

Cabinet

Wednesday 20 June 2018 at 2.00 pm

**To be held at the Town Hall,
Pinstone Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

Membership

Councillor Julie Dore	(Leader of the Council)
Councillor Olivia Blake	(Cabinet Member for Finance and Deputy Leader)
Councillor Lewis Dagnall	(Cabinet Member for Environment and Streetscene)
Councillor Jackie Drayton	(Cabinet Member for Children & Families)
Councillor Jayne Dunn	(Cabinet Member for Education & Skills)
Councillor Mazher Iqbal	(Cabinet Member for Business and Investment)
Councillor Mary Lea	(Cabinet Member for Culture, Parks and Leisure)
Councillor Chris Peace	(Cabinet Member for Health and Social Care)
Councillor Jack Scott	(Cabinet Member for Transport and Development)
Councillor Jim Steinke	(Cabinet Member for Neighbourhoods and Community Safety)

PUBLIC ACCESS TO THE MEETING

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

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. You may not be allowed to see some reports because they contain confidential information. These items are usually marked * on the agenda.

Members of the public have the right to ask questions or submit petitions to Cabinet meetings and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Cabinet meetings are normally open to the public but sometimes the Cabinet may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

Cabinet decisions are effective six working days after the meeting has taken place, unless called-in for scrutiny by the relevant Scrutiny Committee or referred to the City Council meeting, in which case the matter is normally resolved within the monthly cycle of meetings.

If you require any further information please contact Simon Hughes on 0114 273 4014 or email simon.hughes@sheffield.gov.uk.

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**CABINET AGENDA
20 JUNE 2018**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
Appendix A to Item 16 'Technology Strategy and Sourcing Approach' - 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 Meetings** (Pages 5 - 14)
To approve the minutes of the meetings of the Cabinet held on 16 and 23 May 2018.
- 6. Public Questions and Petitions**
To receive any questions or petitions from members of the public
- 7. Items Called-In For Scrutiny**
The Director of Legal and Governance will inform the Cabinet of any items called in for scrutiny since the last meeting of the Cabinet
- 8. Retirement of Staff** (Pages 15 - 18)
Report of the Executive Director, Resources.
- 9. Domestic and Sexual Abuse Strategy** (Pages 19 - 52)
Report of the Executive Director, People Services.
- 10. Designating an Area of London Road, Abbeydale Road and Chesterfield Road for Selective Licensing of Private Rented Properties** (Pages 53 - 132)
Report of the Executive Director, Place.
- 11. Corporate Asset Management Plan** (Pages 133 - 152)
Report of the Executive Director, Place.

- 12. Revenue Budget and Capital Programme Monitoring 2017/18 Month 12 as at 31/3/18** (Pages 153 - 220)
Report of the Executive Director, Resources.
- 13. Month 1 Capital Approvals** (Pages 221 - 238)
Report of the Executive Director, Resources.
- 14. Technology Strategy and Sourcing Approach** (Pages 239 - 312)
Report of the Executive Director, Resources.

NOTE: The next meeting of Cabinet will be held on Wednesday 18 July 2018 at 2.00 pm

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Audit and Standards Committee in relation to a request for dispensation.

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

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Cabinet

Meeting held 16 May 2018

PRESENT: Councillors Julie Dore (Chair), Olivia Blake, Lewis Dagnall, Jackie Drayton, Jayne Dunn, Mazher Iqbal, Mary Lea, Chris Peace, Jack Scott and Jim Steinke

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1. TO FIX DATE AND TIME OF MEETINGS

1.1 **RESOLVED:** That meetings of the Cabinet be held on a monthly cycle on the following Wednesdays at 2.00 p.m:-

- 23 May 2018
- 20 June 2018
- 18 July 2018
- 19 September 2018
- 17 October 2018
- 21 November 2018
- 12 December 2018
- 16 January 2019
- 13 February 2019
- 20 March 2019
- 17 April 2019

2. CHANGES TO FULL COUNCIL MEETINGS

2.1 The Executive Director, Resources submitted a report providing details of proposed changes to the operation of meetings of full Council following the trialling of changes at Council meetings during the 2017-18 Municipal Year and seeking the approval of Council, at its Annual Meeting on 16 May 2018, for changes to the Council Procedure Rules as set out in Part 4 of the Constitution.

2.2 **RESOLVED:** That Cabinet recommends to the Annual Meeting of the City Council on 16 May 2018 that:-

- (a) Council adopts the changes to Part 4 of the Constitution – (Council Procedure Rules), as set out in the report and appendix; and
- (b) the Member working group continues to develop proposals during 2018/19 in accordance with its terms of reference.

2.3 REASONS FOR RECOMMENDATIONS

2.3.1 The review of full Council meetings is seeking to improve openness and accessibility and increase efficiency and effectiveness of meetings. The proposed changes have been trialled at full Council over several months and have been

subject to consultation.

2.3.2 The Council wishes to make meetings accessible and open to people in order to address issues including engagement and transparency and increase participation by both members of the public and Members of the Council.

2.3.3 Any permanent change to Council Procedure Rules requires a recommendation of the Cabinet.

2.4 **ALTERNATIVE OPTIONS CONSIDERED**

2.4.1 Alternative proposals for change have been considered and piloted as part of the review of full Council meetings and these have included:

(i) Changing the start time of the meeting to 5.00pm, which was piloted beginning in September 2017 and continued for the remainder of the Municipal Year 2017/18. Following consultation through the working group, the proposal is for meetings to start at 2pm with a duration of 3 hours and 30 minutes.

(ii) Considering Members' Questions later in the meeting: during the pilot, this item was subsequently moved towards the beginning of the agenda.

2.4.2 Do nothing option – to revert back to the arrangements which operated up to the start of the Municipal Year 2017/18. This is not supported by the working group, as the changes operated during the pilot, many of which gained cross party support, would be lost.

SHEFFIELD CITY COUNCIL

Cabinet

Meeting held 23 May 2018

PRESENT: Councillors Olivia Blake (Chair), Lewis Dagnall, Jayne Dunn, Mary Lea and Jim Steinke

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from the Chair, Councillor Julie Dore and Councillors Jackie Drayton, Mazher Iqbal, Chris Peace and Jack Scott.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 The Chair (Councillor Olivia Blake) reported that Appendix A to Item 12 'Contract to Provide Agency Services to Yorkshire Water (May 2018-March 2021)' was 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. Accordingly, if the contents of the Appendix were to be discussed at the meeting, the public and press would be excluded from the meeting at that point in the proceedings.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the previous meeting of the Cabinet, held on 18 April 2018, 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 referred to a report considered at the Cabinet Meeting on 16 May in respect of 'Changes to Full Council Meetings'. He asked a number of questions in respect of the following:-

The Cross Party Working Group

How many Members were on the Group?

What was the party political proportionality of the Group?

Did the Group endorse these changes unanimously?

If not, what was the ratio of support?

Public Participation

In the 2017/18 civic year, what were the average attendances in the Council

Meetings starting at 2pm? (April to September)

What were the average attendances in the Council Meetings starting at 5pm? (September to March)

Will the Council be monitoring the attendance at Council Meetings from this point on for further comparison?

Consultation

Apart from the consultation carried out within political parties the report states a questionnaire was available to the public at the October 2017 meeting. How many public responses were received from this questionnaire and what were the results?

Recording and Webcasting

Mr Slack commented that the report mentioned this as an area for consideration, despite Mr Slack and others calling for this step to be taken since 2012. The report appeared to suggest that only “progressing audio/video recording of meetings and access to the recordings” is on the working group’s agenda.

Mr Slack therefore asked will this include live streaming of the meetings on the internet?

Fully indexed archive access?

Live interactive functions?

Which meetings will be considered?

5.1.2 The Deputy Chair (Councillor Olivia Blake) commented that a written response would be provided to Mr Slack’s question.

5.2 Public Question in respect of Pre-Election Rules on Publicity (PERP)

5.2.1 Nigel Slack commented that just prior to the local election on 3 May he drew to the attention of the Chief Executive and the Leader of the Council the potential for a breach of PERP by two Councillors who chose to get involved in a Facebook argument over an issue on which they had been decision makers during the PERP period. Mr Slack stated that he would have hoped that, with their age and experience, they would have been more careful about their actions since, for Mr Slack, the comments appeared to be a clear attempt to disparage a Councillor’s reputation for political and therefore electoral advantage.

5.2.2 The issue for Mr Slack was whether they used technology provided by the Council for business matters, to make these comments on social media. That would constitute a breach of PERP. It was common to see Councillors on social media during Council Meetings and the origin of the technology they were using was unclear. What guidance was given to Councillors on the use of Council technology? How often was this refreshed? How was the use of Council technology monitored?

5.2.3 Councillor Olivia Blake reported that a written response would be provided to Mr Slack in respect of this question.

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

6.1 There had been no decisions 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.

7.2 **RESOLVED:** That this Cabinet :-

(a) places on record its appreciation of the valuable services rendered to the City Council by the following staff in the Portfolios below:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<u>People Services</u>		
Kay Ackom-Mensah	Teacher, St Wilfrid's Primary School	31
Linda Brewin	Senior Teaching Assistant (Special) Level 3, Talbot Specialist School	20
Vicki Grayson	Deputy Headteacher, Limpsfield Junior School	31
Judith Wade	Teacher, Intake Primary School	33

(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. PROJECT APOLLO - SUPPORTING NEET CARE LEAVERS (CONTRACT AWARD)

8.1 The Executive Director, People Services submitted a report seeking approval to accept and spend up to £1,083,550 of funding from the Children's Social Innovation Programme launched by the Department for Education (DfE) in 2014, which will provide a programme of support targeting Care Leavers Not in Employment, Education or Training (NEET).

8.2 **RESOLVED:** That Cabinet:-

(a) approves acceptance of the DfE's grant offer of up to £1,083,550, to deliver the service initiative detailed in the report;

(b) approves the direct award of a contract to a company (a special purpose

vehicle (SPV)) established by Sheffield Futures with a potential value of £1,083,550 in outcomes payments in order to deliver the project;

- (c) delegates authority, to the extent not already delegated by the Leader's Scheme of Delegation, to the Director of Finance and Commercial Services, in consultation with the Director of Legal and Governance and the Executive Director, People Services to agree the terms of the contract; and
- (d) delegates authority, to the extent not already delegated by the Leader's Scheme of Delegations, to the Executive Director, People Services, to take such other steps deemed necessary to deliver the outcomes set out in this report.

8.3 Reasons for Decision

8.3.1 The Council has been successful in its bid for Innovation Funding and without this opportunity would not have the budget to deliver the proposed programme.

