester and Leeds both have recognised brands and days dedicated to digital skills and digital industry.</p>	<ul style="list-style-type: none"> <li>• Create an ongoing local digital campaign, in line with national campaigns, to promote the benefits of going online</li> <li>• Explore creating a common brand for all organisations with public access computers and Wi-Fi that is incorporated into the council's day to day communications activity</li> </ul>
Access, Motivation	Communication and engagement	There is currently a great deal of activity to deliver digital inclusion across the city however this is largely conducted in isolation rather than in a co-ordinated manner to avoid duplication. The communications plan will raise awareness of this activity e.g. the location of available training sessions and	<ul style="list-style-type: none"> <li>• Ensure that residents and businesses know where to access training to positively impact their lives and be motivated to use online channels</li> <li>• Work with Super-Fast South Yorkshire to develop a citywide communications plan to promote Digital Inclusion</li> </ul>

Barrier	Focus	Context	What SCC and/or partners will do
		sign post people as appropriate.	activity <ul style="list-style-type: none"> <li>• Promote all Public Access Computers and Wifi spots and digital skills provision, including in a range of community languages</li> </ul>
Skills	Work with partners to make best use of knowledge and resource to deliver the best outcomes for Sheffield and its residents	Recognition that Digital Inclusion is a subject matter that cannot be addressed solely by the council and whilst the council does not have the resource (financial, staff) we do have an in depth knowledge of our communities and therefore have a significant USP to offer potential private sector/commercial partners to develop this agenda further and to develop a more comprehensive, coherent approach to digital inclusion across the city – the city council act as facilitators of a wider network.	<ul style="list-style-type: none"> <li>• Work with education and voluntary sectors to facilitate, support and develop training to encourage citizens to build their digital skills</li> <li>• Map provision and analyse gaps of current digital skills training provision</li> <li>• Work with Google Garage and South Yorkshire Housing Association to develop a joint venture for digital mentor/champions training</li> <li>• Encourage engagement from private companies and universities within the city who may be interested in supporting digital inclusion through their social responsibility activity</li> <li>• Link into universities, colleges and skills to ensure curriculum reflects</li> </ul>

Barrier	Focus	Context	What SCC and/or partners will do
			<p>digital skills needs</p> <ul style="list-style-type: none"> <li>• Continue to promote the Google Bus offer and seek to leave a legacy from this resource</li> </ul>
Other	Identify and explore funding opportunities to drive forward Digital Inclusion work	Available funding and resource for DI activity is limited and would need to be met from existing budgets. Therefore any future/additional activity would benefit from the attraction of external funding and to this end, the action plan will focus on identifying	<ul style="list-style-type: none"> <li>• Explore availability of DCMS funding for Digital Inclusion as part of the Adult Skills budget</li> <li>• Utilise existing Fairness Commission funding to target DI related activities</li> </ul>
Other	Establish a 'Digital Community' that will allow for the sharing of best practice and current activity	Clear that there is a lot of 'localised' activity linked to DI across the council. This activity would benefit from the creation of a digital community to share best practice and to ensure work is developed in a co-ordinated manner. This community may take the form of a virtual community through an online presence or as a physical body.	<ul style="list-style-type: none"> <li>• Foster and support the development of active Digital Leaders at all levels of the organisation</li> <li>• Hold a Digital Policy workshop for those working/with an interest in this area to outline the digital vision for both the council and the city, and to co-ordinate activity</li> <li>• Explore the potential to fund a co-ordinator to support the implementation of this Strategy and Action Plan.</li> </ul>



**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:** *20 September 2017*

**Subject:** *Revenue and Capital Budget Monitoring 2017/18 –  
As at 30 June 2017*

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:-		
<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:**


*This report provides the Q1 monitoring statement on the City Council’s Revenue and Capital Budget for 2017/18.*

**Recommendations:**

Cabinet are asked to:

- (a) Note the updated information and management actions provided by this report on the 2017/18 Revenue Budget position.
- (b) Consider for approval the request for revenue funding in Appendix 7.

**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: <i>Dave Phillips</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	<b>EMT member who approved submission:</b>	<i>Eugene Walker</i>
3	<b>Cabinet Member consulted:</b>	<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.	
	<b>Lead Officer Name:</b> <i>Dave Phillips</i> 	<b>Job Title:</b> <i>Head of Strategic Finance</i>
	<b>Date:</b> 6 <sup>th</sup> September 2017	

**1. PROPOSAL**

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

- 1.1 *This report provides the quarter 1 monitoring statement on the City Council's Revenue and Capital Budget for 2017/18.*



## **2. HOW DOES THIS DECISION CONTRIBUTE?**

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

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

*Please refer to paragraph 25 of the main report for the recommendations.*

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

- 3.1 *No*

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

### **4.1 Equality of Opportunity Implications**

- 4.1.1 *No*

### **4.2 Financial and Commercial Implications**

- 4.2.1 *Yes. Cleared by Dave Phillips*

### **4.3 Legal Implications**

- 4.3.1 *No*

### **4.4 Other Implications**

- 4.4.1 *No*

## **5. ALTERNATIVE OPTIONS CONSIDERED**

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

## **6. REASONS FOR RECOMMENDATIONS**

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

## REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 30 JUNE 2017

### Purpose of the Report

1. This report provides the Month 3 monitoring statement on the City Council's Revenue Budget and Capital Programme for June 2017. The first section covers Revenue Budget Monitoring, and the Capital Programme is reported at paragraph 19.

### REVENUE BUDGET MONITORING

#### Summary

2. As at month 3, the Council is showing a forecast overspend of £21.2m. It should be stressed that this is prior to mitigating savings that are currently being identified by Portfolios to reduce this overspend by year end.
3. The overall Council position is summarised in the table below.

Portfolio	FY Outturn £000s	FY Budget £000s	FY Variance £000s
PEOPLE	224,309	204,523	19,786
PLACE	152,422	151,815	607
POLICY, PERFORMANCE & COMMUN	2,300	2,363	(63)
RESOURCES	55,123	54,214	909
CORPORATE	(412,956)	(412,915)	(41)
<b>GRAND TOTAL</b>	<b>21,198</b>	<b>-</b>	<b>21,198</b>

4. In terms of the month 3 forecast overspend position of £21.2m, the key reasons are:
  - **People** are forecasting an increase in expenditure of £19.8m. Within this Portfolio, Childrens is forecasting a £8.4m overspend (£6.0m relating to Placements), and Adults is forecasting a £11.4m overspend (£8.4m of which relating to Learning Disabilities Purchasing). This position is described in detail in **Appendix 1**.
  - **Place** are forecasting an increase in expenditure of £0.6m, primarily due to slippage in planned savings of £1.0m within the "Business Like Place" transformational review and the Streets Ahead Programme, offset by other smaller movements.
  - **Resources** are forecasting an increase in expenditure of £0.9m due mainly to lower than anticipated contract savings of £0.7m on the REED contract and the Kier insourcing.

5. The Month 4 (July 2017) figures are now available as well. The overall overspend has reduced by £1.6m, to a forecast £19.6m overspend. The only significant movements relate to the **People** Portfolio.
  - The **People** Portfolio forecast overspend has reduced by £1.5m to £18.2m, due to the release of £5.0m of the BCF funding announced by the Government in spring 2017. This has improved the forecast overspend in Adults by £4.7m from £11.3m to £6.6m;
  - Offsetting this improvement, Childrens have revised their forecast overspend upwards by £3.2m. Their forecast overspend is now £11.6m (up from £8.4m).
6. The cumulative effect of funding cuts due to the national austerity programme, combined with emerging social care pressures and the challenge of securing funding from Health are making the Council's current financial predicament extremely difficult. Based on the current trajectory, and in spite of a major review of corporate budgets, it would appear highly likely that the Council is going to overspend this year. In response the Council is undertaking a medium term programme to transform social care, with the intention that budgets will be rebased and rebalanced whilst key services to users are protected. In the interim, recovery plans will be presented to Council in September 2017 to balance the budget for 2017/18. This year's position should be seen in this wider context.
7. Full details of all reductions in spend and overspends within Portfolios are detailed in **Appendix 1**.

### Approval Requests

8. The People Portfolio is looking to gain approval to spend a proportion of the new Better Care Fund money on acquiring and running the new case management system Liquidlogic. The total cost of implementing the system is circa £7.7m of which £2.9m is already approved from capital grants. These capital funds are being used to build and procure the system.
9. The gross revenue cost of implementing the system is around £4.8m. Part of this cost will be met by savings realised during implementation (£2.2m) and part was already met in 2016/17 (£0.4m). The benefits are from the cessation of other systems currently being used to produce management information on Adult Social Care and Children's Social Care. As a proportion of the costs of the project have already been met in 2016/17 at £425k, the request for approval per the appendix is the remaining anticipated costs of £2.2m.
10. **Appendix 7** provides some detail around the financial cost.

## Public Health

11. The Public Health ring-fenced grant is currently forecasting a £294k underspend against the original grant allocation. Further details of the forecast outturn position on Public Health are reported in **Appendix 2**.

## Housing Revenue Account

12. The HRA income and expenditure account provides a budgeted contribution towards funding the HRA capital investment programme. As at month 3 the full year outturn position is an improvement of £33k from this budgeted position.
13. Main areas contributing to the outturn include a reduction in income of £632k primarily as a result of a revision to the method by which the bad debt provision is calculated and a slightly higher level of vacant properties offset by savings in operational costs to leave the overall position £33k better. We anticipate additional costs may arise as a result of a review of building standards regulations following the Grenfell Tower tragedy. Work is in hand to monitor and assess the implications of developments as they unfold. HRA and related capital expenditure will be re-profiled accordingly, and will be reported in future budget monitoring reports.
14. In addition to the main HRA account, there is a £196k surplus on the ring fenced Community Heating account.
15. Further details of the HRA forecast outturn can be found in **Appendix 3** of this report.

## Collection Fund

16. As at the end of Quarter 1, the local share of the Collection Fund Income Stream is forecasting an overall in year deficit of £0.4m made up of a £1.3m surplus on Council Tax and a £1.7m deficit on Business Rates.
17. Further details about the Quarter 1 performance of the Collection Fund can be found in **Appendix 4**.

## Corporate Risk Register

18. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. The most significant risks are summarised in **Appendix 5** along with any actions being undertaken to manage each of the risks.

## Capital Summary

19. The approved capital programme budget for 2017/18 is £289.7m. The current forecast outturn is £285.7m, representing £4.0m of slippage (1.4% of the approved budget). The majority of the difference is in the Housing programme which is forecasting to be £4.0m below budget by the year end.
20. Further details of the Capital Programme monitoring are reported in **Appendix 6**.

## Implications of this Report

### Financial implications

21. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2017/18, and as such it does not make any recommendations which have additional financial implications for the City Council.

### Equal opportunities implications

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

### Legal implications

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

### Property implications

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

## Recommendations

25. Cabinet are asked to:
  - (a) Note the updated information and management actions provided by this report on the 2017/18 Revenue Budget position.
  - (b) Consider for approval the request for revenue funding in **Appendix 7**.

## Reasons for Recommendations

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

**Alternative options considered**

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

**Dave Phillips****Head of Strategic Finance**





## PORTFOLIO REVENUE BUDGET MONITORING AS AT 30 JUNE 2017

### People

#### Summary

1. As at quarter 1, the Portfolio is forecasting a full year outturn of an overspend of **£19.8m** on **Cash Limit budgets** and an overspend of **£1.9m** on **DSG budgets**. The **key** reasons for the outturn position on the cash limit are:

#### **Learning Disabilities Purchasing (forecast overspend of £8.4m):**

- Purchasing LD is forecasting an overspend of £8.4m. This overspend is made up of £6.4m of pressures relating to existing clients packages, £1.6m pressure relating to the full year impact of placement panel decisions made in late 2016/17, £1.4m of assumed growth and demand pressures for the rest of the year and £839k fee increases. This overspend has been reduced by anticipated successful savings of £1.5m and £378k over recovery on the income target.

#### **Older People Purchasing (overspend of £533k):**

- Mainly due to increased activity - Nursing provision £613k overspend, Home Support £400k overspend and Residential Care overspend £87k. There is a £49k overspend on Partnership contracts and £36k on Supported Living placements. These overspends are offset to some extent by over-achievement of income of £672k.

#### **Mental Health Purchasing (overspend of £1.819m):**

- An overspend against Commissioned Mental Health Services of £1.819m. This is due to unachieved savings £1.67m agreed between SCC and the CCG as part of the new way of working and £150k additional costs. There has been some reductions in package costs this month but these have not been significant enough to reduce the overspend down to budgeted position.