8.3.2 Acceptance and expenditure of the funding for the purposes set out in this report will achieve the following outcomes:

Non- Financial Outcomes

Achieving improved educational outcomes and stability in employment will enable care leavers to participate in and make a contribution to society, improve their financial outlook and enhance their health and wellbeing prospects. In order to measure success we are baselining the cohort and will monitor impact throughout the life cycle and on completion as follows:-

- Increasing suitable & sustainable accommodation (Measure: tenancy breakdowns, numbers in adequate/acceptable accommodation, numbers presenting as homeless);
- Improving access to training, education & employment (Measures: EET - qualifications achieved, progression to further and higher education, entry and sustainment into employment);
- Increased financial stability (Measure: not in debt; reduction in emergency payments);
- Improved mental health & well-being (Measure: access to specialist support e.g. substance misuse; reduction in risk-taking behaviour e.g. Child Sexual Exploitation, criminality, sexual health; use of SDQ/Youth Star – improved results);
- Improved resilience & confidence (Measure: Youth Star – improved results);
- Raised care leaver aspirations (Measure: self-reporting).

Financial Outcomes

According to the National Audit Office, the lifetime cost of the current cohort of 19-year-old care leavers being NEET would be around £240 million or £150 million more than if they had the same NEET rate as other 19-year-olds.

In order to measure financial benefits we will review our current and previous cohorts of care leavers to compare their outcomes. Utilising the New Economy Unit Cost Database we will calculate savings using the following indicators: -

- Job Seeker's Allowance
- Not in Employment Education or Training (NEET)
- NVQ Level 2 Qualification
- City & Guilds Level 2 Qualification
- BTEC Level 2 Qualification
- Apprenticeship Level 2 Qualification
- NVQ Level 3 Qualification
- City & Guilds Level 3 Qualification
- BTEC Level 3 Qualification
- Apprenticeship Level 3 Qualification
- Graduate Level 4+ Qualification

8.4 Alternatives Considered and Rejected

8.4.1 There was an option not to seek funding to engage in the programme. The decision to opt into the programme is based on our assessment that the additional resources provided and the innovative practice involved will deliver improved outcomes over and above what would have been achieved if not engaged in the programme.

8.4.2 The initial innovation fund call for proposals instigated by DfE was open for any interested party to apply and submit an expression of interest to DfE. Sheffield Futures did express an interest and developed proposed solutions to the identified needs of the care leavers cohort and in securing investors into the project. In doing so they have developed a service offer unique to them. In the circumstances, an alternative procurement route was not considered appropriate or practical.

9. MONTH 12 CAPITAL APPROVALS

9.1 The Executive Director, Resources submitted a report providing details of proposed changes to the Capital Programme as brought forward in Month 12 2017/18 and budget adjustments required as part of the year end close down process.

9.2 **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 Director of Finance and Commercial Services or nominated Officer, as appropriate, to award the necessary contracts;
- (b) authorises grants to be provided to third parties as detailed in Appendix 2 of the report;
- (c) authorises the acceptance of the grants as detailed in Appendix 2a of the report; and
- (d) approves the budget adjustments required as part of the financial year end close down procedure as detailed in Appendix 3 of the report
 - Slippage of expenditure from 17-18 to 18/19 £27.2m
 - Accelerated expenditure from 18/19 to 17/18 of £5.6m
 - Overspends – net additions to the programme £1.4m
 - Underspends - £3.7m.

9.3 **Reasons for Decision**

- 9.3.1 The proposed changes to the Capital Programme will improve the services to the people of Sheffield.
- 9.3.2 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.
- 9.3.3 Obtain the relevant delegations to allow projects to proceed.

9.4 **Alternatives Considered and Rejected**

- 9.4.1 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.

10. **CONTRACT TO PROVIDE AGENCY SERVICES TO YORKSHIRE WATER**

- 10.1 The Executive Director, Place submitted a report seeking approval to enter into a new three year contract with Yorkshire Water to collect water rates from Council housing tenants as an agent of Yorkshire Water.
- 10.2 **RESOLVED:** That Cabinet:-
 - (a) agrees that the Council enter into a three year collection contract with Yorkshire Water to collect water rates from Council housing tenants on the terms and for the reasons outlined in the report; and

- (b) delegates authority to the Executive Director, Place, in consultation with the Director of Legal and Governance, to finalise terms and complete all necessary documentation.

10.3 Reasons for Decision

- 10.3.1 The preferred option continues to provide a valued service to tenants via existing long standing operational arrangements and maintains an income stream to the Council.

10.4 Alternatives Considered and Rejected

- 10.4.1 The Council could notify that it no longer wishes to act as an agent for Yorkshire Water. This would, however, result in;
- A reduction in service for tenants who would have to make payments direct to Yorkshire Water and would also not have support to apply for water support grants.
 - Yorkshire Water would require time to develop alternative arrangements to collect outstanding water rates
 - A reduction in income to the Council.

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

Tel: 27 34014

Report of: *Executive Director, Resources*

Report to: *Cabinet*

Date of Decision: *20th June 2018*

Subject: *Staff Retirements*

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

Purpose of Report:

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

Recommendations:

To recommend that Cabinet:-

- (a) place on record its appreciation of the valuable services rendered to the City Council by the above-mentioned members of staff in the Portfolios stated;
- (b) extend to them its best wishes for the future and a long and happy retirement; and
- (c) direct that an appropriate extract of the resolution now made under the Common Seal of the Council be forwarded to those staff above with over 20 years' service.

Background Papers: None

(Insert details of any background papers used in the compilation of the report.)

1. PROPOSAL

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

<u>People Services</u>		<u>Years' Service</u>
Valerie Ballard	Administrator, Phillimore Community Primary School	25
Kerry Clarke	Higher Level Teaching Assistant Level 4, Brook House Junior School	20
Valerie Hanson	School Crossing Patrol Warden	33
Christopher Lally	Approved Mental Health Practitioner	38
Andrea Marsh	Application and Systems Officer	31
Sharon Raynor	Senior Teaching Assistant Level 3, Oughtibridge Primary School	26
Roger Wilkinson	Looked After Children Advocate, Secondary Phase	27
<u>Place</u>		
Stephen Bettles	SHE Advisor, Repairs and Maintenance Service	38
Paul Bray	Plumber, Repairs and Maintenance Service	32
Peter Burgin	Civil Enforcement Officer, Parking Services	38
Deborah Elwen	Administrative Officer, Structural and Public Safety Team	31
Ronald Evans	Joiner, Repairs and Maintenance Service	45
Frances Hill	Planning Principal Officer	27
Dorothy Morritt	Library Assistant	34
John Sheedy	Plaster, Repairs and Maintenance Service	47

		<u>Years' Service</u>
Martin Turner	Working Team Leader	45
<u>Resources</u>		
Donna Green	Members Secretary	38



Author/Lead Officer of Report: Dawn Walton
Director: Commissioning, Inclusion & Learning

Tel: 20 53671

Report of: *Jayne Ludlam*
Report to: *Cabinet*
Date of Decision: *20th June 2018*
Subject: *Domestic and Sexual Abuse Strategy 2018-22*

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? <i>People</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer Stronger Communities</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>252</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Purpose of Report:

- To approve the new Domestic and Sexual Abuse Strategy for the city.
- To approve the intention to ensure seamless service provision for victims by re-commissioning the community based domestic abuse services as one contract to begin delivery in April 2019.

Recommendations:

The Cabinet

1. Approves and adopts the Sheffield Domestic and Sexual Abuse Strategy 2018-22, which is attached to this report.
2. Delegate authority to the Director of Commissioning, Inclusion and Learning in consultation with Director of Commercial and Financial Services and the Director of Legal and Governance to:
 - a. *approve the procurement strategy for the recommissioning of the Council's community based domestic abuse service as set out and in line with this report.*
 - b. *thereafter to enter into contract(s) for the services as set out and in line with this report.*
 - c. *take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in this report.*

Background Papers:



Domestic And Sexual
Abuse Strategy for C

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>Paul Jeffries</i>
		Legal: <i>Henry Watmough-Cownie</i>
		Equalities: <i>Ed Sexton</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Jayne Ludlam</i>
3	Cabinet Member consulted:	<i>Cllr Chris Peace Cllr Jackie Drayton</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Alison Higgins</i>	Job Title: <i>Strategic Commissioning Manager Domestic and Sexual Abuse</i>
	Date: <i>28th March 2018</i>	

1. PROPOSAL

The previous Domestic And Sexual Abuse Strategy (<http://sheffielddact.org.uk/domestic-abuse/resources/local-strategies/>) was published in May 2014. The action plan for the strategy was agreed by the Domestic and Sexual Abuse Strategic Board to have been fully implemented in March 2017. A new strategy has been prepared following extensive consultation and with reference to findings from the Domestic and Sexual Abuse needs assessment that was published in 2017 <http://sheffielddact.org.uk/domestic-abuse/resources/danac/>.

Cabinet Member Cllr Cate McDonald and the People's Portfolio Leadership Team have approved the draft strategy which is intended to give direction to a range of new developments and opportunities addressing domestic and sexual abuse.

- 1.1 The new strategy also proposes that to ensure seamless service provision for victims by re-commissioning the community based domestic abuse services as one contract to begin delivery in April 2019.

2. HOW DOES THIS DECISION CONTRIBUTE ?

The new strategy will contribute primarily to the priority in the Corporate Plan of Thriving neighbourhoods and communities. The priority commits the Council to 'work to improve levels of reporting in areas such as hate crime and domestic abuse. We will support people to come forward and provide good quality, responsive domestic and sexual abuse services for those who need them.

- 2.1 Domestic and sexual abuse affects thousands of people each year in the city. They are cross cutting issues, affecting individuals, families, children and young people, work places, schools, communities, and impacting on health, wellbeing both immediately and long into the future. These issues are increasingly being recognised as public health challenges that can and should be prevented. The new strategy aims to build on the wealth of good work being undertaken to combat and address domestic and sexual abuse, link to local priorities, local known need, address emerging issues and develop good practice.

3. HAS THERE BEEN ANY CONSULTATION?

Consultation has been extensive.

- Members of the Domestic Abuse Service User Reference Group conducted a 'roadshow' around victim services during the summer of 2017 consulting on the themes for the strategy. The group also commented on the draft strategy.
- The Equality Hub Network held a special workshop on the draft strategy in November 17 and the participants were also offered the opportunity to comment online.

- Drafts were presented to the Domestic and Sexual Abuse Provider Consultation Group, Joint Commissioning Group and Operational Group.
- Comments were sought from the Director of Public Health and the Independent Chair of the Safeguarding Children's Board and the Adult Safeguarding Partnership Board.
- The final draft was agreed by the Domestic and Sexual Abuse Strategic Board, the Safer and Sustainable Communities Partnership Board, the Cabinet Member for Children Young People and Families and the Cabinet Member for Adult Social Care
- A citizenspace consultation was also held with the aim of informing the action plan to be developed once the strategy has been agreed.

3.1 Feedback received resulted in various changes and additions being made, and some issues being given greater focus, emphasis or priority. A key addition following consultation was a specific priority in relation to eliminating violence against women and girls in order to explicitly acknowledge the disproportionate impact in relation to gender. However the strategy remains inclusive in relation to men and boys.