#### **Children & Families (forecast overspend of £8.0m)**

- Placement budgets - £6m forecast overspend due to increase in demands, particularly in high cost placements and additional support, reflecting the complexities of need for some children in care.

- Fieldwork Services - £1.1m forecast overspend mainly due to a forecast overspend of £646k in non-staffing budgets, due to increased transport costs and contact time for children in care.

### Business Strategy (forecast overspend of £405k)

- Transport – forecast overspend of £439k in the transport budgets, this is due to continued increase in demand and increases in costs.

### Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
PIPS	4,717	4,878	(161)
CARE AND SUPPORT	110,462	100,749	9,713
COMMISSIONING	26,486	24,715	1,771
COMMUNITY SERVICES	5,996	5,952	44
CHILDREN & FAMILIES	65,194	57,221	7,973
INCLUSION & LEARNING SERVICES	(11)	(17)	6
LIFELONG LEARN, SKILL & COMMUN	6,488	6,452	36
BUSINESS STRATEGY	4,978	4,573	405
<b>Grand Total</b>	<b>224,309</b>	<b>204,523</b>	<b>19,786</b>

**DSG**

2. The following is a summary of the position on DSG budgets at month 3:

	<b>FY Variance Month 3 £000</b>
Business Strategy	411
Children and Families	55
Inclusion and Learning Services	1,405
Lifelong Learning, Skills and Communities	45
	<b>1,916</b>

3. The reasons for the outturn position on the DSG position are included in the commentary below.

**Commentary**

4. The following commentary reports on the main forecast variances at month 3 other than the ones highlighted in section 1.

**Care and Support**

5. The remaining areas of Care & Support are forecasting an overspend of £780k. This is broken down as follows:-

- Access Prevention & Reablement is forecasting £300k overspend as a result of pay costs for agency staff
- LD Staffing is forecasts £33k overspend on Assessment and Care Management staffing.
- LD Provider Services is forecasting an overspend of £258k due to unachieved savings on Short Breaks £69k, overspend on Supported Living salaries £149k and overspend on Day Services of £40k.
- Contributions to Care is forecasting an overspend of £63k due to £33k additional costs on staffing budgets and an overspend against Executor Services £30k.
- Long Term Care staffing is forecasting £36k overspend due to additional staffing and IT costs.
- Provider Services reports an expected £238k overspend, mainly due to the underachievement of income in the City Wide Care Alarm service partly offset by staff savings in Community Support Services and savings in Carer payments for Adult Placement Sharing Lives service.
- Safeguarding is forecasting a £95k under spend on staffing,

- Practice Development is reporting a forecast £58k under spend on staffing due to a vacancy held.

### Commissioning

6. Mental Health Commissioning is reporting an under spend against Older People's Mental Health due to the new commissioning arrangements following the closure of Hurlfield £312k.
7. Social Care Commissioning Service forecasts an overspend of £173k predominantly due to increased demand on the British Red Cross Contract for Independent Living Solutions £257k offset by savings on People Keeping Well £43k.
8. Public Health Drug and Alcohol (DACT) service is overspending by £126k. The majority of this is due to a forecast overspend on Contract Drug Costs £74k and Non-Contract Treatment Costs £36k.
9. Housing Related Support is returning an under spend of £44k due to delay in contract renewals.

### Community Services

10. Community Services is forecasting £66k overspend as a result of:-
  - Libraries area which is forecasting a £20k underspend due to new income.
  - Locality Management is over spent by £85k due to increased payments over budget on voluntary sector grants.

### PIPS

11. PIPS is forecasting £161k under spend as a result of:-
  - Executive & Portfolio Wide Services reports a £97k saving on salary of Director post.
  - Business Architecture and Infrastructure reports an overspend of £45k on IT.
  - Planning, Strategy and Improvement reports an under spend of £109k on pay.

### Children & Families

12. A forecast £8.0m overspend (shown in the table above) relating to cash limit and a £55k overspend on DSG.
13. In addition to the forecast overspends on placements and fieldwork services detailed above in key reasons, there are also the following variances to budget:

- Early Intervention and Prevention - £409k forecast reduction in spend which reflects savings on contracts.

This is offset by:

- Fieldwork Services – In addition to the overspend on non-staffing budgets, the service is also forecasting a £296k overspend on specialist children’s services as a result of the funding from the Home Office being insufficient to cover the direct costs of the present level of placements. The service is also forecast a £178k overspend on Legal fees due to an increase in the number of cases.
- Health Strategy - £610k forecast overspend, this reflects a £799k forecast overspend on Shortbreaks and Direct Payments due to the delays in anticipated savings.
- Provider Services - £785k forecast overspend this includes a forecast overspend on Children’s residential homes, including £556k due to delays in anticipated savings on integrated residential and disability services with health.

14. There are no significant variances in the DSG budgets for Children and Families.

### **Inclusion & Learning Service**

15. A forecast £6k overspend (shown in the table above) relating to cash limit and a £1.4k overspend on DSG.

16. There are no significant variances in the cash limit budgets for ILS.

17. The main reasons for the forecast overspend in DSG is due to the following:

- SEND - £937k forecast overspend, there is increasing demand in Post 16 SEND provision and also an increase in high cost independent specialist placements (ISP) This is being addressed through the SEND Change Programme.
- Redesign of Education Services - £430k forecast overspend due to delays in anticipated savings. This is being addressed through the Redesign of Education Services Change Programme.

### **Lifelong Learning & Skills**

18. A forecast £36k overspend (shown in the table above) relating to cash limit and a £45k overspend on DSG.

19. There are no significant variances at month 3 to report.

### Business Strategy

20. A forecast £405k overspend (shown in the table above) relating to cash limit and a £411k overspend on DSG.
21. The main reasons for the variance in both cash limit and DSG is due to a £632k forecast overspend in the transport budgets. This is due to continued increases in demand and increases in costs, especially in the taxi contract.
22. There is also a £250k forecast overspend in DSG on the Special School Complex Case fund, due to anticipated additional placement funding required from September 2017.

### Place Portfolio

#### Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
BUSINESS STRATEGY & REGULATION	32,038	31,136	902
MAJOR PROJECTS	122	124	(2)
CULTURE & ENVIRONMENT	88,398	88,839	(441)
HOUSING GENERAL FUND	3,758	3,876	(117)
CITY GROWTH	28,105	27,840	265
<b>GRAND TOTAL</b>	<b>152,422</b>	<b>151,815</b>	<b>607</b>

### Summary

23. As at month 3 the Portfolio is forecasting a full year outturn of £607k over budget. The key reasons for the forecast outturn position are:
  - Business Strategy & Regulation is forecasting £902k over budget, with key variances being slippage in planned savings on the 'Business Like Place' transformational review (£505k) and additional cost pressures on the Waste Management service due to economic factors such as the low re-sale price of recyclates (£441k).
  - Culture & Environment is forecasting £441k under budget, with key variances being slippage in planned savings on the Streets Ahead Programme (£464k) offset by other contract cost reductions (£742k).
  - Housing General Fund is forecasting £117k under budget with key variances being a lower uptake of small grants on the Local Assistance scheme (£80k) and savings on overall staffing budgets.
  - City Growth is forecasting £265k over budget, with key variances being slippage in planned savings on the 'Business Like Place' transformational

review (£495k), offset to some extent from cost savings, including vacancy management across the service (£230k).

### Resources Portfolio

#### Summary

24. As at month 3 the Portfolio is forecasting a full year outturn of an over spend of £909k. The key reasons for the forecast outturn position are:

- An over spend of £182k on Business Change and Information Solutions mainly due to spend on subscriptions to Gartner and Socrata.
- An over spend of £796k on Commercial Services (Savings) due to £726k lower contract savings and advance payment discounts following renegotiation of Reed contract and Kier Insourcing with the remaining £70k overspend being the as yet unidentified Resources wide budget target savings, £200k of which has been achieved from lower Former Employee pension costs.
- An over spend of £397k on Customer Services due to £150k of 2016/17 BIPs savings for the Customer Experience programme still to be identified and delays in implementing the 2017/18 BIPs saving of £141k, the MER scheme for which has been launched and a stop put on further recruitment. There is an overall over spend on Employees of £360k and under recovery of income of £263k which is being investigated.

Offset by:

- A reduction in spend of £136k on Human Resources due mainly to the over recovery of income in relation to Project Support charges and an under spend on Graduate Trainees.
- A reduction in spend of £206k on Transport and Facilities Management due to budget over provision in respect of Howden House PFI unitary charge payments.
- A reduction in spend of £131k on Central Costs due mainly from reduced numbers requiring funding in relation to Former Employee Pensions and income from H drive and mailbox charges.

## Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
BUSINESS CHANGE & INFORMATION	1,325	1,143	182
COMMERCIAL SERVICES (SAVINGS)	(1,442)	(2,238)	796
CUSTOMER SERVICES	5,590	5,193	397
FINANCE & COMMERCIAL SERVICES	5,376	5,386	(10)
HUMAN RESOURCES	3,541	3,677	(136)
LEGAL SERVICES	3,590	3,568	22
RESOURCES MANAGEMENT & PLAN	182	187	(5)
TRANSPORT AND FACILITIES MGT	17,728	17,934	(206)
<b>TOTAL</b>	<b>35,890</b>	<b>34,850</b>	<b>1,040</b>
CENTRAL COSTS	18,827	18,958	(131)
HOUSING BENEFIT	406	406	0
<b>GRAND TOTAL</b>	<b>55,123</b>	<b>54,214</b>	<b>909</b>

## Policy, Performance and Communications Portfolio

### Summary

25. As at month 3 the Portfolio is forecasting a full year outturn of an under spend of £63k.

## Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
ACCOUNTABLE BODY ORGANISATION	0	0	0
POLICY, PERFORMANCE & COMMUN	2,435	2,498	(63)
PUBLIC HEALTH	(135)	(135)	(0)
<b>GRAND TOTAL</b>	<b>2,300</b>	<b>2,363</b>	<b>(63)</b>

## Corporate

### Summary

26. As at month 3, the Corporate portfolio is forecasting a broadly balanced position at full year outturn.

- Corporate Expenditure: Corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs.
- Corporate income: Revenue Support Grant, locally retained business rates and Council tax income, some specific grant income and contributions to/from reserves.



**Financial Results**

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

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s
CAPITAL FINANCING	37,856	37,896	(40)
CORPORATE ITEMS	(450,812)	(450,811)	(1)
<b>GRAND TOTAL</b>	(412,956)	(412,915)	(41)



## PUBLIC HEALTH BUDGET MONITORING AS AT

**30<sup>th</sup> June 2017**

### Purpose of the Report

1. To report on the 2017/18 Public Health grant spend across the Council for the month ending 30<sup>th</sup> June 2017.
2. The report provides details of the full year spend of Public Health grant compared to budget.
3. The net reported position for each portfolio/service area would normally be zero as public health spend is matched by a draw down of public health grant. For the purposes of this report, and in order to identify where corrective action may be necessary, we have shown actual expenditure compared to budget where there is an underspend position.

### Summary

4. At month 3 the overall position was an underspend of (£294k) which is summarised in the table below.

Portfolio	Forecast Full Year Expenditure	Full Year Expenditure Budget	Full Year Variance as at M3
CYPF	16,935	16,935	0
COMMUNITIES	11,600	11,696	(96)
PLACE	2,597	2,632	(35)
DIRECTOR OF PH	1,938	2,101	(163)
Total	33,070	33,364	(294)

5. Key reasons for the forecast positions spend are:

- (£96k) underspend in Communitas as a result of underspending in Mental Health Commissioning Partnerships and Grants.
- (£35k) underspend in Place mainly due to implementation of the new Stopping Smoking Contract
- (£163k) underspend in Director of Public Health as a result of staffing vacancies and liabilities that have not yet materialised on GP Healthchecks Contracts.



## Place Portfolio

### EXECUTIVE SUMMARY

#### HRA Revenue Budget Monitoring 2017/18– as at June

#### Purpose of this Report

1. To provide a summary report on the HRA 2017/18 revenue budget for the month ending 30 June 2017, and agree any actions necessary.

#### Summary

2. The HRA Business Plan is based on the principle of ensuring that investment and services required for council housing is met by income raised in the HRA.
3. The HRA income and expenditure account provides a budgeted contribution towards funding the HRA capital investment programme. As at month 3 the full year outturn position is an improvement of £33k from this budgeted position.
4. Main areas influencing the forecast outturn include lower than budgeted rental income, repairs and maintenance costs including additional fire safety work and some items which may be of a capital nature .The position will be monitored throughout the year. Projected savings on overall operational costs leave the account a forecast £33k better off.

#### Financial Results

Housing Revenue Account (excluding Community Heating)	FY Outturn £000's	FY Budget £000's	FY Variance £000's
1.NET INCOME DWELLINGS	(144,288)	(144,920)	632
2.OTHER INCOME	(6,421)	(6,407)	(14)
3. REPAIRS & MAINTENANCE	33,044	32,270	774
4.DEPRECIATION-CAP FUND PROG	39,957	39,957	-
5.TENANT SERVICES	51,782	53,207	(1,425)
6.INTEREST ON BORROWING	15,269	15,269	-
<b>Total</b>	<b>(10,657)</b>	<b>(10,624)</b>	<b>(33)</b>
7.CONTRIBUTION TO CAP PROG	10,657	10,624	33

### Community Heating

5. The budgeted position for Community Heating is a draw down from Community Heating reserves of £237k. As at month 3 the position is a draw down from reserves of £41k, an improvement of £196k. This is mainly due to lower than expected usage.

Community Heating	FY Outturn £000's	FY Budget £000's	FY Variance £000's
Income	(2,474)	(2,448)	(26)
Expenditure	2,515	2,685	(170)
<b>Total</b>	<b>41</b>	<b>237</b>	<b>(196)</b>

### Housing Revenue Account Risks

6. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit and changes to Housing Benefits, the Government has announced a number of further changes in the Housing and Planning Act and Welfare Reform and Work Act. These include a revision to social housing rent policy, which will reduce rents until March 2020. This will have a considerable impact on the resources available to the HRA. In addition, other planned Government changes in relation to fixed term tenancies and levy proposals in the Housing and Planning Act will impact on both tenants and the HRA business plan. Work is continually ongoing to assess the financial impact of these. Other identified risks to the HRA are:

- **Welfare Reform /Universal Credit:** the Government's welfare reform continues to be a significant risk to the HRA. The risk to income collection will continue to become increasingly difficult as Universal Credit and continues to be rolled out. Mitigations are in place such as funding additional officers to manage the impacts of welfare changes on affected tenants. Work is continually ongoing analysing the financial risk to the business plan.
- **Interest rates:** fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA. These are managed through the Council's Treasury Management Strategy.
- **Repairs and Maintenance:** existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions) There may be additional

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costs resulting from a review of building standards regulations following the Grenfell Tower tragedy. Work is in hand to monitor and assess the implications of developments as they unfold.

7. The HRA business plan is regularly reviewed along with expenditure plans to ensure flexibility to respond to the expected Housing and Planning Act Regulations.





**Collection Fund 2017/18 – Quarter 1 monitoring**

**Summary**

1. In 2017/18 approximately £287.8m of SCC expenditure is forecast to be financed directly through locally collected taxation. This taxation is initially collected by the Council and credited to the Collection Fund.
2. The Government receives 50% of the Business Rates collected (the Central Share) and uses this to finance grant allocations to local authorities. The Fire Authority receives 1% and the Council retain the remaining 49% as below.
3. Council Tax is distributed approximately 86% to SCC, 10% to the Police and Crime Commissioners Office and 4% to the Fire Authority. The SCC share is detailed below.

<b>Income Stream</b>	<b>Budget 2017/18 £m</b>	<b>Year to Date £m</b>	<b>Forecast Year End Position £m</b>	<b>Variance £m</b>
Council Tax	-191.0	-54.3	-192.3	-1.3
Business Rates Locally Retained	-96.7	-35.0	-95.0	1.7
<b>TOTAL</b>	<b>-287.7</b>	<b>-89.3</b>	<b>-287.3</b>	<b>0.4</b>
RSG/Business Rates Top Up Grant	-107.4	-26.8	-107.4	0.0
<b>TOTAL</b>	<b>-395.1</b>	<b>-116.1</b>	<b>-394.7</b>	<b>0.4</b>

4. As at the end of Quarter 1, the local share of the Collection Fund Income Stream is forecasting an overall in-year deficit of £0.4m made up of a £1.3m surplus on Council Tax and a £1.7m deficit on Business Rates.

**Council Tax**

5. The forecast year end position for Council Tax is a surplus of £1.3m. This is made up of a £0.4m surplus on Gross Income chargeable to dwellings due to a growth in the Council Tax Base (CTB) forecasts and a £0.9m surplus on exemptions and reductions.

**Business Rates**

6. The forecast year end position for Business Rates is a £3.5m deficit of which Sheffield's share is £1.7m. The £3.5m deficit is caused by the net effect of a year to date deficit on Gross Rates Income Yield of £9.9m against a surplus on Reliefs of £6.4m. More in-depth analysis of the business rates position can be found below.

<b>Collection Fund - Business Rates</b>	<b>Budget 2017/18 £m</b>	<b>Year to Date £m</b>	<b>Forecast Year End Position £m</b>	<b>Variance £m</b>
Gross Business Rates income yield	-255.2	-245.3	-245.3	9.9
LESS Estimated Reliefs	30.5	25.9	27.2	-3.3
Losses on Collection	3.0	1.1	3.0	0.0
Losses on Appeals re Current Year Bills	9.8	0.3	9.8	0.0
Increase (Decrease) due to appeals / bad debt provisions	0.0	0.0	0.0	0.0
<b>Net Collectable Business rates</b>	<b>-211.9</b>	<b>-218.0</b>	<b>-205.3</b>	<b>6.6</b>
Transitional Protection Payments due from Authority	13.9	10.8	10.8	-3.1
Cost of Collection allowance	0.8	0.8	0.8	0.0
<b>Non Domestic Rating Income</b>	<b>-197.2</b>	<b>-206.4</b>	<b>-193.7</b>	<b>3.5</b>
Appropriation of net business rates:				
49.0% Sheffield City Council	-96.7	-101.3	-95.0	1.7
1.0% SY Fire Authority	-2.0	-2.0	-2.0	0.0
49.5% Government	-97.5	-102.1	-95.8	1.7
0.5% Designated Areas	-1.0	-1.0	-0.9	-0.1
<b>Total Appropriations</b>	<b>-197.2</b>	<b>-206.4</b>	<b>-193.7</b>	<b>3.5</b>

### Gross Rates Income Yield

7. The Gross Business Rates Income Yield has, to date, decreased by £9.9 compared to total budget. This is significantly under the budgeted position primarily due to a large number of appeals totalling £12.5m being settled in the first quarter relating to the 2010 Valuation list, and a reduction of £1m on one property's rateable value between the budget being prepared and the start of 2017/18.

## Reliefs and Discounts

Reliefs	Budget 2017/18 £m	Year to Date £m	Forecast Year-End Outturn £m	Variance £m
Small Business Rates Relief	10.9	10.6	10.6	-0.3
Transitional Relief	-13.9	-10.8	-10.8	3.1
Mandatory Charity Relief	22.4	21.0	21.0	-1.4
Discretionary Relief	1.3	0.3	0.3	-1.0
Empty Property / Statutory Exemption	9.3	5.1	5.1	-4.2
Partly Occupied Premises Relief	0.3	-0.3	-0.3	-0.7
New discretionary reliefs	0.1	0.0	1.3	1.2
	<b>30.5</b>	<b>25.9</b>	<b>27.2</b>	<b>-3.3</b>

8. Most reliefs and discounts are generally awarded in full at the point of billing at the start of the year. The total level of reliefs awarded to the end of quarter 1 amounts to £25.9m which is £4.6m below the £30.5m in the budget. These are expected to rise to £27.2m by year end due to the additional reliefs announced in the Spring Budget which have not yet come on line.
9. The most significant variations are in relation to Empty Property Reliefs and Transitional Relief. The Empty Property Relief is currently £4.2m under budget, due to the removal of a number of properties from the list that would have qualified for Empty Property Reliefs. Transitional Relief was calculated on a certain level of Gross RV which has lowered since these initial calculations. Transitional relief is based on the change in Gross rates from 2016/17 to 2017/18 and is subject to fluctuation dependant on appeals being granted in either year.
10. Transitional relief is granted to limit the impact of a change in a hereditaments financial liability following a Revaluation. This means the liability changes are phased in gradually along predefined maximum increases/decreases as set out by the Government. The surplus in the transitional relief is a due to a smaller than anticipated number of hereditaments eligible for a cap on the reduction in their rates payable. This is currently under investigation to determine if this will remain throughout the year.
11. There is a forecast deficit on New Discretionary reliefs of £1.2m due to the introduction of the new business rate reliefs in the spring budget. These will be funded by S31 grants later in the year.

## **Appeals**

12. Appeals are notoriously difficult to forecast due to the volatility of the process. The 2017/18 Council budget anticipated £9.8m of refunds resulting from appeals. This was based on historical trend analysis.
13. Losses on Appeals/ Increase in appeals provision are currently forecast to be on budget however this position is very fluid and will require careful monitoring in the coming months.
14. There is a provision of £27.2m carried forward into 2017/18. There have been a significant number of appeals settled in the first quarter of 2017/18 totalling £12.5m. This includes the settling of a number of Health Centre cases in addition to some large scale offices having significant reductions in RV.
15. Following the introduction of the 2017 Valuation List, a new appeals process was introduced entitled Check, Challenge and Appeal. To date no management information in relation to 2017 appeals will be available until quarter 2 of 2017/18 at the earliest.
16. We are still awaiting the settlement of a small number of cases for health centres but these cases have been provided for already. The current issues with regards to ATM's and Virgin Media have progressed, with Virgin Media stating that they are withdrawing their appeals, and the ATM cases being lost at the upper tribunal. However until all appeals and legal avenues have been exhausted, it is prudent to maintain these provisions at the current rate

## **Conclusion**

17. Whilst the in year forecast position of a £0.4m deficit on the Collection Fund is relatively acceptable, there are significant issues that could impact on this during the next 9 months.
18. It will require careful monitoring both in terms of 2010 list appeals settled and 2017 list appeals raised to make sure that we have an adequate provision to cover these appeals and not have an impact on future years budgets.

## **CORPORATE RISK REGISTER**

This Appendix provides a brief overview of the main financial risks facing the Council in 2017/18 and beyond. A more detailed schedule of these risks will be monitored by the Executive Management Team to ensure that the risks are mitigated.

### **Corporate Risks**

#### **2017/18 Budget Savings & Emerging Pressures**

1. There will need to be robust monitoring in order to ensure that the level of savings required for a balanced budget in 2017/18 are achieved, especially given the cumulative impact of £352m of savings over the term 2011-17, and furthermore the backdrop of continuing reductions in Government grant from 2017/18 onwards.
2. In the early months of 2017/18, officers identified numerous pressures which, if left unchecked, could lead to significant overspends in 2017/18 and beyond. The following pressures have been highlighted because they present the highest degree of uncertainty.

#### **Capital financing costs**

3. The Council currently maintains a substantial but prudent under borrowed position (ie we have used our own spare cash to cash-flow capital spend, rather than borrow externally) to help support the revenue budget and mitigate residual counterparty default risk on cash investments. In operating with an under borrowed position the Council exposes itself to interest-rate risk. This risk is exacerbated by the uncertainty created by the EU referendum decision. Recognising this, our Treasury Management function maintain a regular dialogue with the Director of Finance and Commercial Services and the Executive Director of Resources to monitor the risk and review mitigation opportunities.

#### **Business Rates**

4. Following the advent of the Government's Business Rates Retention Scheme in April 2013, a substantial proportion of risk has been transferred to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth.
5. There has been a concerted effort by the Valuation Office Agency to clear outstanding appeals prior to and following the launch of the 2017 Revaluation. However as at 30th June 2017, there were still over 1,100

properties relating to the 2010 valuation list with a rateable value of approximately £150m under appeal in Sheffield.

6. Not all of the £150m rateable value noted above is at risk and not all the appeals will be successful. However due to the uncertainty around these factors a prudent provision was taken during 2016/17 to mitigate the loss of income as a result of successful appeals. Actual trends on appeals were monitored in 2016/17, with any revised estimates of the impact of appeals forming part of the 2017/18 budget process.
7. As part of the Business Rates Retention Scheme, there is a built-in revaluation process every five years to ensure the rateable values of the properties remain accurate. This process had been delayed for 2 years but has come into effect from 1 April 2017. This has seen all hereditaments in Sheffield revalued and assigned a revised rateable value. There is the potential that there will be a large number of appeals due to this revaluation which has been taken into account when compiling the 2017/18 budget.
8. The appeals process following the 2017 Revaluation has changed and now will be known as Check, Challenge, Appeal. The aim of this system is to reduce the number of spurious and speculative appeals and reduce the time taken to process genuine appeals; however it is not known at this point how effective this new process will be. To date we have not seen any management information relating to the number of appeals that are being processed under the new Check, Challenge and Appeal process which we are continuing to press the Valuation Office on.
9. The draft list for the 2017 Revaluation highlights significant changes for a number of hereditaments within the city. The overall Rateable Value of the city has remained relatively stable; however within that there are a number of increases and decrease in value.
10. The city's largest hereditament (in terms of rateable value) following the 2017 Revaluation is a national telecommunications provider whose appeals feature a claim that all of their hereditaments across the country should feature on one authority's list. We are having ongoing discussions with both the Valuation Office Agency and DCLG as to the likelihood of this occurring and any potential ramifications. This hereditament had a number of appeals in place of which a significant number have been withdrawn however we have taken the prudent approach to maintain the provision for this hereditament until all appeals have either been settled or withdrawn.