3.2 An issue raised by service users was that they felt that the transition between existing services could be difficult for them and impact on engagement with support. Service Users said they want to build a trusting relationship with the person supporting them and not have to move between services unnecessarily. It is therefore proposed in the strategy that we will re-commission our community support services in order to provide as seamless a service as possible to promote recovery. Thus the intention is to move away from contracts focussed on risk level and procure the community based domestic abuse services as one contract to begin delivery in April 2019.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

In exercising their discretion, Members must always be mindful of their duty contained in Section 149 of the Equality Act 2010, that is the duty to have due regard to the need to:-

- (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited or 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 protected characteristic and persons who do not share it.

This includes having due regard to the need to:-

- (a) Remove or minimise disadvantages suffered by relevant protected characteristic that are connected characteristic that are different from the needs of persons who do not share it.
- (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.

Section 158 of the Equality Act 2010, permits the taking of positive action where this is a proportionate means of meeting the needs of persons who share a protected characteristic which are different from the needs of persons who do not share that protected characteristic.

An Equalities Impact Assessment has been completed¹ in relation to the draft strategy which shows the impact on all protected groups to be positive and this is attached as Appendix 2.

The strategy acknowledges the need for a gendered approach to responding to domestic and sexual abuse and has a specific priority on eliminating violence against women and girls as mentioned above. However the strategy recognises that domestic and sexual abuse can affect anyone and proposes a greater emphasis on prevention including work with perpetrators of abuse.

- 4.1.1 The strategy states that we know that people in some groups are more likely to be victims of abuse. For example, a higher proportion of women from a 'mixed/multiple' ethnic group are likely to experience abuse compared to the general population. The number of women who are likely to experience domestic abuse increases for those women who are unemployed and also doubles for women with a long standing illness or disability. We know that around 24% in local support services have a disability, 63% are not working and between 18% and 24% of those in support service report a mental illness.
- 4.1.2 The strategy recognises there are 'hidden victims' in Sheffield, that identifying and responding to the needs of such victims is a challenge for agencies, and that people do not therefore get the support they need. The impact of domestic and sexual abuse can vary depending on other issues a person may face. And the experience of abuse can bring about other problems – some victims (and perpetrators) experience severe and multiple disadvantages and therefore have complex needs. The strategy commits us to ensuring that that no one is turned away, and that any barriers are removed so that those with greatest needs are able to access services. This includes, but is not limited to, addressing the

¹ Reference number 252

support needs of victims of all genders, all ages, all sexualities, people with physical and learning disabilities, people with mental health issues, substance misusers, and a diverse range of community groups and migrants.

4.2 Financial and Commercial Implications

The strategy describes the current financial commitment to responding to domestic and sexual abuse by the Council and its partners which currently amounts to around £2 million pounds a year. However, the cost of domestic and sexual abuse to the city's public services is estimated to be many millions per year.

4.2.1 Nonetheless, as a result of the current difficult financial situation the aims of this strategy will need to be met through existing funding arrangements or through external funding opportunities. The strategy acknowledges that there is some uncertainty ahead as a result of the governments planned changes to the funding of supported accommodation and the use of housing benefit. However we are optimistic that by working closely with our local refuge providers we can find a resolution that enables the continuation of services. Sheffield has protected, maintained and extended domestic and sexual abuse services since 2014 and while our focus must move towards prevention, the demand for support services is still rising. These services are vital, and make a real difference to the lives of many people in Sheffield, that is why, despite the current and future cuts to the budget of the Council and our Partners, our aim is to do all we can to maintain and protect investment to this important area of work.

4.2.2 As stated above the intention is to re-commission the domestic abuse community support services in order to provide as seamless a service as possible to promote recovery. We currently commission a High Risk Domestic Abuse Service and a Medium and Standard Risk Domestic Abuse Service. The High Risk Service provides specialist Independent Domestic Violence Advocate staff to support high risk victims plus training elements and the Sanctuary scheme for 'target hardening'. The Medium and Standard Risk contract provides the city's Helpline and Outreach service plus group work programmes. At present service users move between services dependent on their risk level. Thus the intention is to move away from contracts focussed on risk level and procure the community based domestic abuse services as one contract to begin delivery in April 2019.

4.2.3 The current combined value of the two contracts is £910,000 per year, £103,500 of this is contributed by the Office of the Police and Crime Commissioner and £48,000 by the Clinical Commissioning Group. Going forward we will be pursuing extra funding from a variety of sources.

4.3 Legal Implications

- 4.3.1 The development of a Domestic and Sexual Violence and Abuse Strategy for Sheffield is aimed at contributing to the social, and economic, wellbeing of Sheffield residents. The Council has a general power of competence under section 1 of the Localism Act 2011 to act in any way that it sees fit, provided that the activity is not restricted by any other enactment. This general power may be relied on to underpin the aims of the draft strategy

Section 17 of the Crime and Disorder Act 1998 (the 1998 Act) places the Council under a duty to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder, substance misuse and re-offending in the area. These considerations are relevant to the contents of the draft strategy.

Section 6 of the 1998 Act requires the Council in partnership with other responsible authorities to formulate and implement strategies for reducing crime and disorder and re-offending and combatting substance misuse. The Crime and Disorder (Formulation and Implementation of Strategy) Regulations 2007 requires the preparation of a Partnership Plan setting out a 3 year strategy, the priorities identified by the Partnership under an annual strategic assessment, and recommendations as to how resources should be allocated to implement the strategy and meet those identified priorities. One of the priorities identified by the Safer and Sustainable Communities Partnership is 'Protecting the Most Vulnerable'. The draft strategy is will assist the Council and the Partnership to meet this priority.

Recommissioning of services will be undertaken with the support of Commercial services and in accordance with national and European procurement law.

4.4 Other Implications

None

4.4.1

5. **ALTERNATIVE OPTIONS CONSIDERED**

The alternative would be to not have a Domestic and Sexual Abuse Strategy for the city. This was rejected as these are important issues which have an impact on thousands of people across the city every year. The issue is referenced in the Corporate Plan and is recognised as an issue the city wishes to address. Strategic direction for this area of work is therefore essential.

6. REASONS FOR RECOMMENDATIONS

The wording of the draft strategy has been agreed by the Cabinet Member for Health and Social Care, the People's Portfolio Leadership Team, the Safer and Sustainable Communities Partnership Board and the Domestic and Sexual Abuse Strategic Board. It has been consulted on widely with stakeholders including service users. It will provide a strategic framework for addressing issues that have an impact on thousands of people every year in the city, put prevention at the centre of new developments and drive improvements in responses across services.

- 6.1 Consultation with service users has informed the recommendation that the community based domestic abuse services are recommissioned as one contract to begin delivery in April 2019 in order to provide seamless support from disclosure to recovery from abuse.

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Sheffield Domestic and Sexual Abuse Strategy

2018-2022

*Preventing violence, abuse and
harassment is everyone's business*

1. Introduction

'Domestic abuse is a widespread public health issue that needs a long-term strategy to reduce its prevalence'

The multi-agency response to children living with domestic abuse, September 2017¹

1.1 The new strategy outlines the local strategic direction of our citywide priorities on domestic and sexual abuse over the next four years. It has been developed by the Domestic Abuse Co-ordination Team in Sheffield City Council. It supports the Sheffield Corporate Plan, and complements other strategies and programmes which aim to prevent harm and target help at the most vulnerable. It acknowledges the national Violence Against Women and Girls Strategy², is informed by NICE guidance³, is supported by a comprehensive local needs assessment⁴ and by extensive consultation with victims, key stakeholders, service providers and the general public. The two issues of domestic and sexual abuse are not the same but significantly overlap as recognised in the national strategy hence the joint focus in Sheffield.

1.2 Domestic and sexual abuse are cross cutting issues, affecting individuals, families, children and young people, work places, schools, communities, and impacting on health, wellbeing both immediately and long into the future. These issues are increasingly being recognised as public health challenges that can and should be prevented.

1.3 In Sheffield we are fortunate in that there is a wealth of good work being undertaken to combat and address domestic and sexual abuse that cannot all be acknowledged in a concise strategy. This strategy aims to cover the key areas, link to local priorities and local known need. We will add new actions throughout the four year strategy period, in order to respond to changing circumstances, with approval from the Domestic and Sexual Abuse Strategic Board.

1.4 An overall action plan will be agreed, with each action in the strategy given a specific description and measurable target. Progress will be monitored quarterly throughout the four year period and key data will be updated annually, in line with the needs assessment process.

1.5 The strategy has been approved by Sheffield City Council and key stakeholders, including but not exclusively Sheffield CCG, South Yorkshire Police, the National Probation Service, South Yorkshire CRC, Sheffield Teaching Hospitals, Youth Justice Service, the Office of the Police and Crime Commissioner, the Independent Chair of the Children and Adults Safeguarding Boards, voluntary and third sector services and services users.

1.6 The Sheffield Domestic Abuse Co-ordination Team on behalf of Sheffield City Council will co-ordinate its implementation and will report to the Domestic and Sexual Abuse Strategic Board and the Safer and Sustainable Communities Partnership.

1.7 This is a challenging strategy, for a challenging time, not least in terms of maintaining investment in services, and only by strong partnership working, integrated commissioning, effective communication and multi-agency working can real long term, change take place.

¹ <https://www.gov.uk/government/publications/joint-inspections-of-the-response-to-children-living-with-domestic-abuse-september-2016-to-march-2017>

² <https://www.gov.uk/government/publications/strategy-to-end-violence-against-women-and-girls-2016-to-2020>

³ <https://www.nice.org.uk/guidance/PH50/Resources>

⁴ <http://sheffielddact.org.uk/domestic-abuse/resources/danac/>

2. Where do we want to be, and how will we get there?

2.1 **Our ambitions** remain that Domestic and Sexual Abuse, and all forms of violence against women and girls will not be tolerated in Sheffield and we believe that every individual and all agencies have a role to play in spreading this message.

No one should have to live in fear of violence, abuse or controlling behaviour in their relationship or family.

No one should think it acceptable to perpetrate violence against anyone.

No child should grow up in a home where violence or abuse is an everyday occurrence.

No woman or girl should have to put up with sexual harassment in our streets and public places

2.2 Aligning with the Sheffield City Council corporate plan, the national VAWG strategy, and other local strategies and in collaboration with service users and key stakeholders **we have identified our five priorities for Sheffield.**

2.3 In this strategy **we will:**

- **bring about culture change so that preventing domestic and sexual abuse is understood to be everyone's business**
- **work towards eliminating violence against women and girls**
- **ensure our services are of a good quality, promote safety and support recovery from abuse, so that people affected by abuse can achieve their full potential**
- **develop whole family working that supports victims and holds perpetrators to account**
- **tailor services to ensure support for the most vulnerable and those with complex needs**

3. Context

3.1 What do we understand about domestic and sexual abuse?

'I didn't recognise that I was being abused by my husband. The mental abuse and controlling behaviour went on for years before he began to hit me. One day I realised that my whole wardrobe had changed – the only colours I wore were brown and black.'

Member of the Domestic Abuse Service User Reference Group

3.1.1 People often associate Domestic Abuse with physical assault – a black eye, bruises, pulled hair, up to serious injuries...but there is increasing recognition that emotional abuse and controlling behaviour are the daily realities of living with domestic abuse. Survivors describe this as making them feel they are 'walking on eggshells'. It happens alongside physical attacks and can go on for years and can be even more damaging to physical and mental health and wellbeing, especially living with the fear of what might happen if the abuser isn't obeyed.

3.1.2 Sexual abuse and rape also occur as part of the domestic abuse in a relationship, or the perpetrator can be an acquaintance – a colleague, a friend, a neighbour – but it is rare that they are complete strangers. For many adults getting support, the abuse may have taken place when they were children. Whether the perpetrator is well known to the victim or not, the violation, shame and stigma will have a terrible impact on health and wellbeing, and feeling able to seek support for the after effects may be a process that takes many months or years.

3.2 Why does abuse happen?

3.2.1 It is commonly believed that the causes of domestic and sexual abuse are easy to identify. Alcohol misuse or drugs, or mental health problems on the part of the abuser are often seen as the main culprits. However it is important to distinguish between causes and triggers. Misusing substances does not necessarily lead to abusive behaviour and abstinence does not guarantee that people are not abusive either. Substance misuse can however be a trigger for incidents but conversely the use of drink or drugs can also be a coping mechanism for victims.

3.2.2 So what does cause domestic or sexual abuse? The experiences we have as children, especially when a parent or carer is abusive, can impact on our future behaviour. But there is no inevitable ‘cycle of abuse’ and thousands of children who live with domestic abuse do not go on to become victims or perpetrators.

3.3 Gender

3.3.1 The Government’s Strategy focuses on Violence Against Women and Girls⁵. It states that inequalities that still exist between men and women are ‘both a cause and consequence’⁶ of violence against women and girls. The World Health Organisation states that ‘often inequalities in gender increase the risk of acts of violence by men against women. For instance, traditional beliefs that men have a right to control women make women and girls vulnerable to physical, emotional and sexual violence by men. They also hinder the ability of those affected to remove themselves from abusive situations or seek support’⁷.

3.3.2 Gender inequalities are a key factor, and an understanding of the impact of gender inequalities will inform how we tackle domestic and sexual abuse in Sheffield. Gender has been considered in all actions and one of our five priority areas is Violence Against Women and Girls (VAWG), in line with the national strategy and because it was a strong theme of our local consultation.

3.3.3 It is however, important to acknowledge that abuse doesn’t only affect women and girls, boys and men also suffer abuse albeit in fewer numbers. Hence this strategy is addressing domestic and sexual abuse as they impact on everyone in the city, whilst including specific priorities around VAWG.

⁵ <https://www.gov.uk/government/publications/strategy-to-end-violence-against-women-and-girls-2016-to-2020>

⁶ Ibid

⁷ http://www.who.int/violence_injury_prevention/violence/gender.pdf

4. What have we achieved so far?

'The Outreach service really supported me. And the YANA (You Are Not Alone) group has educated me and helped me understand what abuse is and the different forms.'

'It's now ten good days to one bad day rather than the other way round'.

Service user consultation summer 2017

4.1 In our previous three year Domestic and Sexual Abuse strategy (2014-2017) we stated that our vision was: *We will work together to:*

- *Provide effective services to those in need*
- *Protect the most vulnerable and those at highest risk*
- *Prevent domestic and sexual abuse by sending out clear messages that abuse is not acceptable in our city*

4.2 This is what we have achieved since 2014:

4.3. Provision: The services commissioned by Sheffield City Council and its partners the Clinical Commissioning Group and the Office of the Police and Crime Commissioner are accessed by around 6,000⁸ people every year – 94.3% were female and 5.7% of these were males. Specialist support is effective, with most users being assessed as safer at the end of support, as abuse has either stopped or been notably reduced. In addition, 93% of users of the sexual abuse counselling service stated that the service had helped them⁹.

4.4 More people than ever before contact the city's Helpline – over 2,200 calls are received each year with an increasing number from the public (the rest being from professionals on behalf of someone they are working with). In addition, there are a number of other specialist services in Sheffield supporting women and children affected by domestic and sexual abuse each year, thanks to charitable funding.

4.5 Protection: In the last 12 months the Sheffield Multi Agency Risk Assessment Conference (MARAC) discussed 945 cases where people were at high risk of serious harm in order to agree actions to help keep them safe. The MARAC has been reviewed by external auditors in 2017 and is fit for purpose.

4.6 While every death as a result of domestic abuse is a terrible tragedy it is a fact that Sheffield currently has the lowest rate of domestic homicides in the Core Cities (the 7 largest cities in England outside London). This is a current average of 1.3 deaths that meet the criteria per year. When deaths do occur robust Domestic Homicide Reviews have been and are completed to increase our local understanding of domestic abuse necessary and changes made.

4.7 Prevention: Last year around 1,200 staff across the city were provided with training on domestic and sexual abuse, with most rating it as excellent.

4.8 Other progress to date:

4.9 Provision

⁸Sheffield Domestic and Sexual Abuse Needs Assessment <http://sheffielddact.org.uk/domestic-abuse/resources/danac/>

⁹ Performance monitoring 2017

- The opening hours of the Domestic Abuse Helpline have extended so that people can get support at evenings and weekends.
- A new purpose built women's refuge comprising self-contained flats for families and individuals opened in 2014.
- Since 2016 Sexual abuse counselling services have been available to all genders.
- A new regional Sexual Abuse Referral Centre (SARC) has been commissioned (OPCC) operating from a new South Yorkshire SARC premise.
- The Paediatric SARC service has increased weekend/bank holiday hours from 2017-18.
- A new countywide Independent Sexual Violence Advocacy (ISVA) service which gives dedicated ISVA and Children's ISVA support in Sheffield.
- Guidance for working with interpreters when domestic or sexual abuse is disclosed is now available and there are new posters in Chinese, Slovak, Urdu and Arabic.
- In 2017 The 'Ask for Angela' scheme has been successfully rolled out in 27 pubs and clubs in the city centre – meaning that someone suffering sexual harassment when on a night out or who doesn't feel safe on a date can get help to leave the situation and get home safely. In addition, approximately 850 taxi and licensed trades have received awareness raising of domestic abuse and sexual abuse as part of safeguarding awareness training.
- Local voluntary sector organisations secured significant funding from the Big Lottery Fund for their specialist services for women and children affected by domestic and sexual abuse and trafficking.

4.10 Protection

- Our Independent Domestic Violence Advocates are attending court to support people giving evidence in trials.
- The Sanctuary Scheme, which offers 'target hardening' to make the homes of people who are at risk of harassment or abuse from an ex-partner (or other abuser) safer, has been relaunched in 2017 and is reaching out to people in both council and privately rented tenancies, and owner occupied properties.
- The Sheffield Safeguarding Children's Board has produced a strategy to combat Female Genital Mutilation.
- The city has a highly respected Sexual Exploitation Service that supports young people at risk of sexual exploitation. The latest development is to pilot the extension of this service to young adults as well.
- A 'traffic light tool' has been produced for practitioners to help them assess the risk to children and young people from abuse in their own relationships (peer on peer abuse).

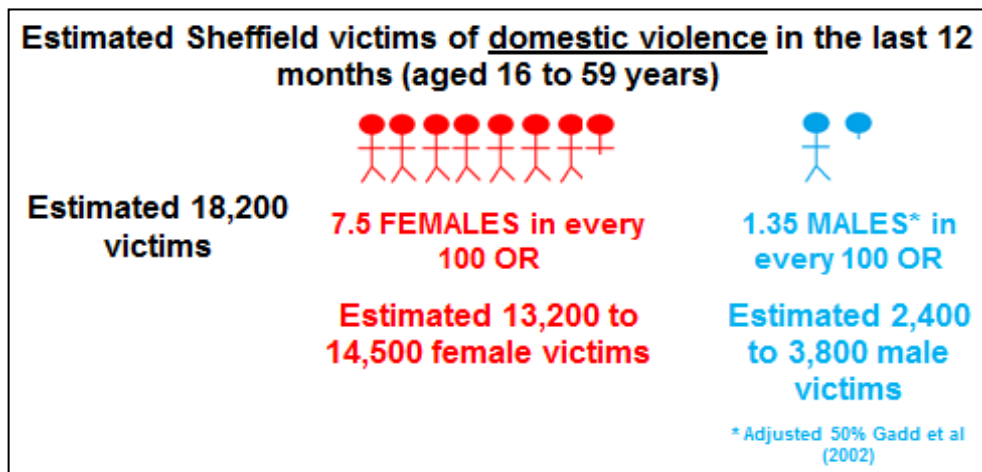
4.11 Prevention

- A leaflet has been produced for new arrivals to the city explaining that domestic and sexual abuse is not tolerated in the UK and there is help and support available for people who are abused.
- A new workplace policy on domestic abuse and e-learning has been adopted by Sheffield City Council and shared with other large employers in the city, some of whom have used it as a template for their own policies.
- Learn Sheffield, the Council and many specialist organisations and experts in the city have developed a web-based resource for schools and other educational bodies to help them address issues such as domestic and sexual abuse with their students.

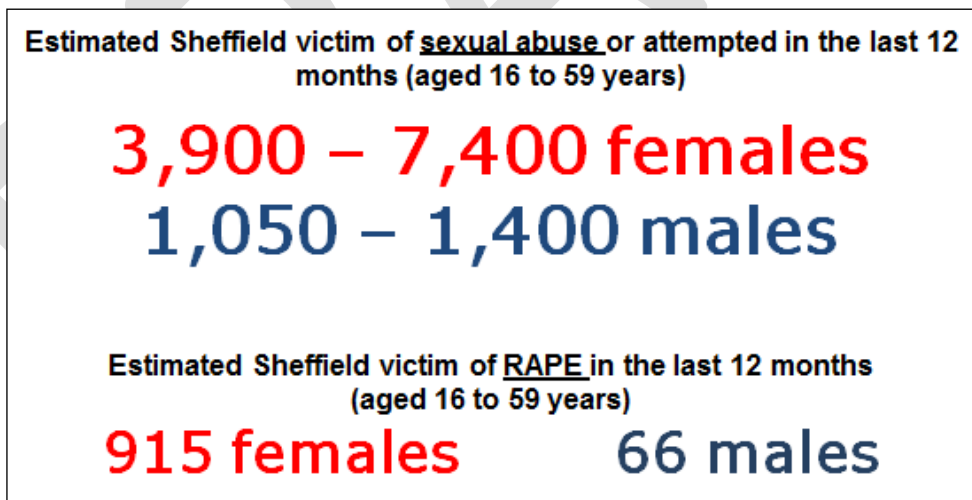
4.12 We have achieved a lot since 2014 but there is still more to do.