### Implementation of savings proposals

11. The risk of delivering savings in 2017/18 in specific areas such as adults' and children's social care is considerable, given the increasing demand pressures and the levels of savings that have been achieved in previous years. To mitigate this, officers are working on the safe and legal implementation of budget proposals by:
  - Ensuring that there is a thorough understanding of the impact of proposals on different groups and communities, including undertaking Equality Impact Assessments for budget proposals and discussed with Cabinet Members;
  - Carrying out appropriate, meaningful consultation activity with affected communities and stakeholders, and ensuring that where the proposal affects a supplier or provider, that they undertake appropriate consultation and equalities work with service users; and
  - Discussing budget proposals with affected members of staff in advance of them being made public, and putting in place MER processes where required, in consultation with HR.

### Medium Term Financial Analysis

12. On 19th July 2017, Cabinet considered a report of the Executive Director of Resources entitled Medium Term Financial Analysis (MTFA) 2018/19 to 2022/23. This report provided an update of the Council's MTFS to reflect the budget decision of the Council for 2017/18 and the potential impact on the next 5 years of the Government's plans for deficit reduction. This report sets the planning scenarios for the medium term.
13. The report on the MTFA indicated that there would be ongoing reductions in Revenue Support Grant (RSG) as outlined in the December 2015 Autumn Statement, which covers the period to 2020/21. The reductions in RSG are now expected to total £53.7m including 2017/18.
14. 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.
15. However 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.

16. Although the figures reported in the MTFA 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.
17. The Council's financial position is significantly determined by the level of Business Rates and Council Tax income. Each of these may be subject to considerable volatility and will require close monitoring and a focus on delivering economic growth to increase our income and on delivering outcomes jointly with other public sector bodies and partners.

### **Pension Fund**

18. Bodies whose pension liability is backed by the Council are likely to find the cost of the scheme a significant burden in the current economic context. If they become insolvent the resulting liability may involve significant cost to the Council.
19. Initial results of the triennial review for pensions which covers 2017 to 2020 highlighted the total liabilities being underwritten by the Council for external bodies is £10.4m. It is worth noting that this figure is based upon the current estimates of the pension funds in deficit. However, should an organisation become insolvent, this liability will be crystallised and subject to a 'least risk basis' calculation. This calculation in effect would substantially increase the amount due by Sheffield City Council.
20. A review of these risks is being undertaken to ensure that any impacts of potential crystallisations are minimised.

### **Economic Climate**

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



### External Funding

23. The Council utilises many different grant regimes, for example central government, Sheffield City Region and EU. Delivering projects that are grant funded involves an element of risk of grant claw back where agreed terms and conditions are not stringently adhered to and evidenced by portfolios. In order to minimise risk strong project management skills and sound financial controls are required by Project Managers along with adherence to the Leader's Scheme of Delegation to approve external funding bids.
24. As SCC funding reduces, portfolios are increasingly seeking out new sources of external funding, both capital and revenue. EU funding contracts have more complex conditions, require greater evidence to substantiate expenditure claims and are less flexible on timescales and output delivery targets. This increases the inherent risk in projects which are EU funded. Furthermore as the Council reduces its staff resources a combination of fewer staff and less experienced staff increases the risk of non-compliance with the funding contract conditions and exposes the authority to potential financial claw back.
25. Moreover, the pressure on the General Fund means that Service Managers are forced to seek more external funding such that the general level of risk associated with grants is increasing because of the additional workload this creates amongst reduced and potentially inexperienced staff.
26. The result of the referendum on EU membership does not in the short term change the risk profile of EU grants.

### Treasury Management

27. The Council proactively manages counter-party risk especially since the credit crunch of 2008. Counterparty risk arises where we have cash exposure to bank and financial institutions who may default on their obligations to repay to us sums invested. Counterparty risk had diminished over the last financial year as banks have been obliged to improve their capital funding positions to mitigate against future financial shocks. However, the UK's decision to leave the European Union has the potential to intensify these risks as the UK's decision to exit the EU creates significant political, economic, legislative and market uncertainty which is unlikely to be resolved in the short term. The Council is continuing to mitigate counterparty risk through a prudent investment

strategy, placing the majority of surplus cash in AAA highly liquid and diversified funds.

28. As part of the 2017/18 budget process, we developed Treasury Management and Investment Strategies, both of which were based on discussions with members and senior officers about our risk appetite. This included a review of our counter-party risk to ensure it is reflective of the relative risks present in the economy. A cautious approach was adopted whilst the uncertainties created by the exit from the EU are resolved and the level of market volatility returns to normal levels. Given the profound nature of the exit from the EU, we may need to review our Treasury Management and Annual Investment Strategies during 2017/18 to ensure we have the ability to respond appropriately to market volatility.
29. The Council is also actively managing its longer term need for cash. Cash flow requirements show that the Council will require new borrowing in the coming years to finance capital investment.. The uncertainties caused by the UK exit from the EU will require the Council to remain vigilant to interest-rate risk, and will draw down loans in a timely manner to militate against borrowing costs rising above our target rates.
30. The Council is continuing its efforts to ensure full compliance with the increasingly stringent requirements of Payment Card Industry Data Security Standard (PCI DSS). PCI DSS is a proprietary information security standard for organizations that handle branded credit cards from the major card schemes including Visa, MasterCard and American Express.
31. The Council currently has two early payments outstanding with a major supplier in return for a saving on the contract cost. There is a risk to the Council that having received payment that these companies may fail to deliver the services due under the contract. This is mitigated by the existing contract protections, financial evaluation of the company and parent company guarantee. Also as goods and services are delivered against these contracts, the level of exposure reduces over time.

### **Welfare Reforms**

32. In April 2013, the government began to introduce changes to the Welfare system which have had and will continue to have a profound effect on Sheffield residents including council taxpayers and council house tenants. The cumulative impact of these changes is significant. They include:

- **The Abolition of Council Tax Benefit:** replaced with a local scheme of local Council Tax Support from April 2013. The Council approved the replacement scheme, based on the reduced funding available from Government, and set up a hardship fund in January 2013, but there are risks to council tax collection levels and pressures on the hardship fund which are being closely monitored.
- **Housing Benefit Changes:** Since 2013 the Government has introduced, and will continue to introduce various changes to the Housing Benefit System. These changes aim to reduce the level of benefit paid and hence potentially impact on the recipient's ability to pay rent and council tax. Consequently there may be an adverse impact in the level of arrears particularly as a result of the introduction of Universal Credit.
- **Introduction of Universal Credit (UC):** The roll out of UC for claimants in Sheffield started in January 2016 for new single jobseekers. Roll out to other new claimants is planned to start in July 2018. However, full migration of existing working age Housing Benefit claimants will not start until at least 2019 and is not expected to be finished until at least 2021. There are no known plans to discontinue Housing Benefit for pensioners (who make up half of our HB caseload) although arrangements for funding are under review.
- Potentially the biggest impact on the Council's finances of the introduction of UC is on the HRA and collection of rent. Support towards housing costs is currently paid through housing benefit direct to the HRA; in future this will be paid through UC direct to individuals. It is estimated that this could double or even treble the cost of collection and increase rent arrears by £12m by the end of 2020/21. However, impacts are uncertain at present as there is limited data available therefore estimates will be reviewed as we learn from the roll out. There will also be an impact on the current contract with Capita and internal client teams.

### People Risks – Children Young People and Families

#### Education Funding

33. Schools are entitled to receive a proportion of the Council's Dedicated Schools Grant (DSG) which schools forum have decided can be de-delegated back to CYPF to fund central services. Academies can on conversion choose whether to buy into those services thus creating a potential funding gap. Up to £500k could be at risk to centrally funded services should Academies choose not to buy back those services funded from de-delegated DSG from the local authority.
34. If an academy is a sponsored conversion then the Council will have to bear the cost of any closing deficit balance that remains in the Council's accounts. In 2017/18 this cost to the Council is estimated at around £100k and remains a risk for any future conversions, especially with the expansion of the academy conversion programme.
35. Also as part of the Spending Review and Autumn Statement 2015, the government announced that it will 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.
36. As part of transition to a National Funding Formula, when all funding allocations to schools will be directly managed by Education Funding Agency (2019-20), Sheffield school forum is expected to review and approve all previously held centrally held allocation subject to a limitation of no new commitments or increase in expenditure over the next two years. These historical commitments are now part of central school block and school forum approval is required each year to confirm the amounts on each line. Expenditure in centrally held funding amounts to around £8m.

#### Children's Social Care

37. There is an increase in demand for services for children social care including demand for Unaccompanied Asylum Seeking Children. A number of transformational projects have been put in place to manage the increase in demand within available resources. Implementation of these programmes is contingent upon cross service and cross portfolio working.

### People Risks – Adult Social Care

38. In 2017/18 we have a significant partnership arrangement with the CCG which includes various funding streams for core services in Adult Social Care. There is a risk that these funding streams are not sustainable long term and there would be a risk to the Council delivering core services should this funding cease..
39. In 2017/18 it is proposed to enter a pooled budget arrangement with the Clinical Commissioning Group and manage Mental Health services jointly within the Better Care Fund and identify savings through a new joined up approach to delivering services. Work needs to continue to ensure this new arrangement works for all partner organisations and that the clients receive the right level of support irrespective of where the funding of the service happens.
40. For 2017/18 we have put in measures to address the budget gap on all Adult Social Care Purchasing both Older People and Learning Disabilities however the risk remains that continued demand pressures increasingly affect our position to balance. Demand management plans within service should address some of the continued pull on resources and hopefully redress some of the continued increases seen over the last two years.
41. There is a risk around legislation changes imposed by central government on future funding of social care and the potential impact on client contributions to their care.

### Place Risks

#### 2017/18 Revenue Budget savings

42. The Place budget comprises three significant contracts - Streets Ahead programme, Waste Management contracts and the South Yorkshire Passenger Transport Levy – which together absorb 80% of the General Fund support. The Portfolio cannot meet projected reductions in local authority funding by cutting only the remaining 20% of the budget without a significant reduction in services. Thus in the 2015-16 Business Planning round, the Portfolio's strategy was based on reducing the cost of these contracts to preserve the other services.
43. The South Yorkshire Transport Levy has been successfully reduced but not the Streets Ahead or Waste Management contracts. The Portfolio has now developed three strategic interventions including further savings from the ITA Levy which follow on from existing plans, reducing the level

of support to Sports Trusts and embarking on a review of all the other services seeking a business-like approach to service delivery seeking to reduce cost or maximise income. Realising the efficiencies and opportunities within this review is crucial to maintaining the current Place savings. The review is at an early stage and requires swift implementation, along with a number of other strategic interventions, if the necessary revenue budget savings are to be realised in 2017/18. Failure to so do will very probably create an overspend pressure for the Council.

44. In light of the above risks, a review of waste services has taken place with a staged strategy agreed. As with any service change, there is a risk to the continuity of service delivery and in the longer term there is a potential financial risk if the expected investment does not result in better value services. The action taken by the Council has resulted in a revised service offer from its strategic partner which it is now considering. This could enable the delivery of waste services at the Council's desired level of cost. In order to mitigate the risks a robust governance structure has been put in place to review progress and issues and make decisions to ensure that the optimum solution is achieved.
45. The Council has entered into a 25 year contract with Amey to maintain and renew the public highway. Part of this work involves the replacement of trees which are damaging the pavement with new varieties which are more suitable to a roadside location. The Council has successfully defended a legal challenge on the application of its policy. It has agreed a revised policy in respect of the removal of trees involving some public consultation. The hiatus in the programme caused by the legal action and potential subsequent delays during the consultation could make the Council vulnerable to substantial additional charges from the contractor.
46. £0.9m of the 2016/17 budget saving initiatives (£0.7m on the Streets Ahead contract and £0.2m in Parking Services) had not been achieved to date. These will roll forward to 2017/18 as part of the base budget and create an immediate pressure in that and future years unless these are delivered or a sustainable mitigating cost saving can be identified.
47. The Portfolio undertakes a number of complex, high profile capital projects which require strong cost control from the sponsor and project manager. Experience in 2016-17 has shown that this discipline is not present in all projects and has exposed the portfolio to a requirement to find funding from the Revenue Budget to fund the overspend.