5. How big is the task?

5.1 Domestic and Sexual Abuse affect many people each year in Sheffield. Over 18,000 people (aged 16- 59 years) are estimated¹⁰ to have been a victim of **domestic abuse** in Sheffield in the last 12 months.



5.2 Between 5,000 and 9,000 people (aged 16-59 years) are estimated to have been victims of **sexual abuse or rape** in Sheffield in the last 12 months.



5.3 But we know in reality, that these estimates are likely to be higher. We know that domestic and sexual abuse doesn't stop at the age of 59; we know that confidence in reporting, especially of sexual violence, is still an issue. Whilst there were 12,029 incidents of domestic abuse reported to the Police in 2016/17 national data suggests a significant proportion of incidents of domestic and sexual abuse are not reported, e.g. only 15% of the estimated level of sexual crime was reported.

¹⁰ Sheffield Domestic and Sexual Abuse Needs Assessment 2017 <http://sheffielddact.org.uk/domestic-abuse/resources/danac/>

5.4 Research also tells us that the data we get from the Crime Survey of England of Wales (CSEW, self-completion questionnaire) only tells us part of the picture and can exaggerate the numbers of men who are experiencing abuse and minimise the number of repeat incidents experienced by female victims¹¹. Studies have found that at least 50% of men who self-report to surveys that they had been a victim of domestic abuse may in fact have been perpetrators of abuse¹². Our male victim data finds differences in the abuse profile between men and women, with men more likely than females to be abused by an adult family member, e.g. 31% of male victims from the last two years report they are being abused by adult family members rather than a partner, husband or wife.

5.5 Young people are at greater risk from domestic abuse than adults - An estimated 12.6% females and 6.6% males aged 16 to 19 years have experienced domestic abuse in the last year¹³. Young people's relationships can change quickly and not be visible to adults but where there is abuse it can be more severe.

An estimated 3,500 young people aged 16 and 17 years old (2,300 of these are female) in Sheffield have been a victim of domestic abuse in the last 12 months.

5.6 Young people are at higher risk of sexual abuse than adults – An estimated 9% of young women and 1.4% young men aged 16 to 19 years old has been a victim of sexual assault in the last 12 months. Unfortunately, we know that young people can be at risk of sexual exploitation or abuse in their neighbourhoods but also in school, college or via social media.

An estimated 1,900 sexual assault victims aged 16 to 19 years (1,660 of these are female) in Sheffield have been a victim of sexual assault in the last 12 months

A significant proportion (41% or 365) of reported sexual assaults to the police involved a child victim aged 15 years and younger.

5.7 **Children growing up in a household** where they are exposed to domestic abuse or sexual abuse are more likely to experience poor outcomes in educational attainment, have behavioural issues, suffer from poor mental health and are more likely to misuse substances. Domestic abuse and sexual abuse are recognised as adverse childhood experience (ACEs). We estimate that over 17,000 children are living in a household where domestic and sexual abuse is present.

17,292

...the estimated children in Sheffield who have a female parent who is a victim of domestic abuse

5.8 We know that people in some groups are more likely to be victims of abuse.

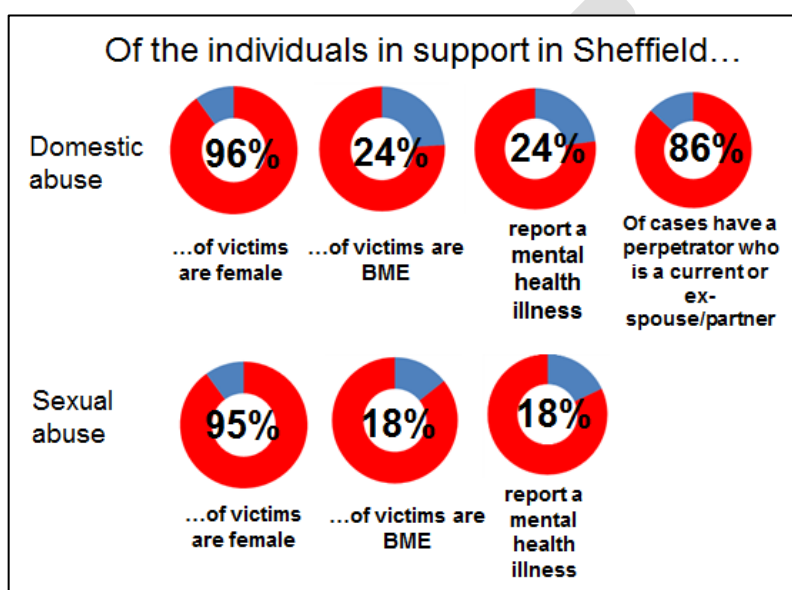
¹¹ Walby, S. Towers, J. Francis, B. (2005) 'Is violent crime increasing or decreasing? A new methodology to measure repeat attacks making visible the significance of gender and domestic relations'. British Journal of Criminology

¹² Gadd, D., Farrall, S., Dallimore, D & Lombard, N (2002) *Domestic abuse against men in Scotland*, Scottish Executive Central Research Unit <http://www.gov.scot/Publications/2002/09/15201/9609> - pages 33-46

¹³ CSEW data using Office of National Statistics categories

5.9 For example, the national figure of 8.2% of women who are likely to experience domestic abuse increases to 14.3% for those who are of a 'mixed/multiple' ethnic group. Local data suggests Sheffield has a relatively good engagement of Black, Minority, Ethnic and Refugee (BMER) individuals into specialist support. The local domestic abuse services had over 20% and the sexual abuse service 18% in their caseload of individuals from a minority ethnic group, which is higher than the 17% of the Sheffield population who are aged 16 to 59 years old and BMER (see image below).

5.10 The number of women who are likely to experience domestic abuse increases for those women who are unemployed and also doubles for women with a long standing illness or disability¹⁴. We know that around 24% in local support services have a disability, 63% are not working and between 18% and 24% of those in support service report a mental illness¹⁵.



5.11 SafeLives estimate that around 5% of the MARAC high risk cases should be Lesbian, Gay, Bisexual or Transgender (LGBT) based on the proportion of the population that are LGBT. Both the national (1%) and Sheffield activity (1.3%) are lower than this. Access to support services is routinely scrutinised by commissioners with contract targets for BMER, gender and LGBT.

5.12 While we have developed pathways and tools to help us understand vulnerabilities, risk and to support young people affected by domestic and sexual abuse we need to ensure these are widely understood and widely used by agencies receiving disclosures.

5.13 It's clear that domestic and sexual abuse affects thousands of people every year: women, men, children and young people. We are fortunate that Sheffield has widespread domestic abuse support and sexual abuse services for victims and an active VAWG sector and these are strengths which we will continue to build upon.

5.14 During the life of this strategy action will be taken to address areas of concern, build upon current practice, improve systems in place and develop best practice.

¹⁴ ibid

¹⁵ www.sheffielddact.org.uk/dasna The Sheffield Domestic and Sexual abuse needs assessment 2017 has comprehensive information on the latest research, data and access to local support including gender, BMER, LGBT, age, language, mental health, employment, drugs and alcohol misuse.

5.15 Measuring success will be complex, since the key indicators of police reported incidents and contact with support services have increased over the last strategy period. This is because we are still in a situation where we want to encourage reporting and take up of support as we know that many still do not report or seek help. The trend is that reporting is increasing – particularly in relation to sexual abuse, and this is not unique to Sheffield. This mirrors societal changes as more people recognise what they are experiencing is abuse, that it is not acceptable, and that support is available.

Sheffield				
Domestic abuse	2016/17	2013/14	3 year change	Direction of change
Domestic abuse incidents reported to the police	12,029	11,639	3.5%	↑
High risk cases heard at MARAC	930	867	7.3%	↑
Total contacts with commissioned support services	5,347	4,956	7.9%	↑
Helpline calls	2,248	865	159.8%	↑
Planned exits from the High risk service	90%	59%	+31 percentage points	↑
Sexual abuse	2016/17	2013/14	3 year change	Direction of change
Sexual abuse offences reported to the police	1,229	512	140.0%	↑
Referrals to commissioned sexual abuse counselling services	243	60	305.0%	↑

5.16 Throughout this four year strategy period we would expect to see a continued increase in these measures; however these will be closely scrutinised alongside a range of other indicators. This will include successful prosecutions, changes in prevalence estimates, increased use of police sanctions, the proportion of incidents that are ‘crimed’ and a range of support service performance data. We will measure the effectiveness of the MARAC, waiting times for support, engagement in support by the most vulnerable and those most at risk, and outcomes, risk reduction and service user feedback. Where possible, all will be compared with national, similar police force area and core cities data.

6. Funding

6.1 The City Council, the Office of the Police and Crime Commissioner and other partners invest around £2 million pounds a year to respond to domestic and sexual abuse in Sheffield, and additional funding is also received by the city’s voluntary sector organisations through charitable trusts such as the lottery.

Domestic and Sexual abuse funding in Sheffield 2017/18	
Sheffield	
Sheffield City Council	£ 1,420,997
Strengthening Families	£ 450,000
Clinical Commissioning Group	£ 47,769
Police and Crime Commissioner	£ 108,157
Safer and Sustainable Communities Partnership	£ 10,000
Total income	£ 2,036,923
South Yorkshire wide	
Police and Crime Commissioner	£ 591,762

6.2 However, the cost of domestic and sexual abuse to the city's public services is estimated to be many millions per year. Nonetheless, as a result of the current difficult financial situation the aims of this strategy will need to be met through existing funding arrangements or through external funding opportunities.

6.3 There is some uncertainty ahead as a result of the governments planned changes to the funding of supported accommodation and the use of housing benefit. However we are optimistic that by working closely with our refuge providers we can find a resolution that enables the continuation of services.

6.4 Sheffield has protected, maintained and extended domestic and sexual abuse services since 2014 and while our focus must move towards prevention, the demand for support services is still rising. These services are vital, and make a real difference to the lives of many people in Sheffield, that's why despite the current and future cuts to the budget of the Council and our Partners, our aim is to do all we can to maintain and protect investment to this important area of work.

Priority One - PREVENTING DOMESTIC AND SEXUAL ABUSE IS EVERYONE'S BUSINESS

'Why would you call the helpline if you don't realise you are a victim'

Service user consultation 2017

7.1 Information needs to be easily accessible that helps victims and their supporters understand when they are being abused and how to get help. Raising awareness of how to get support has been a focus for several years and will continue to be a key element of our work in Sheffield but we now need to work together to prevent abuse happening in the first place.

7.2 Education is the key

7.3 Education for young people on healthy relationships; education for workers on how to identify and address domestic and sexual abuse and take action; education for the general public on how to respond to those sharing their experiences with them; and education for those perpetrating abuse so that they understand that it is not acceptable.

7.4 Culture change is needed

7.5 We need to change the culture in Sheffield so that domestic and sexual abuse and violence are not tolerated – by the people around us every day as well as the agencies we turn to for help. This includes sexual harassment or misogynist abuse in the street or in pubs and clubs when we are on a night out.