48. Furthermore, the Council has agreed a number of contingent liabilities relating to developments within the city centre. If these were to crystallise there would be an immediate Revenue and Capital Budget impact

### Housing Revenue Account Risks

49. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit and changes to Housing Benefits, the Government has announced a number of further changes in the Housing and Planning Act and Welfare Reform and Work Act. These include a revision to social housing rent policy, which will reduce rents until March 2020. This will have a considerable impact on the resources available to the HRA. In addition, other planned Government changes in relation to fixed term tenancies and levy proposals in the Housing and Planning Act will impact on both tenants and the HRA business plan. Work is continually ongoing to assess the financial impact of these. Other identified risks to the HRA are:

- **Welfare Reform /Universal Credit:** the Government's welfare reform continues to be a significant risk to the HRA. The risk to income collection will continue to become increasingly difficult as Universal Credit and continues to be rolled out. Mitigations are in place such as funding additional officers to manage the impacts of welfare changes on affected tenants. Work is continually ongoing analysing the financial risk to the business plan.
- **Interest rates:** fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA. These are managed through the Council's Treasury Management Strategy.
- **Repairs and Maintenance:** existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions). There may be additional costs resulting from a review of building standards regulations following the Grenfell Tower tragedy. Work is in hand to monitor and assess the implications of developments as they unfold.

50. The HRA business plan is regularly reviewed along with expenditure plans to ensure flexibility to respond to the expected Housing and Planning Act Regulations.

### Capital Receipts and Capital Programme

51. Failure to meet significant year on year capital receipts targets due to reduced landvalues reflecting the uncertain market and the impact of the

Affordable Housing policy. This could result in over-programming, delay or cancellation of capital schemes.

### Project Cost Control

52. There is an inherent risk within all the programme of overspending on any single project as a result of unforeseen circumstances (e.g. ground conditions or contamination) or poor management and planning. There have been several examples of this during 2016-17. The Council has made significant improvements in the management of capital projects including improved risk management, however, in the event of an overspend it will have to use its own limited resources to plug the gap.

### Housing Regeneration

53. There is a risk to delivering the full scope of major schemes such as Park Hill and other regeneration schemes because of the instability in the housing market. This could result in schemes 'stalling', leading to increased costs of holding the sites involved.

### Olympic Legacy Park

54. The Council supports the on-going development of the Olympic Legacy Park to regenerate the Lower Don Valley. Some parts of the infrastructure need private party or external funding to realise the vision. The Council has an obligation to provide a number of facilities to the educational establishment facilities on site against a very tight timescale. If the other site developments do not proceed in time, the Council may have to step in with funding which will place additional strain on the funding of the capital programme.

### Sheffield Retail Quarter

55. The Council has committed to incur around £60m to acquire land, secure planning consent, and appoint a development manager to deliver the new retail quarter in the city centre. The scheme is being funded through prudential borrowing which will be repaid from the increased Business Rates that the completed scheme will produce (known as Tax Incremental financing (TIF)). The financing costs are being capitalised while the scheme is in development. There is a risk that if the scheme ceases to be active that the financing costs of circa £3m pa will have to be provided for from existing budgets. There is also a longer term risk that if the scheme does go ahead, the business rates generated are not sufficient to cover the financing costs. In order to mitigate these risks the Council is working closely with its advisors and potential tenants to



ensure that a viable scheme is being developed. It is also ensuring that the level of TIF is set at a prudent level.

56. In addition to the £60m already committed, the Council may in future have to invest substantial sums (potentially several hundred million pounds) to create the public realm and develop a proposition which an external investment developer would take forward. This may also involve the construction of buildings on a speculative basis with only part of the building pre let. The Council has recently approved a further £86m for the construction of the first building in the Retail Quarter on this basis.

### Schools' Expansion programme

57. In February 2016 the Cabinet approved a report setting out the need to provide additional places in primary, secondary and Sixth Form establishments. The immediate demand for places in the next three years will require the Council to commit funds ahead of receipt from central government. The latest estimate of the gap is a maximum of £22m in 2018/19 after mitigating action. In subsequent years it expects to receive sufficient funding to repay the cash flow by 2021/22.
58. In the event of a change of government policy which reduced the financial support available to local authorities' capital programmes, the Council would very probably be faced with a greater affordability gap in the schools' capital programme than has already been identified above requiring it to contribute its own capital resources.
59. The Council already faces pressure to maintain the condition of the school building estate so there is a limited opportunity to divert funds earmarked for maintenance to support the school place expansion programme. The Council has taken steps to minimise this exposure by challenging the construction industry to build to a specific cost target against Education Funding Agency standards, and, matching the provision of some 16 – 18 year places to demand.
60. The modelling of the Schools Capital Programme has been based on an allocation of £21m Basic Need funding being granted in 2019/20, 20/21 and 21/22 - however the allocation that has recently been confirmed for 19/20 at lower level of £9.8m which could effectively push back the repayment period on the current advance commitment of Basic Need by 2 years. The service is challenging the basis of the allocation with the Department for Education and there may be alternative funding streams.



## CAPITAL PROGRAMME MONITORING AS AT 30<sup>th</sup> JUNE 2017

### Summary

1. The approved capital programme budget for 2017/18 at 30 June 2017 (Month 3) was **£289.7m**.
2. This is an increase of £28.9m from the position at 31 March 2017 due to authorised changes to budget as summarised in Section 11, with the majority of the increase relating to slippage of budgets from 2016/17.
3. The table below summarises the current year to date and forecast outturn position by programme.

<u>Portfolio</u>	Spend to date	Budget to Date	Variance to date	Full Year forecast	Full Year Budget	Full Year Variance on Budget
	£000	£000	£000	£000	£000	£000
CYP	1,413	5,860	(4,447)	33,852	33,799	53
Place	20,174	22,793	(2,619)	101,999	100,306	1,693
Housing	13,279	15,394	(2,115)	87,946	91,912	(3,966)
Highways	1,676	2,372	(696)	11,474	11,366	108
Communities	0	-	0	0	-	0
Resources	809	1,622	(812)	10,621	12,511	(1,890)
Corporate	11,947	11,947	0	39,831	39,831	0
<b>Grand Total</b>	<b>49,299</b>	<b>59,987</b>	<b>(10,688)</b>	<b>285,725</b>	<b>289,726</b>	<b>(4,001)</b>

4. The current forecast outturn indicates a year end slippage figure of £4m or 1.4% of the overall approved budget. However detailed review of the forecasts as identified in paragraphs 5-8 (below) and anticipated budget adjustments indicate this will rise to £7.3m.

Where forecast variances appear to be indicative of underlying issues, formal budget variations will be requested from project managers.

## 5. Summary of main forecast slippage against full year budget:

Project	Directorate	FY Budget	FY Variance on Budget	Explanation
		£000	£000	
PITCHED ROOFING & ROOFLINE	HOUSING	24,563	(2,632)	Project delays due to tendering and contract issues.
WASTE MGMT DEVELOPMENT	PLACE	2,653	(1,401)	Delay in project, issues with costs and scope going forward. Likely budget re-adjustment Aug/Sep 17.
FRA WORKS 16-17	RESOURCES	3,783	(1,387)	Delayed start on site. Some outputs likely to slip.
NEW BUILD COUNCIL HSG PHASE 2	HOUSING	2,292	(1,309)	Agreement to complete 36 units only. Delay to overall scheme.
MOORFOOT LIFTS	RESOURCES	1,663	(540)	Forecast revised due to profile from contractor.
BEIGHTON LEACHATE TREATMENT*	PLACE	539	(533)	Project to be re-designed, full budget re-profile to be submitted.
TINSLEY PRIMARY*	CYP	834	(400)	Potential saving dependent on finalising costs of demolition and remediation
COUNCIL HSG ACQUISITIONS PROG*	HOUSING	3,915	(391)	Budget reduction awaiting approval (linked to Learning Disabilities Acquisitions)
DH – METERING*	HOUSING	807	(326)	Overall underspend forecast on project
PARKWOOD RESOLUTION SITE*	PLACE	289	(287)	Forecasting issue. Expected to spend to budget
<b>Total</b>		<b>41,338</b>	<b>(9,205)</b>	

6. The explanations in the table above indicate that of the £9.2m main forecast slippage approx. £2m does not relate to or impact on delivery of the capital programme as the items marked “\*” represent either genuine expected savings, incorrect forecasts or variations to projects awaiting approval.

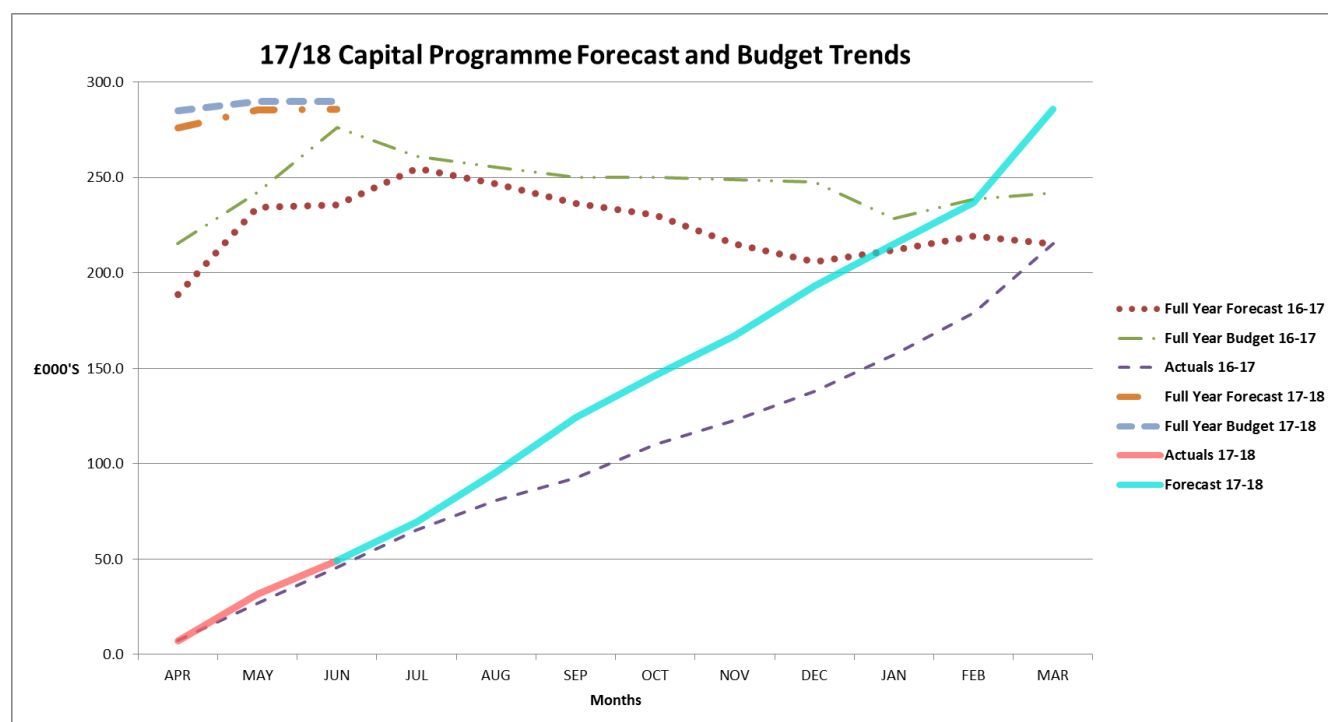
## 7. Summary of main forecast overspends over full year budget

Project	Directorate	FY Budget	FY Variance on Budget	Explanation
		£000	£000	
LDV FLOOD DEFENCE WORKS	PLACE	3,811	2,110	Overspend due to various site issues and delays. Budget variation expected when additional funding confirmed.
SRQ HIGHWAY ENABLING WORKS	PLACE	2,639	1,596	Increase to budgeted costs. £1.5m covered from additional SCRIF funding with remainder from potential underspends in other work packages. Increased budget due to be approved at July Cabinet.
LD ACQUISITIONS DOH FUNDING	HOUSING	-	593	Budget awaiting approval
ECCLESALL PERMANENT EXTENSION	CYP	2,936	394	Forecast acceleration of scheme.
ASBESTOS REMOVAL	HOUSING	-	329	Budget awaiting approval
NORTH SHEFFIELD BBA GROUP C	HIGHWAYS	19	229	Budget awaiting approval
TOTLEY PRIMARY PERM EXTN	CYP	1,214	186	Forecast acceleration of scheme.
KITCHEN/BATHRM PLANNED REPLMT	HOUSING	7,875	147	Forecast acceleration of scheme
BROOKHILL AREA IMPROVEMENTS	PLACE	108	136	Additional costs identified, however, these will be funded by additional contribution from University of Sheffield. Budget variation to be brought forward.
WOODHOUSE EAST	PLACE	-	120	Budget awaiting approval
<b>Total</b>		<b>18,602</b>	<b>5,841</b>	

8. The explanations in the table above indicate that of the main forecast overspending projects only the £2m relating to the Lower Don Valley Flood Defence Scheme represents a genuine potential call on SCC funds expected to total approx. £1.15m. However, a formal offer for the remaining amount from the Environment Agency remains outstanding.