'80% of women in a violent relationship seek help from health services, usually general practice, at least once, and this may be their first or only contact with professionals'

Department of Health

7.6 We have specialist services in the city but a victim seeking help may go first to their faith leader, their GP, their child's teacher or a friend or family member. Many of us have been asked for help by someone we know but have felt unsure, inadequate, or torn between friendship and family loyalties. Many of us have witnessed abusive behaviour ourselves and found it hard to say something. Many of us have been abused and felt unsupported by the people around us.

7.7 We need to make domestic abuse a priority for 'everyone' including all staff and volunteers in agencies and organisations and those working in health and public health services¹⁶. Equipping them so that abuse is identified early and people feel they can disclose. We need workers to feel confident when working with victims so that they are able to respond appropriately. We need workers across the city who can listen to someone who wants to talk about their experience of abuse, who can sensitively ask the right questions, who can understand the risks they are facing, who can offer immediate support if safe to do so and help to signpost or refer people to the right services if they need them.

¹⁶ The national VAWG strategy has 'Make early detection and prevention a priority for the health and public health services, and mainstream this into the work of all health professionals', as one of its key outcomes for its early intervention and prevention theme, VAWG strategy page 26

7.8 Learning about healthy relationships

'You need to use social media, nobody really looks at leaflets any more'

Service user consultation, 2017

7.9 Some children and young people in Sheffield are growing up in homes where they witness abuse or are abused themselves – some become 'looked after' by the local authority as a result. Or they can see the impact of abuse on their friends. Or they experience or witness abusive behaviour at school or college between peers. We need to be clear with children and young people about what a respectful and healthy relationship looks like at an earlier stage. Learning about relationships should be part of growing up.

7.10 The needs of young victims differ to those of adult victims

7.11 Young people are less likely to understand the severity of the abuse and have less understanding of what constitutes a healthy relationship. This means there are also areas of overlap with sexual exploitation – sometimes what appears to be Sexual Exploitation is domestic or sexual abuse within a relationship, or a young person and others can fail to recognise exploitation because they perceive the situation as a boyfriend / girlfriend relationship.

7.12 We also need to direct stronger messages that abuse is not acceptable to those that abuse. As recommended in a recent government report, *'there needs to be a public service message aimed at reducing the prevalence of domestic abuse as part of a long-term strategy. The focus of this public service message needs to be on those perpetrators who have offended or might offend, and to communicate a better understanding of the behaviour and attitudes of those perpetrating abuse'*¹⁷.

7.13 The sort of culture changes we need will take time. The efforts we put in now may take years to see positive outcomes. But that doesn't mean we shouldn't try to achieve change for the longer term. Advice and support on healthy relationships and sexual consent needs to be part of a range of interventions that are available to help people be equipped to deal with things that may happen to them in their lives.

7.14 We will:

- Continue to provide information about support available in Sheffield.
- Continue to increase access to healthy relationships programmes for children and young people in education and youth services ensuring that it is inclusive, joined up and meets all the areas of need.
- Ensure young people affected by abuse are identified and offered support whether they are a victim or a young person causing harm.
- Ensure key messages about domestic and sexual abuse including harassment, consent and healthy relationships are included in relationships and sex education in the city
- Explore the feasibility of developing a young people's perpetrator programme.
- Offer therapeutic support to children and young people identified as being traumatised by domestic and / or sexual abuse.
- Work to ensure that the overlaps and differences between child sexual exploitation and domestic and sexual abuse are understood.

¹⁷ The multi-agency response to children living with domestic abuse September 2017

- Promote prevention initiatives which seek to involve community members – such as faith groups and promote development of peer networks.
- Promote *‘making domestic and sexual abuse everybody’s business’* in key locations and communities, and implement effective early prevention and intervention.
- Work with GP practices to increase awareness of domestic and sexual abuse, including exploring the use of routine enquiry in key GP practices.
- Engage businesses and employers – with domestic and sexual abuse policies adopted in workplaces and development of support systems for those making disclosures.
- Commission a coercive control training programme.
- Develop a campaign focused on male perpetrators, that will challenge the ‘social norm’ that abuse of any kind towards women and girls is acceptable¹⁸.
- Challenge victim blaming language and responses.
- Maintain an accessible website that includes resources for professionals and introduce a social media plan. Both should promote local and national campaigns; advertise local service provision, provide information and advice, and advertise training available.
- Tackle under reporting, particularly within specific community groups.
- Continue to provide a commissioned training programme that raises workers’ awareness of domestic and sexual abuse and use of assessment tools.

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¹⁸ VAWG strategy 2016 page 16– *‘Violence against women and girls is both a cause and consequence of gender inequality9. We will continue to challenge the deep-rooted social norms, attitudes and behaviours that discriminate against and limit women and girls across all communities’.*

Priority Two - ELIMINATING VIOLENCE AGAINST WOMEN AND GIRLS

'We need to stop minimising the things that happen to us, and stop justifying ourselves'

'I will talk more openly about sexual harassment, especially with male friends and family'

'If I see it happening to someone else, I won't be afraid to speak out'

Participants at Know the Line sexual harassment campaign launch event, Nov 2017

8.1 The national Violence Against Women and Girls Strategy explicitly acknowledges that women are most likely to be the victim in the majority of domestic abuse and sexual abuse cases. In addition, women are disproportionately affected by some forms of abuse and the term 'gendered crimes' is often used. There is a wealth of both local and national data and research that evidences this, most notably by Professor Sylvia Walby, which demonstrates that being female means being more vulnerable to, experiencing longer, more severe and more repeated victimisation than if you are male.

8.2 We know that perpetrators of domestic and sexual abuse are more likely to be male (South Yorkshire Police data shows that 85% of reported domestic abuse cases had a male perpetrator) and that most female murders are committed by a current or past intimate male partner (63% of the 936 female deaths in England and Wales between 2009 and 2015).

8.3 Violence Against Women and Girls (VAWG) is not confined to domestic abuse within relationships or families. The definition of domestic abuse includes forced and early marriage, 'honour' based violence, and female genital mutilation (FGM), but violence against women and girls can range from sexual harassment – at work, at school, in the street – to issues like trafficking, sexual exploitation, or being forced or coerced into sex work.

8.4 The everyday sexism and casual misogyny that are so pervasive create a culture that sees abuse directed at women and girls as part of 'normal' life. Often victims do not know they are a victim of domestic or sexual abuse¹⁹. We need this to change and therefore there is a need to lead on and promote local campaigns that raise awareness of domestic and sexual abuse and other forms of VAWG among women and girls. These campaigns should acknowledge that girls and women are most vulnerable to domestic and sexual abuse.

8.5 Women access support differently to male victims so our services must be accessible and offer women only provision, not just at the point of crisis but in order to aid recovery and build resilience so that women and girls can move on with their lives in a positive way.

8.6 There is a need to take a stand and state that misogyny, sexism and violence against women and girls are not acceptable and should not be tolerated in Sheffield.

8.7 There are specific aims we want to achieve to address VAWG in Sheffield; however we also recognise that VAWG crosses over into all priority areas of this strategy.

¹⁹ Sheffield Domestic and Sexual abuse needs assessment 2017 – page 8 – the CSEW 2015 found that only 40% of female victims and 28% of male victims perceived they were a victim of domestic abuse

8.8 We will:-

- Work collaboratively with local organisations focussing on VAWG, the Women's Equality Hub, student unions and other groups that promote the interests of women and girls, and co-ordinate and support VAWG campaigns in Sheffield.
- Promote making domestic and sexual abuse and other forms of violence against women and girls 'everyone's business' in key communities and women only groups / services.
- Continue to commission services for women, women / girls only support groups within services and commission services hosting women only peer support groups.
- Ensure that the female victim is always offered support when their male perpetrator is receiving their interventions and that services are thorough in their assessment of male presentations.
- Raise awareness of coercive controlling behaviour, and the different forms it may take in different communities e.g. in some communities women may be prevented from using contraception.
- Promote public service messages that challenge abusive behaviour by men and boys, and promote respect for women and girls.
- Support the recognition of misogyny as a category of hate crime and support initiatives to combat sexual harassment.
- Campaign to prevent girls and women from Sheffield being subject to FGM. Ensure the workforce can respond to the needs of women and girls affected by FGM.

Priority Three - PROVIDE GOOD QUALITY SERVICES AND PATHWAYS TO SUPPORT

'I'm nervous about leaving the refuge. I'd like to be able to go to a drop in once I have left so that I'm not on my own.'

'I'm still going through a lot of emotional stuff, anxiety, panic attacks'.

Service user consultation, summer 2017

9.1 Survivors of domestic and sexual abuse often need support with a range of issues and problems before they can begin to recover. Our services will help people to help themselves by building on their strengths and increasing their resilience. However, services must also be safety focussed, we want to prevent people being hurt over and over again and this means agencies understanding the motivations of perpetrators and the risks that people are faced with so that they can offer the right support and interventions.

9.2 Many victims can suffer ongoing harassment for long periods. One of the issues we need to get better at identifying and responding to is where harassment has become obsessive and is taking the form of stalking which research tells us heightens risk.

9.3 We know that aftercare and ongoing support, following crisis intervention is important to service users – to prevent isolation and loneliness, and help them recover and develop new networks of support themselves.

9.4 Society has changed and is becoming more sophisticated. Bullying and controlling behaviour is now increasingly on-line or via social media. We need to continue to develop advice and support for people suffering online abuse. We need to take advantage of online methods of promoting services and messages about domestic and sexual abuse, and other forms of violence against women and girls, particularly to young people.

9.5 Service users tell us that repeating their stories can be traumatic – they want to build a trusting relationship with the person supporting them and not have to move between services unnecessarily. We will re-commission our services in order to provide as seamless a service as possible to promote recovery, and we will continue to work with therapeutic support providers to ensure that domestic and sexual abuse is identified and responded to appropriately.

9.6 An identified gap in the city is around young adults and sexual exploitation²⁰. It is our intention that support will be made available for young adults who have been victims of sexual exploitation as children but are still dealing with the impact of this abuse. Support will also be offered to young adults who are vulnerable to being sexually exploited due to a range of issues but because they are over a certain age do not qualify for children's services.

9.7 Sheffield recognises that responding to Domestic and Sexual Abuse needs a multi-agency and community based response. We recognise that resources are limited and the need is great. We commit to working in partnership to address gaps and maximise our resources.

²⁰ Identified by the Sheffield Safeguarding Adults Partnership

9.8 We will:

- Continue to provide a good quality Helpline that provides confidential first contact.
- Ensure support is focussed on safety - the DASH assessment should be a familiar tool for use by Sheffield workers.
- Work with partners to raise awareness of the difference between harassment and stalking.
- Tailor support to the specific needs of all individuals and build on their strengths
- Work to ensure seamless service provision for victims by re-commissioning the community based domestic abuse services as one contract to begin delivery in April 2019.
- Continue to ensure good quality women's refuge accommodation is provided using available evidence to determine needs and capacity.
- Work with both statutory partners and voluntary sector / third sector partners to achieve joined up, needs led commissioning.
- Work with provider services to improve and increase therapeutic support to aid recovery from both domestic and sexual abuse.
- Support the establishment of more support groups for survivors.
- Continue to provide opportunities for survivors to express their views and experiences of the services and pathways.
- Continue to provide an effective MARAC process, with periodic process reviews regarding the management of a high volume MARAC.
- Increase the effective use of sanctions such as Domestic Violence Protection Orders which remove the perpetrator from the victim's home for a period of time when risk of harm is ongoing.
- Work with partners to ensure there is support for young adults at risk of or who are recovering from sexual exploitation.
- Ensure people can access support regardless of their ethnicity, nationality, gender, disability, age, sexuality or religion.
- Work to increase health workers' confidence to take positive action when disclosures are made.
- Provide therapeutic support to children and young people living in refuges.
- Continue to work towards having an effective information sharing process between partners in accordance with the data protection guidelines and laws.
- Continue to provide a commissioned training programme for specialist domestic and sexual abuse workers, so they can respond to victims in accordance with best practice, including the needs of those who are most vulnerable.

Priority Four - WHOLE FAMILY WORKING

'I grew up in a home where my dad was violent to my mum. I didn't know what a healthy relationship looked like.'

Service user consultation summer 2017

10.1 For too long responses to domestic and sexual abuse have focussed on individuals rather than taking a whole family approach. Whole family working does not mean that our aim is to encourage families to stay together, or to try and stop victims from leaving an abusive relationship. It does mean recognising that perpetrators of abuse will move on to new relationships and many will remain in contact with their children or start new families. And it means working with families where the victim does not currently want, or feel able to leave the relationship.

10.2 It is often the case that agencies do not consider the whole family. Some agencies focus on supporting the adult victim (the specialist domestic and sexual abuse services etc...), others focus on the perpetrator (criminal justice agencies) and others focus on the needs of children and young people living in families where abuse is taking place (children's social care etc.) and then Family Courts can bring another perspective. This can mean that agencies duplicate their efforts at best or work against each other at worst. Academic Marianne Hester has described the way we respond to domestic abuse as three different 'planets'- the domestic violence planet (where domestic abuse is a crime and the adult victim needs protection), the child protection planet (where the child's safety is paramount), and the child contact planet (where it is considered in the 'best interests' of the child to keep having contact with the abusive parent):

10.3 In order to protect the children, social workers are likely to insist that the mother removes herself and her children from the violent relationship. If she does not do so, it is she who is seen as 'failing to protect' and the children may then be removed into the care of the local authority. This puts the mother in a very difficult position and makes it more difficult for her to contact social services; thus the children remain vulnerable to abuse from the father. On the child protection planet, therefore, despite professionals identifying that the threat of violence comes from the man, it is the mother who is seen as responsible for dealing with the consequences and the violent man effectively disappears from the picture.²¹

And...

10.4 The mother who has tried to protect the child from her partner's violent behaviour by calling in the police and supporting his prosecution, and by leaving him as instructed by child protection agencies, but is later on ordered to allow contact between her violent partner and children, leaving her confused and fearing yet again for the safety of her children.

10.5 Domestic and sexual abuse are the reasons for many of the referrals to children's social care in Sheffield. A new programme led by the Council but with partner support, 'Strengthening Families' aims to use the learning from Hester's work to change the way we work with families where domestic abuse is a factor. This will mean recognising the impact that domestic and sexual abuse has on parenting and the bond between the non-abusive parent and their children, and finding ways to increase the ability of parents to protect their children **and** support them as survivors to lead abuse free lives themselves. It will mean helping children and young people to recover from living

²¹ <http://www.bristol.ac.uk/news/2009/6703.html>

with abuse. We will hold perpetrators to account (e.g. through the criminal and civil justice system) but also work with them as parents. We were all children once; our belief is that by helping perpetrators think about abuse through the eyes of their children this can be their motivation for change.

10.6 We will:

- Develop whole family working in response to domestic and sexual abuse that supports disclosure and recognises resilience of non-abusing parents.
- Expand the capacity of programmes to support non abusing parents and aid recovery of survivors.
- Work with SY Police, CPS and the Courts to increase the proportion of perpetrators that are prosecuted successfully.
- Work with partners to continue to improve sexual abuse survivors experience of the criminal justice system.
- Work in partnership with the Office of the Police and Crime Commissioner (and other local authorities in South Yorkshire) to ensure the voluntary (i.e. that does not require a court order) domestic abuse perpetrator programme is effectively delivered. The programme is for perpetrators to understand the impact of their abusive behaviour on victims (and children), and to work to make changes and to stop perpetrating abuse in the future.
- Commission a parenting programme for dads who are perpetrators and continue with the You and Me Mum programme for mothers who have been victims.
- Work with agencies to improve their confidence / capacity for identifying and challenging perpetrators.
- Train workers in Sheffield to:
 - Recognise children's experiences of abuse;
 - Avoid victim blaming;
 - Understand coercive control;
 - Hold perpetrators to account

Priority Five - SUPPORTING THE MOST VULNERABLE and THOSE WITH COMPLEX NEEDS

'I've never been without a man; they've kept me in booze but also in beatings. I've got into relationships at every treatment centre I've been to and it's always got me into trouble. I want to be on my own now, get my own place – date myself!'

'There should be more support for working girls. I didn't know anything about SWWOP'²²

Co-create consultation with adults with multiple and complex needs, Summer 2017

'Women and girls with extensive experience of violence and abuse often have multiple difficulties in their lives. These are more likely to require specialist services which provide holistic support, including the opportunity to address the trauma of violent and abusive experiences'²³.

'I would like counselling in my language, I don't trust the interpreter to translate what I'm saying'

Service user consultation, Summer 2017

11.1 We know that there are 'hidden victims' in Sheffield, that identifying and responding to the needs of such victims is a challenge for agencies, and that people do not therefore get the support they need. The impact of domestic and sexual abuse can vary depending on other issues a person may face. And the experience of abuse can bring about other problems – some victims (and perpetrators) experience severe and multiple disadvantages and therefore have complex needs. We need to ensure that that no one is turned away, and that any barriers are removed so that those with greatest needs are able to access services.

11.2 This includes, but is not limited to, addressing the support needs of victims of all genders, all ages, all sexualities, people with physical and learning disabilities, people with mental health issues, substance misusers, and a diverse range of community groups and migrants.

11.3 Domestic and Sexual abuse are recognised in the Care Act 2014. Older victims (over 65s) currently equate to around 2% of the total people receiving support (from commissioned services) – around 120 people a year. We know that domestic and sexual abuse becomes less visible as we get older. Sometimes abuse in later life can be obscured by caring responsibilities and labelled as 'carer stress' – agencies must work together to help people lead safe later lives. We are becoming more aware of abuse against parents by children - both young people and adults, and in these cases victims frequently minimise risks and don't ask for help due to their desire to support their family members who may be homeless or experiencing other problems. Services need to be able to identify and respond to coercive control and abuse where victims are older or have care and support needs.

11.4 Around 3% of those receiving support were victims of harmful cultural practices (180 people); 2% of forced marriage and 1% of so-called 'honour' based violence. 4% of high risk MARAC cases were identified as experiencing so called 'honour' based abuse. We are aware that acid attacks are

²² Sheffield Working Women's Opportunities Project

²³ Hidden Hurt – violence, abuse, and disadvantage in the lives of women, DMSS research for Agenda, January 2016.

on the rise in other parts of the country as a new form of domestic abuse, and Sheffield needs to work across partners to put preventative measures in place.

11.5 There is more to be done to challenge attitudes around these issues and the barriers that people from some communities experience that mean that they are less likely to engage with support. An ongoing issue reported by providers is the availability and competence of interpreters.

11.6 An estimated 7.5% of victims had a drug issue and 13% had an alcohol issue. 3% had the 'trilogy of risk' with poor mental health, drugs and alcohol issues as well as domestic or sexual abuse. These victims were:

- more likely to be at high risk of serious harm;
- the majority had received services on more than one occasion;
- more likely to be vulnerable to being targeted by other perpetrators for relationships, which go on to become abusive.

11.7 They may also have been looked after children, and had issues with transition from children's to adult services. From an agency point of view it can feel that women in these circumstances are 'resistant to change' but instead we need to consider whether our services are accessible. Rather than blame the victim, we need to consider how they can be safeguarded from being targeted by abusive men, and how the behaviour of serial perpetrators can be disrupted.

11.8 The evidence suggests that survivor-centred advocacy, co-production and empowerment are effective in achieving better outcomes for women with multiple and complex needs: e.g. the victim being less likely to return to abusive partners. A strengths based approach allows someone who has been abused to relearn how to use their own power and enables them to learn skills that increase their 'space for action', for example personal skills such as decision making and information skills such as navigating services that they may need in the future, as well as new sports and leisure interests²⁴.

11.9 In relation to suicides, the Domestic Homicide Review guidance is now explicit that a review should be conducted into a death *'where a victim took their own life (suicide) and the circumstances give rise to concern, for example it emerges that there was coercive controlling behaviour in the relationship'*. There is a need for the links between suicide and domestic and sexual abuse to be made more explicit for agencies.

11.10 We want all services who are working with vulnerable victims of domestic and sexual abuse to recognise the signs of abuse, be supportive and listen to the victim, risk assess, and address the immediate need. And we will ensure that specialist domestic and sexual abuse services are equipped to support the needs of all people in the city.

11.11 **We will:**

- Work with specific communities (e.g. LGBT communities, BME community groups), and organisations that specialise in working with vulnerable groups to ensure that services are appropriate and accessible.
- We will work with partners to identify people at risk of domestic or sexual abuse due to gang involvement.

²⁴ Allen et al, 2013; Berry et al, 2014

- Work with partners to develop a multi-agency response to emerging forms of abuse, e.g. the issue of acid attacks in a domestic abuse context.
- Ensure that Sheffield services are accessible to all individuals. The Sheffield workforce will respond to the needs of people with additional vulnerabilities including:
 - Older people
 - Victims of harmful cultural practices such as forced / early marriage, so called 'honour' based abuse
 - People with physical and learning disabilities
 - New arrivals to the city – including refugees and asylum seekers
 - Individuals where English is not their first language
- Explore new ways of working with victims and perpetrator with severe and multiple disadvantages who find it difficult to engage in support and work with providers to minimise barriers to accessing services.
- Ensure the risk of suicide of people affected by domestic and sexual abuse is recognised in suicide prevention work in the city.
- Commission good quality support for women who are sex workers.

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12. Risks to implementation

12.1 There are a number of risks and challenges associated with the implementation of this strategy. They include:-

- Working across multiple organisations that each has their own competing priorities.
- Continuing funding for domestic and sexual abuse services in Sheffield in the light of changing national policy e.g. in relation to housing benefit.
- Communicating what success means when higher reporting and service take up are positive outcomes.
- Responding to changing and emerging forms of abuse, e.g. the use of social media as a form of abuse and recognition of the significance of coercive control.
- Effective partnership working with key stakeholders and with key voluntary sector organisations.
- Increased pressure on support services.