**Forecast:**

- 9. Capital expenditure in the first quarter is currently very similar to that in 2016/17. The key issue will be whether these levels can be maintained compared to 16/17 which showed a substantial slowing of expenditure from July.
- 10. However, it should be noted that £52m of capital expenditure relating to MSF financing and Highways PFI contribution are, for the most part, not delivery driven and can be expected to hit target.



## Overview of Capital Programme

11. The overall programme from 17/18 forward has increased by £34.2m to £758.7m. The key reasons for the overall increase relate to:
- £25.2m of slippage from schemes from 2016/17
  - £8.1m of additions – Key items being Moorfoot Lift Refurbishments (£2.3m), Expansion of Free Early Learning Provision (£1.2m), School Maintenance Schemes (£3.9m).

	2017/18	2018/19	Future	Total
	£m	£m	£m	£m
<b>Council Approved Budget</b>	<b>260.8</b>	<b>175.2</b>	<b>288.6</b>	<b>724.5</b>
Additions	8.1	0.0	0.0	8.1
Variations	-0.5	1.3	0.0	0.8
Slippage and Acceleration	21.3	3.2	0.8	25.2
<b>Month 4 Approved Budget</b>	<b>289.8</b>	<b>179.6</b>	<b>289.4</b>	<b>758.7</b>

## General Commentary

12. Table 1 (below) summarises the Top 20 projects in the Capital Programme by budget value in 2017/18. This group accounts for 75% of the current 2017/18 budget. The key variances on these major schemes are :
- **Lower Don Valley Flood Defence** forecast overspend of £2.1m (expected to be mitigated by increased resources from the Environment Agency and SCC see section 14)
  - The **HRA Pitched Roofing Programme** currently forecasting an overall underspend of £2.6m on lifetime spend which would offer an opportunity to re-allocate these resources. However, further work is being undertaken in the Housing Team to validate this.
  - The **Fire Risk Assessment Programme** shows an in year and lifetime underspend of £1m. While there is the likely to be a level of in year slippage the overall underspend is unlikely to materialise as this is due to an increased budget allocation superseding the most recent forecast.

## Risks

13. The Lower Don Valley Flood Defences remains the main realised current risk. The unknown workload and novel nature of the design created an inherent risk of overspend. This project is grant funded with promised specific outcomes which could leave the Authority exposed to clawback if these are not achieved. The latest position indicates a likely overspend on the project of £2.1m. Current negotiations with the Environment Agency indicate the availability of an additional £1m grant funding with SCC to provide

the remaining £1.1m potentially from Community Infrastructure Levy.

14. In 2017/18 the key projects with the potential to develop significant risks are:
- **SRQ Development** – Major construction element with risks inherent as such.
    - Additional risk of revenue impact of capitalised interest costs if development stalls
  
  - **New Academy Schools – (Mercia and Astrea)** - When both schemes are fully approved total expenditure will total approx. £54m. Both schemes are under significant time pressure (school places required by September 2018) and cost pressure (expenditure being incurred in advance of grant allocations, requiring cash flow from SCC internal resources).
  
  - **Westfield Football Pitches** - Key risk on this project comes from number of funding streams involved, with potential for increased borrowing or use of capital receipts to meet any cost overruns.

## Capital Finance - June 2017



Table 1

Capital Programme

Top 20 projects by value as at June 2017

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		Current Year							Life of Project						
BU	Project	YTD Actual	YTD Budget	YTD Variance	FY Outturn	FY Budget	FY Variance	Variance %	Delivery Forecast RAG	Finance Forecast RAG	All Years Outturn	All Years Budget	All Years Variance	Delivery RAG	Finance RAG
0012018494054	SRQ OFFICES	7,547	7,867	(320)	40,119	40,119	(0)	0.0%	G	G	72,910	72,910	(0)	G	G
0011992099987	CAPITAL PFI CONTRIBUTIONS	11,947	11,947	-	39,831	39,831	-	0.0%	NR	G	39,831	39,831	-	NR	G
0014065397418	PITCHED ROOFING & ROOFLINE	3,756	4,949	(1,193)	21,931	24,563	(2,632)	-10.7%	G	R	56,199	58,831	(2,632)	G	G
0013001490797	MERCIA SCHOOL	60	1,362	(1,302)	15,229	15,229	(0)	0.0%	G	G	25,568	25,568	(0)	G	G
0012046394119	MSF FINANCE	-	-	-	12,173	12,173	-	0.0%	NR	G	103,264	103,264	-	NR	G
0012018494050	SHEFFIELD RETAIL QUARTER 2	1,709	1,746	(37)	9,915	9,915	(0)	0.0%	G	G	9,980	9,980	(0)	G	G
0012018494055	SRQ - STRATEGIC DEV PARTNER	627	1,705	(1,077)	9,453	9,453	0	0.0%	G	G	26,178	26,170	8	G	G
0014065397441	COMMUNAL AREAS-LOW RISE FLATS	1,496	1,603	(107)	8,466	8,466	0	0.0%	G	G	27,086	27,086	0	G	G
0014065398002	ELECTRICAL STRATEGY	10	1,432	(1,422)	7,878	7,878	(0)	0.0%	G	G	31,116	31,116	(0)	G	G
0014065397442	KITCHEN/BATHRM PLANNED REPLMT	3,801	1,731	2,070	8,023	7,875	147	1.9%	G	G	33,149	33,001	147	G	G
0012046394115	FA PITCH (WESTFIELD)	2,683	2,685	(2)	5,818	5,818	0	0.0%	G	G	5,818	5,818	0	G	G
0014060697321	PROGRAMME MANAGEMENT COSTS G	-	49	(49)	5,696	5,696	0	0.0%	G	G	23,080	23,080	0	G	G
0014065397443	WINDOWS& DOORS PLACEMENT(CHS)	1,089	1,040	49	4,918	4,871	47	1.0%	G	G	6,918	6,871	47	G	G
0014007597334	DISABLED GRANTS	510	531	(21)	3,910	4,031	(121)	-3.0%	G	G	11,910	12,031	(121)	G	G
0014059197551	COUNCIL HSG ACQUISITIONS PROG	576	1,019	(442)	3,523	3,915	(391)	-10.0%	G	A	15,970	16,361	(391)	G	G
0012018694010	LDV FLOOD DEFENCE WORKS	1,876	1,316	560	5,922	3,811	2,110	55.4%	R	R	5,929	3,819	2,110	R	R
0011518590159	FRA WORKS 16-17	60	524	(464)	2,397	3,783	(1,387)	-36.7%	G	R	2,804	3,783	(979)	G	R
0013001490802	ASTREA ACADEMY	768	2,195	(1,427)	3,054	3,054	0	0.0%	G	G	3,054	3,054	0	G	G
0012018594024	DIGITAL INCUBATOR	0	756	(756)	3,019	3,019	0	0.0%	NR	G	3,489	3,489	0	NR	G
0013001490861	ECCLESALL PERMANENT EXTENSION	23	27	(4)	3,329	2,936	394	13.4%	G	R	5,573	5,577	(4)	G	G
	<b>Top 20 Value</b>	<b>38,538</b>	<b>44,483</b>	<b>(5,945)</b>	<b>214,604</b>	<b>216,437</b>	<b>(1,833)</b>	-0.8%			<b>509,825</b>	<b>511,641</b>	<b>(1,816)</b>		
	<b>Rest of Programme</b>	<b>10,761</b>	<b>15,504</b>	<b>(4,744)</b>	<b>71,121</b>	<b>73,289</b>	<b>(2,168)</b>	-3.0%			<b>246,757</b>	<b>247,058</b>	<b>(301)</b>		
	<b>Total Capital Programme Value</b>	<b>49,299</b>	<b>59,987</b>	<b>(10,688)</b>	<b>285,725</b>	<b>289,726</b>	<b>(4,001)</b>	-1.4%			<b>756,582</b>	<b>758,699</b>	<b>(2,117)</b>		
	<b>% of Programme within the Top 20</b>	<b>78%</b>	<b>74%</b>	<b>56%</b>	<b>75%</b>	<b>75%</b>	<b>46%</b>				<b>67%</b>	<b>67%</b>	<b>86%</b>		



	Approval Type	Value £000
<p><b>Scheme Description</b></p>		
<p><b>Whole Family Case Management</b></p> <ul style="list-style-type: none"> <li>• Contract for CareFirst (current IT system) expires in March 2018.</li> <li>• Existing product is no longer fit for purpose and would require upgrade to meet statutory requirements. This driver for change presents an opportunity to improve current capability, decrease costs and consolidate other case management functions.</li> <li>• The Council would be unable to meet requirements for secure management of data without replacing current ICT solution.</li> <li>• There are three outcomes expected from re-procuring an ICT solution. <ul style="list-style-type: none"> <li>○ Reduced overall cost in terms of support and maintenance.</li> <li>○ Improve performance efficiency.</li> <li>○ Improved quality of service through higher quality data highlighting improvement needs.</li> </ul> </li> <li>▪ This supports the Corporate Plan objectives of having thriving neighbourhoods and communities and better health and wellbeing. This proposal also directly supports the objective of aligning Children’s and Adult’s Social Care in the people Portfolio</li> <li>• The overall objectives of this project are: <ul style="list-style-type: none"> <li>○ To implement the new solution in line with the phasing plan.</li> <li>○ To migrate and archive approved datasets in line with the phasing plan.</li> </ul> </li> <li>• A blended project delivery team is in place which includes members of portfolio application support, portfolio operations, BCIS and external suppliers. Governance is via the project board, PLTs and the Business Improvement Board.</li> </ul>	<p>New</p>	<p>£2,192</p>





**Author/Lead Officer of Report:**

Damian Watkinson,  
Finance Manager

**Tel:** 0114 273 6831

**Report of:** *Eugene Walker*

**Report to:** *Cabinet*

**Date of Decision:** *20<sup>th</sup> September 2017*

**Subject:** *Capital Approvals for Month 04 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 04 2017/18*

**Background Papers:  
Appendix 1 -**

<b>Lead Officer to complete:-</b>	
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	<b>EMT member who approved submission:</b> <i>Eugene Walker</i>
3	<b>Cabinet Member consulted:</b> <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.
	<b>Lead Officer Name:</b> <i>Damian Watkinson</i>
	<b>Job Title:</b> <i>Finance Manager Business partner Capital</i>
<b>Date:</b> 5 <sup>th</sup> September 2017	

**MONTH 04 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 4 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:

- 1 addition of a specific project to the capital programme with a value of £51k.
- 2 variations to the capital programme creating a net increase of £714k
- 1 Feasibility request and 4 Director Variations creating a net increase of £65k (for note only)

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.

### **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 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 1.

## **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 Director of Finance and Commercial Services or nominated Officer, as appropriate, to award the necessary contracts;

**Finance July 2017**



Scheme Description	Value £000	Procurement Route
<b>ADDITIONS:</b>		
<b>THRIVING NEIGHBOURHOODS AND COMMUNITIES</b>		
<p><b>Grenoside Skate &amp; Scoot Park</b></p> <p>The site of the old tennis courts is dis-used because the surface area is uneven, pitted and covered in loose gravel and glass. The aim is to improve and develop the current site making this a safe, sustainable and attractive play area for the local community. Having a facility like this will inspire people of all ages to visit the park, increase community spirit, personal confidence and promote social cohesion.</p> <p>Although in its present state it is a potential hazard, the solid foundations and original groundwork could provide an excellent site for a scooters and skating. The plan therefore is to resurface the area of the Tennis Courts and as part of this install a tarmac Scoot Park, and 2 Skate ramps in Autumn 2017. Using tarmac rather than installing equipment keeps maintenance costs low and provides a smooth surface to scoot and skate on for all ages. The 2 Skate ramps will be for older children/young people.</p> <p>Estimated costs based on initial quotes received:</p> <ul style="list-style-type: none"> <li>• Installation of Scoot Park (tarmac) £28K</li> <li>• Re- tarmacking of the rest of the former tennis courts £13K</li> <li>• Supply and installation of starter ramps £13K</li> <li>• Commercial Services Fees £1K</li> </ul>	51	<p>Scoot Park Waiver - 1 Supplier only available due to specialised nature of work</p> <p>Skate Park &amp; Other Tarmac 3 Quotes</p>

<p>Total Estimated Cost £55K</p> <p><b>Funded by:</b>  <b>S106 £4K</b> (already approved as part of the S106 Parks Programme)  <b>Neighbourhood Fund £10K</b>  <b>Friends of Grenoside Park £41K</b>  <b>TOTAL £55K</b>                  Therefore approval of £51K required.</p>		
<p><b>VARIATIONS:</b></p>		
<p><b>THRIVING NEIGHBOURHOODS AND COMMUNITIES</b></p>		
<p><b>Graves Leisure Centre (Additional Car Parking)</b>                  This variation is to request an additional £381k to cover the costs of creation of additional car-parking spaces for the ne Graves Leisure Centre, as part of an agreement with the leisure centre operator, following the demolition of the adjoining Norton College site. The costs of this development are to be funded from the capital receipt from the sale of the College site. The proceeds of the site sale were divided between Sheffield College and SCC in the proportion to which the land was owned. Negotiations are ongoing to confirm the value of the contribution to be provided by Sheffield College. While these negotiations continue approval is sought to commit up to £381k of SCC capital receipts to allow this project to proceed.</p>	<p>381</p>	<p>Waiver for use of existing retail developer's contractor.                   (Following VfM checks this represents the best value option)</p>
<p><b>STRONG ECONOMY</b></p>		

**Brookhill Improvements**

This project comprises a linked programme of interventions in the highway and public realm including:

- construction of an over 1km ‘core’ of high quality landscaped pedestrian/cycling core connecting the four quarters of the University of Sheffield campus and creating an attractive setting.
- two new and two re-designed controlled pedestrian/cycle crossings of the major radial and ring roads which run through the campus
- diversion of three bus routes around the central campus to facilitate pedestrianisation with necessary off-site junction works and TROs
- un-locking of sites for three new Science Buildings and an extension to the Information Commons, amounting up to 48,000m2 of building development in the Hounsfield Triangle / area by the University to support its continued growth.
- creation of a high quality public realm setting for the new Engineering Schools now under construction
- creation of a new public square in the Hounsfield Triangle and major improvements to the Arts Tower Forecourt, and the North Campus providing an attractive arrival experience and many spaces for creative cross disciplinary interaction.

This submission is for an increase in the budget of £333k to cover additional works / delays requested by University of Sheffield (UoS) namely:

- replacement tram gate signs and Traffic Restriction Orders to restrict loading on Regents Terrace at peak hours
- design, remove and install replacement tram signs
- delays to the project due to exams etc which have caused the contractor additional costs due to having to move construction to comply with requests by the UoS.

This makes the new total project cost £5,974m.

**All additional costs are funded by UoS**

333

N/A

<b>FEASIBILITY APPROVALS: (Cabinet to Note Only)</b>		
<b>SUCCESSFUL CHILDREN &amp; YOUNG PEOPLE</b>		
<p><b>Woodseats Primary Adaptations</b></p> <p>The school currently has 3 pupils who require adaptations to the buildings to enable them as they progress through the year groups to access all areas of the school. Currently one pupil is only able to access the ground floor accommodation. The pupil does not currently access the hall located on the first floor, the food room, and music room located in the basement. Accommodation for Key Stage 2 is located on the first floor. As a result, future accessibility for the pupil will be significantly limited. However, with the installation of a platform lift to the basement and first floors, and a number of other building alterations, reasonable access could be provided to all educational accommodation.</p> <p>Phase 1 of the adaptations scheme to complete minor adaptations works has already been commissioned and approved.</p> <p>This request is to formally request CPG to approve £20k of initial design and feasibility of works as part of Phase 2 of the adaptations scheme. This includes the installation of a platform lift and associated enabling works.</p> <p>The project is to be funded from the SEND Capital Grant Allocation "DfE Special Provision Fund Allocation" for the financial years 2018-19 of £496k.</p>	20	N/A
<b>DIRECTOR VARIATIONS: (To Note Only)</b>		

<b>THRIVING NEIGHBOURHOODS AND COMMUNITIES</b>		
<p><b>Tram Track Cycle Safety - Signs</b></p> <p>It was agreed at Thriving Neighbourhoods &amp; Communities Board in September 2016 that warning signs would be put up at 20 locations identified as hazards for cyclists either slipping or getting stuck in tram tracks. The initial budget approved was £6K and final costs are now known, see the breakdown below.</p> <p>Further Local Transport Plan funding has been made available to enable the signs to be completed and installed. A Director's Variation has therefore been completed to reflect the full costs and increase in funding. The Transport Sub Board has approved the final costs of £14k.</p> <p><b>Funded by LTP (Local Transport Plan)</b></p>	8	N/A
<p><b>Play Improvements Programme</b></p> <p>This project has been approved to invest in play facilities in approx. 23 parks across Sheffield. It incorporates several Section 106 (S106) agreements approved as part of the S106 Parks Programme.</p> <p>A review of the amounts available in relation to section 106 agreements committed to this project has identified approximately £1k of additional funds available. This Director Variation allocates these funds to the relevant schemes.</p>	1	N/A
<b>SUCCESSFUL CHILDREN &amp; YOUNG PEOPLE</b>		

<p><b>Foster Carer Housing Enhancements</b> Following no expenditure on a £78k budget in 2016-17 in respect of two property conversions, at Hawthorne Avenue and Newton Avenue, the funds for the overall scheme were slipped into 2017-18, with the work now planned to be completed by the end of March 2018.</p> <p>Although the scheme’s projects have been planned for a number of years, work has not yet started on either of them and the loans had not previously been approved. The latest costs are indicated below and represent an overall increase of £17k, that was approved by Director Variation following a service board meeting based on signed off of audit costs for Hawthorne Avenue and latest cost estimates for Newton Avenue:</p> <ul style="list-style-type: none"> <li>- Hawthorne Avenue - £50k (increased by £11k from £39k)</li> <li>- Newton Avenue - £45k (increased by £6k from £39k)</li> </ul> <p>The cost increase is to be funded from additional Prudential Borrowing on an invest to save basis.</p>	17	N/A
<b>STRONG ECONOMY</b>		
<p><b>Castle Market Decommissioning</b> Following an update at Strong Economy Board in July17 it was clear that some costs had been incurred in 17/18 and there would be others needed to be paid to make the site safe.</p> <p>The Board therefore agreed that funding could be made available but only for the costs so far and a further £10K for the specific purpose of making the site safe.</p> <p>Costs to the end of June17: £10K Further allowance: £10K</p>	20	N/A

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TOTAL £20K		
<b>Funded by CRP (Corporate Resource Pool)</b>		

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**Author/Lead Officer of Report:** Gillian Charters

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**Report of:** *Laraine Manley*

**Report to:** *Cabinet*

**Date of Decision:** *20/09/2017*

**Subject:** *SCC to act as Accountable Body for grant for the connection of the E.ON district energy network to the SCC district energy network, with associated funding agreements and heat purchase agreement.*

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? <i>Environment</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environment Wellbeing.</i>				
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? <i>1250</i>				
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input 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:-				
<p><b>Appendix One is not for publication by virtue of Regulation 20(2) Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 because, in the opinion of the proper officer, it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</b></p>				

**Purpose of Report:**

1. To allow the Council to enter into funding agreements with E.ON and draw down grant funding of up to £2,231,250 from Government (Business Energy and Industrial Strategy) as part of the Heat Networks Investment Project. The grant will be used to support the cost of connecting the heat network from the E.ON biomass plant at Blackburn Meadows to the SCC District Energy Network (DEN) providing an additional source of low cost, low carbon heat and facilitating the development of the SCC DEN. Through the funding agreements SCC will act as the Accountable Body, passing the grant funding and related obligations to E.ON who will construct the connection.
2. To allow the Council to enter into a related Heat Purchase Agreement with E.ON to buy a minimum of 7.5GWh per annum of heat to replace heat currently supplied by gas and oil boilers as back-up and top-up to the Energy Recovery Facility plant (the primary source of heat for the SCC DEN). The agreement also provides for the purchase of additional heat if required by the network (for example to supply the Sheffield Retail Quarter) and for the sale of heat from the SCC network when required to provide backup to the E.ON network.

An Outline Business Case (OBC) for the project is attached as Appendix One (not for publication).

**Recommendations:**

That Cabinet:

1. Approves the drawdown of the grant funding, totalling £2,231,250 (via a commercialisation grant for £417,500 and a construction grant for £1,813,750) from the Department for Business, Energy and Industrial Strategy (BEIS), via Salix (its agent), for commercialisation and construction of the connection between the E.ON Lower Don Valley (LDV) Heat Network and the SCC DEN.
2. Delegates authority to the Executive Director of Place, in consultation with the Director of Finance and Commercial Services and Director of Legal and Governance, to negotiate final terms and approve entry into:
  - a. back to back funding agreements for the commercialisation grant for £417,500 and for the construction grant for £1,813,750 with E.ON, with SCC acting as the Accountable Body for the funding; and
  - b. a Heat Supply Agreement with E.ON for the purchase of a minimum of 7.5GWh of heat from E.ON's LDV Heat Network with the possibility for both the purchase of further heat beyond the initial 7.5GWh and the sale of heat from the Sheffield DEN to the E.ON LDV Heat Network.
3. Subject to the terms of any agreements with E.ON being approved by the Executive Director of Place in accordance with the delegation above, authorises the Head of Waste Management, to administer the grant agreements with BEIS and the agreements with E.ON in accordance with their terms.

**Background Papers:**

31<sup>st</sup> March 2017: Individual Executive Decision Record

Acceptance of grant for Phase 1 for the connection of the E.ON biomass plant to the SCC District Energy Network.

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 J Wilby & M Wassell
		Legal: Tim Hoskin
		Equalities: Annemarie Johnson
<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	<b>EMT member who approved submission:</b>	Lorraine Manley
3	<b>Cabinet Member consulted:</b>	Cllr Bryan Lodge
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.	
	<b>Lead Officer Name:</b> Gillian Charters	<b>Job Title:</b> Head of Waste Management
	<b>Date:</b> 31/07/2017	

## 1. PROPOSAL

- 1.1 The Sheffield District Energy Network (DEN) currently has two major concerns. Firstly, lack of heat during times of particularly high demand and reliance on carbon intensive sources of heat to provide top-up to heat from the Energy Recovery Facility (ERF) and resilience for the entire DEN. This backup and resilience of approximately 7.5 GWh of heat is currently provided by oil and gas boilers. Secondly, due to this restriction there is little opportunity for expansion of the DEN or connection of new customers unless an existing customer comes off the DEN.
- 1.2 To overcome these problems, a new low carbon heat source is required to feed in to the city centre DEN.
- 1.3 In 2014 E.ON began providing heat from its Blackburn Meadows biomass Power Station along their LDV heat network (LDV). This power station has the capacity to deliver up to 96GWh of heat locally.
- 1.4 The proposal is to develop a linking heat network to connect the LDV DEN to the SCC DEN at Bernard Road. This link will be developed by E.ON at their cost and risk, supported by a capital grant of £2,231,250 from the Department for Business, Energy and Industrial Strategy (BEIS) via the Council.
- 1.5 An ICM report in March 2017 gave approval to accept up to £2,231,250 of grant funding for phase 1 of the project from BEIS via the Heat Networks Investment Project (HNIP).

- 1.6 The HNIP funding is to support the expansion of the E.ON owned district energy network in the LDV to make a connection to the SCC DEN to supply heat to the Sheffield District Energy Network. This project will:
- Require minimal funding from SCC (costs of administration of the Accountable Body function and Veolia costs for connection to be met within the existing Waste Management budget). It will require SCC to be the recipient of grant funding and then pass on the funds to E.ON on reciprocal terms.
  - As phase 1: Deliver a connection between the E.ON district energy network and the SCC DEN, providing additional low cost, low carbon heat to the SCC DEN eliminating reliance on carbon intensive fuels (gas and oil), providing general resilience as well as supporting opportunities to expand the SCC DEN.
  - As phase 2: Deliver connections in the E.ON network to the Northern General Hospital and a BT datacentre.
  - Support the city's regional development growth plan to encourage new industry and investment in the region; assisting with low cost, low carbon heat, improving air quality, providing essential energy resilience and ensuring Sheffield's established and potential new investors are competitive in world markets.
- 1.7 A separate Business Case will be produced for phase 2 of this project during 2017/18. This Report and the associated Business Case focus on phase 1 only.
- 1.8 Whilst the Council is not legally required to expand district heating in the city, this linking heat network should lead to reduced carbon emissions, lower costs, improved resilience, improved air quality and less reliance on fossil fuels.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The development of this network and its connection to the SCC DEN, contributes to the city on many levels.
- 2.2 One of our five priorities in the Corporate Plan (2015 – 2018), is to develop a Strong Economy.
- 2.3 A key part of this priority is creating "Access to local, low carbon Energy". Within our Corporate plan we undertake to "Reducing dependency of Sheffield's businesses on imported fuel with decarbonised, locally generated energy sources will give Sheffield a competitive advantage over other locations and support future economic growth."
- 2.4 We also state that "Over the next three years we will work with partners to expand Sheffield's energy network, increasing access to business and residents in the Lower Don area."

- 2.5 A number of other documents on sustainable local growth and development further set the context for this project; these include Sheffield's Economic Masterplan, Sheffield's Development Framework, the City Centre Masterplan 2008, Sheffield – The Decentralised Energy City and specific Sheffield City Council (SCC) spatial planning policies.
- 2.6 The sustainability policy "Growing Sustainably: a bold plan for a sustainable Sheffield", was approved at Cabinet recently, and makes several references to the importance of district heating and decentralised energy to delivering sustainability in Sheffield. A more extensive decentralised energy infrastructure would assist with flexibility, resilience and future-proofing of energy provision for Sheffield, together with carbon dioxide emissions reductions and a decrease in local atmospheric pollutants.

Overall the project will have a positive contribution to the city in many ways including:

- Climate change - through a significant reduction in carbon emissions;
- Air quality – through the reduction of fossil fuels being burnt in the city centre;
- Economic impact – through the potential extension of the heat network to new and existing properties, offering more environmentally friendly heat at no additional cost and creating an attractive low carbon offer to business';
- Future city – Sheffield will regain its mantle of the UK's leader in district heating. Boasting not just the largest UK heat network but the also the largest low carbon network.

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

- 3.1 Due to the tight deadlines of submitting the funding application the Council did not undertake a prior consultation about the proposed project.

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

#### **4.1 Equality of Opportunity Implications**

- 4.1.1 This project should lead to positive impacts for the whole city but in particular the city centre. Any improvement to air quality will lead to a positive impact for all Sheffield residents. For current and new customers of the DEN this will lead to more reliability, better choice, lower carbon emissions and better energy security.
- 4.1.2 Expansion and development of the SCC DEN, which this project will facilitate, will support the attraction of industry and commerce to

Sheffield, with resultant employment opportunities.

## 4.2 Financial and Commercial Implications

4.2.1 SCC will be the Accountable Body for the funding and will pay it over to the applicant when the terms and conditions have been met. Key features (not exclusive) of the two back to back Funding Agreements /MoUs are summarised as follows:

- Grant will only be paid in respect of Eligible Costs incurred after the Application Date.
- The grant recipient must submit a Grant Claim Form no later than 3rd January 2018.
- Any part of the grant not drawn down during the Availability Period will automatically be cancelled at the end of the Availability Period.
- The Recipient must comply with all requirements of the MoU, including the monitoring and reporting requirements.
- The Recipient will immediately repay Grant monies to SCC if the Grant becomes repayable under the terms of the Agreement or the MoU.
- If any funding under the MoU is recovered, withdrawn, reclaimed by BEIS under the terms of the MoU due to the Recipient, this amount will be repayable by the Recipient to the Funder.
- The grant maybe withheld or suspended if the delivery of the Project does not start within 6 months of the Commencement Date
- Must comply with both EU Public Procurement Law and EU State Aid law requirements

The SCC Sustainable Energy Project Officer will need to read and understand and ensure that EoN comply with all of the terms and conditions of the two back to back Funding Agreements/ MoUs (totalling £2,231,250) when submitting their returns and evidence.

The main risks identified are:

4.2.2 Around the funding agreements with BEIS and the timescales related to the drawdown deadlines. The Council has entered into two grant Memorandums of Understanding - one for commercialisation (grant amount £417,500) and one for construction (grant amount £1,813,750) totalling £2,231,250, however the availability period for the grant is the end of March 2018.

4.2.3 SCC is expecting to pass on all liabilities to E.ON. However E.ON are not willing to accept uncapped liability and the project team are currently negotiating a cap of £20m against the Funding Agreements and a further £20m against the Heat Supply Agreement (the full amount in relation to a

default termination, and a £5m annual cap in relation to other liabilities). In the event of the liability being above the cap the Council would have to find this money. Currently there are no funds identified should a cost of this nature arise. This is anticipated to be a low risk as the overall value of the grant is under £3m and the value of the contract is low at approximately £6m over 40 years.

- 4.2.4 That ongoing negotiation with E.ON fails to lead to an acceptable agreement between them and the Council. Failure to come to an agreement may lead to the project folding and the connection of the networks not going ahead. The agreement between the Council and BEIS for the funds would expire.
- 4.2.5 To mitigate against these risks:  
All funding agreements between the Council and E.ON will seek to 'back off' and 'flow down' risks, obligations and liabilities to E.ON, where at all possible with all agreements made replicating the terms and conditions in the original funding Agreement issued to SCC by BEIS. . All funding agreements will be signed before any funding is drawn down and full evidence of spend and compliance with grant terms and conditions is provided.
- 4.2.6 SCC will only draw down funding from HNIP when requested by E.ON and once agreed milestones have been completed. The risk of any clawback is therefore anticipated to be minimal, but in any case that risk is also backed off to E.ON.
- 4.2.7 The Key Principles Paper attached to the OBC sets out the key principles that will be embodied in the funding agreements and the Heat Supply Agreement. This acts to mitigate all key risks. This paper has been agreed and signed off by E.ON. There will also be a procurement challenge risk mitigation clause in the agreement(s) with E.ON in the event of a procurement challenge with both sides able to walk away. The Council would have no liability for E.ON incurred costs and (subject to any caps) E.ON will be responsible for Council costs and losses.
- 4.2.7 There are also risks stemming from the MOU's with BEIS which should be noted: Repayment and claw-back obligations attached to the funding from BEIS. The Council seeks to pass these on to E.ON via the back to back funding agreements. The repayment obligations are only relevant if the project proceeds and if the Council makes a claim for funding on behalf of E.ON. Repayment of any unspent grant is also necessary, if the Eligible Costs of the Project are less than the Projected Costs.
- 4.2.8 There are a number of Repayment Events set out within the Memorandums between BEIS and SCC, including non-compliance with the obligations of the grant agreement, insolvency, material adverse change to the business or function which would have made a difference to the application being accepted, any event or circumstance which BEIS consider would have a material adverse effect and failure to proceed to construction. The consequences of which could be the grant is cancelled, BEIS declare all or part of the grant immediately due and payable or



payable on demand, with or without interest. In the case of a repayment event due to non-construction, only a portion of the Grant, which has not been spent, will be immediately due and payable or payable on demand.

- 4.2.9 The Council is providing indemnities against any cost, loss or liabilities incurred by BEIS, as a result of the Council's or any Investment Vehicles actions or omissions or in respect of the Project. These obligations will be passed on to E.ON via the further agreements proposed.
- 4.2.10 The grants may constitute a state aid and therefore the Council will also have to ensure it is state aid law compliant throughout the Project and has sought – and is working within the terms of - external legal advice in this regard from Bevan Brittan Solicitors. They have also provided the Council with advice in respect of complying with procurement obligations.
- 4.2.11 The BEIS Funding Agreements require the project to be in compliance with the European Procurement Rules. E.ON will be undertaking the procurement of all works and services and will be financially responsible for all procurement law risks (including third party claims) as detailed within the funding agreements.
- 4.3. Minimum Heat Supply
- 4.3.1 SCC is to enter into a 40 year contract for a minimum heat supply of 7.5GWh. This is approximately the amount of heat generated by oil and gas on top of the heat generated by the ERF. Pricing details are contained in the Key Principles paper attached to Appendix 1.
- 4.3.2 This risk is mitigated by the introduction of 10 year break clauses in the Heat Supply Agreement as well as the knowledge that the Council could use the 7.5 GWh instead of the ERF heat if required.
- 4.4. Reputational
- 4.4.1 The key reputational risks are:
- 4.4.2 Administering the grant correctly: to limit reputational risk, we will not attempt to drawdown any funding until E.ON have met key milestones and made a formal request to SCC to begin the drawdown process.
- 4.4.3 The impact to the local environment during the construction. The project team will ensure there are timely and good communications with stakeholders including local businesses which may be disrupted by the digging up of the roads to lay the pipes.
- 4.4.4 The project relies on a good working relationship among E.ON, the Council and Veolia, in order to develop and implement the technical, commercial and legal interface between the two heat networks. This relationship has now started and the Council will continue to support the flow of information between the parties. However, there remain significant challenges, particularly on the commercial and legal interface, that will need to be overcome as the project proceeds.

#### 4.5. Opportunities

- 4.5.1 The project as a whole offers some significant opportunities for SCC: The main opportunity is to lower carbon emissions directly related to the production of heat.
- 4.5.2 The connection to E.ON also offers the best opportunity in recent times to significantly expand the heat network, in effect offering the opportunity to almost double in size.
- 4.5.3 The connection also gives Sheffield City Council the opportunity to show its commitment to both district heating and also the lowering of emissions in the city.

#### 4.6 Legal Implications

- 4.6.1 The Council has the power to proceed through the General Power of Competence in Part 1 of Localism Act 2011, together with s.111 of the Local Government Act 1972.
- 4.6.2 The Council has entered into two grant Memorandums of Understanding with BEIS for the funding for the project, one for commercialisation (£417,500) and one for construction (£1,813,750), totalling £2,231,250.
- 4.6.3 The Council will enter into back to back grant agreements with E.ON, passing on the obligations under the BEIS agreements to E.ON (apart from those relating to the administration of the BEIS funding), in order to minimise the risks to the Council.
- 4.6.4 The E.ON corporate structure for the delivery of the project has not yet been finalised, and the specific E.ON company that is to enter into each agreement has yet to be confirmed. As necessary, the E.ON obligations under each of the funding agreements and the Heat Supply Agreement will be supported by an appropriate parent company guarantee.
- 4.6.5 The commercial risks (and the mitigation and management steps associated with them) relating to the terms of the BEIS funding agreements are described in section 4.2 above.
- 4.6.6 It is considered that a competitive procurement process for this project is not required by the procurement regulations. The main justification under the regulations for this (for following a negotiated procurement procedure without prior publication of a contract notice) is that competition is absent for technical reasons and/or due to the protection of E.on's exclusive rights. This is because there are no alternative, accessible sources of heat and because E.ON's agreement is necessary for any connection to their network.
- 4.6.7 Notwithstanding the above, there is some procurement risk in entering into the Heat Supply Agreement without having conducted a procurement process. Steps will be taken to mitigate this risk: firstly, through the

publication of an advance transparency (VEAT) notice; and, secondly, through the terms of the agreements with E.ON.

#### 4.7.1 Other Implications

4.7.2 The near elimination of fossil fuel backup and the potential expansion of the DEN will have positive health implications through the related improvement in air quality. As the DEN expands there will be less combustion of gas in the city centre with a related reduction in emissions especially NOx.

4.7.3 The resilience that this connection will give to the DEN as well as the lowering of related carbon emissions and the potential to expand the DEN within the city could lead to Sheffield City Centre being seen as an epicentre of environmentally friendly, quality, office and retail space; an offer other cities cannot offer.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 The attached Business Case show that the alternatives investigated involved either SCC funding the schemes gap or E.ON fully funding the scheme, neither being commercially viable.

5.2 In the situation that the project was not funded, the SCC DEN would continue to rely on gas and oil boilers to provide back-up and top-up heat into the network at times of peak demand and during the Energy Recovery Facility (ERF) shut-down periods.

5.3 The opportunities for carbon savings and air quality improvement would be lost and the SCC DEN would remain unable to achieve significant development and expansion.

### **6. REASONS FOR RECOMMENDATIONS**

6.1 The grant funding through the HNIP pilot is the only means of attracting the funding necessary to make the connection between the E.ON LDV Heat Network and the SCC DEN viable at this time.

This is a unique opportunity to use the grant funding that SCC has applied for to deliver a project with significant opportunities for Sheffield, and at minimal risk and cost to the Council. All funding agreements with E.ON seek to 'back off' and 'flow down' most risks, obligations and liabilities to E.ON. SCC will only draw down funding from HNIP when requested by E.ON and base on agreed milestones. The risk of any clawback is therefore minimal, but in any case that risk is also backed off to E.ON. SCC's only costs will be in administering the 'Accountable Body' role to pass HNIP funding through to E.ON who will deliver the project, but these costs will be covered by E.ON through a direct annual payment.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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