13. Mitigation

13.1 Our programme is ambitious but most of the commitments outlined relate to issues that we are already beginning to address or that have been identified as needing attention. We believe that refocussing our goals on prevention and whole family working, whilst maintaining good quality services for crisis support, will help us achieve our aim of ending tolerance of domestic and sexual abuse and violence against women and girls in our city.

14. Links to other local strategies

14.1 Domestic and Sexual Abuse are cross cutting issues. Where there are existing strategies this document does not seek to duplicate them. Links to other strategies / initiatives include:

- Female Genital Mutilation
- Sexual Exploitation
- Health and Well Being
- Neglect
- Homelessness Prevention
- Modern Slavery
- Community Safety
- Social prescribing
- Supported Housing
- Alcohol
- Drug
- Hidden harm
- Suicide prevention
- Public Health
- Tackling Poverty



Author/Lead Officer of Report:
Michelle Houston, Service Manager

Tel: 0114 2734680

Report of: Laraine Manley
Report to: Cabinet
Date of Decision: 20 June 2018
Subject: Designating an area of London Road, Abbeydale Road and Chesterfield Road for Selective Licensing of Private rented properties

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? 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 checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 279		
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>Purpose of Report:</p> <p>This report seeks approval to designate an area of London Road, Abbeydale Road and Chesterfield Road for the Selective Licensing of privately rented properties.</p> <p>The Council has a legal duty to review housing conditions in its area, and take enforcement action where serious housing defects are observed. Selective Licensing is a legal tool that Councils may use where there are significant problems with private rented housing.</p> <p>The Council acknowledges that the majority of landlords in Sheffield are professional, providing accommodation that is well managed and safe.</p>

However, in the past 3 years we have been working intensively in the London Road, Abbeydale Road and Chesterfield Road areas as a result of increased complaints and referrals. Common issues were observed at a number of properties which suggested that a significant number of properties had poor conditions, and that it wasn't simply on an individual property basis.

Because of this, we developed a programme of pro-active inspections over a two year period. This confirmed our concerns as we found significant and serious problems with the condition and management of the private rented properties. (See photographs on pages 36-44)

Furthermore, although we tried to build relationships with landlords and agents to encourage them to improve their properties voluntarily, we found great resistance which resulted in us having to pursue legal interventions. Where issues are widespread like this, the law allows councils to introduce a discretionary licensing scheme as long as they meet certain criteria.

Following this programme of activity we are more than satisfied that we meet the legal criteria of 'Poor Housing Conditions', and therefore sought approval through a report to the Cabinet Member for Neighbourhoods and Community Safety (see background papers), to carry out the statutory consultation exercise required for a designation.

This took place between November 2017 and February 2018, where we inspected further properties – some as a result of landlords and agents volunteering them throughout the consultation period.

We have determined that a scheme is the most effective tool to address the significant housing condition problems in the area.

However, as a result of the consultation process, information gathering and further visits, we have made some amendments to the original proposed scheme. A map and photographs and **Appendix 1** provide details of this, and a full address list can be found in section 1.11 of this report.

During the public events we experienced aggressive and potentially violent behaviour from groups of landlords. This was witnessed by many people in the meetings, and was reported on in the press and social media. They demonstrated through their behaviour that they did not understand the legal responsibilities associated with being a landlord - and that their management and maintenance of properties is likely to be lower than the legal requirements. Their behaviour also suggested there may be underlying issues with their properties or business activities that would come to light with such an intense programme of inspection and the relevant information requirements.

Selective licensing is being proposed as it increases landlords' accountability for the management of their properties and tenants. The Council considers that it will be the most effective way to improve badly managed and poorly maintained properties along the proposed area of London Road, Abbeydale Road and Chesterfield Road.

The report explains the reasons why Selective Licensing is being recommended, and the steps the Council would need to take for its introduction.

Recommendations:

It is recommended that;

- a) The Council approves the revised designation of the area referred to in this report and defined on the map set out in **Appendix 1**, and the schedule of properties set out at section 1.11 of this report as being subject to Selective Licensing, to come into force on 1st November 2018¹ and unless revoked beforehand, to remain in force for a period of five years from that date.
- b) The Council approves the Selective Licensing Scheme detailed in this report, including the Scheme Licensing Fees set out in **Appendix 6** and the Proposed Licence Conditions set out in **Appendix 5**.
- c) The Director of Housing and Neighbourhood Services be authorised to amend the Scheme Licensing Fees and the Proposed Licence Conditions as necessary for the successful administration of the scheme throughout the five year licensing period.

Background Papers:

Individual Cabinet Members Decision of 20th November 2017 (Cabinet Member for Housing and Community Safety)

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: Karen Jones
	Legal: David Hollis Equalities: Louise Nunn
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: Laraine Manley
3	Cabinet Member consulted: Cllr Jayne Dunn (former) and Cllr Jim Steinke (current)
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.

¹ Date subject to change dependent on operations

Lead Officer Name: <i>Michelle Houston</i>	Job Title: <i>Service Manager, Private Housing Standards</i>
Date: 30 May 2018	

1. THE PROPOSAL

- 1.1. This report proposes that an area of London Road, Abbeydale Road and Chesterfield Road is designated for Selective Licensing of the privately rented residential properties.
- 1.2. Selective Licensing is a discretionary power, introduced in the Housing Act 2004. It imposes a legal requirement for all residential landlords in a designated area to apply for a licence for each residential property they rent out in that area. More information about Selective Licensing can be found at **Appendix 4**
- 1.3. The Council are able to impose conditions to the licence that will improve property and management standards. In addition, there are a number of mandatory conditions, that under the 2004 Act we are required to include in the licence. The proposed licence conditions are set out in **Appendix 5**.
- 1.4. The proposal is being made because we are satisfied that a significant number of private rented properties have poor housing conditions and have poor management practices in the area, and that Selective Licensing would contribute to the improvement in housing conditions.
- 1.5. The Council has a statutory duty to regulate the private rented sector. There are around 40,000 private rented properties in Sheffield. This has doubled in the past 10 years and is expected to continue growing. The expansion means that the private rented sector is now about the same size as our own council housing stock. It is essential that where we are aware of poor housing conditions, we develop plans to address them.
- 1.6. On a day to day basis, we are able to visit individual properties where we are made aware of poor conditions or bad management practices. We can inspect and take any enforcement action necessary. However, where we see significant numbers of problems in an area, we would not have the resources to carry out a comprehensive and targeted programme to ensure that all properties improve.
- 1.7. The law provides for this situation by allowing Councils to designate an area for licensing. Councils may charge a licence fee which would finance the administration of the scheme. It enables us to seek information from every landlord/agent, set minimum standards, inspect and enforce.
- 1.8. We are satisfied that making a Selective Licensing designation in respect of the area, when combined with other measures taken and any licensing conditions that may be imposed, will contribute to an improvement in housing conditions in that neighbourhood. The Objectives and performance indicators we will monitor are included at **Appendix 3**
- 1.9. The designation originally proposed during the consultation period has been reduced as a result of the consultation as well as further work and inspections in the area. The maps of the original area and the new area can be seen at **Appendix 1** along with photographs of the new boundaries.
- 1.10. The proposal has also been amended as a result of consultation views and feedback. The amended proposal is therefore that;

- the designation area has been reduced from 1040 private rented properties to 668 private rented properties, a reduction of a third
- the licence fee has been divided into a 2-stage payment
- the licence conditions/standards have been restricted to legal minimum standards to ensure that landlords are not asked to invest over and above legal requirements
- a programme of monitoring has been included to ensure we can be very open and transparent about the improvement of conditions and management as a result of licensing

1.11. The proposed **revised** designation is listed as the following addresses;

2. Abbeydale Road	
Abbeydale Road	1 to 781 (odds) 2 to 666 (evens)
Side roads – odd numbers side:	
Fieldhead Road	62 & 64
Wolseley Road	115 & 117
Langdale Road	6
Woodseats Road	1, 3 & 5
Side roads – even numbers side:	
South View Road	224 & 226
Stead Road	156 & 165
Frederick Road	4
Machon Bank	150
Glen Road	79 & 94
Glen Road	Abbeydale Primary School
Gatefield Road	2 & 4
Carter Knowle Road	1 & 2

London Road	
London Road (including London Road 'South')	101 to 661 (odds) 42 to 524 (evens)
Side roads – odd numbers side:	
John Street	3
Randall Place	2
Alderson Road	3 to 9 (odd no.)
Woodhead Road	1
St Barnabas Road	20
Holland Place	11
Queens Road	586 & 647 to 655 (odd no.)
Oak Street	Heeley Arches
Artisan View	2 to 22 (even no.)
Thirwell Road	5 to 11 (odd no.)

Side roads – even numbers side:	
Cecil Square	2
Sharrow Lane	6, 8
Witney Street	1
Fieldhead Road	1 to 9 (odd no.)
Broadfield Road	1

Chesterfield Road	
Chesterfield Road	13 to 123 (odds) 30 (evens)
Side roads – odd numbers side:	
Albert Road	Crown Inn
Whiting Street	31
Valley Road	Arthington Flats
Valley Road	2
Meersbrook Park Road	2
Side roads – even numbers side:	
Little London Road	2, 4 & 6
Windsor Road	2

2. BACKGROUND INFORMATION

- 2.1. The matter was originally brought to our attention through complaints and referrals a number of years ago, about the housing and management standards.
- 2.2. Upon inspection of the individual properties, concerns grew as there appeared to be common and inherent problems with layout, hazards and lack of proper management by the landlords.
- 2.3. We identified significantly poor conditions. As a result, we commenced a programme of pro-active inspections to identify whether there were problems in many of the properties, or whether it was just a small number of individual properties that needed intervention.
- 2.4. Officers also found properties that had been illegally converted, did not meet basic repair standards and where the ownership and leases were complex – resulting in tenants not knowing who to contact for repairs and other problems.
- 2.5. The conditions were generally very poor, indicative of long term neglect and years of under-investment from owners. With high numbers of private rented properties, poor conditions and low co-operation from landlords, it was clearly an area where a specific scheme of regulation was necessary.
- 2.6. Having carried out the review and collating the inspection results, we found that there are serious issues of disrepair, dangerous living conditions and poor management in properties along London Road, Abbeydale Road and Chesterfield Road. Of particular concern are the conditions being identified in the flats above shops. We concluded that it is appropriate for a significant number of properties in this area to be inspected, with a view of determining whether there are Category 1

or 2 hazards present. The inspections will enable the Council to decide the appropriate enforcement action to improve housing conditions.

2.7. It was further concluded that making a selective licensing designation in respect of the area, when combined with other measures taken in the area and any licensing conditions that may be imposed, will contribute to an improvement in general housing conditions in the area.

Satisfying the Government Criteria

2.8. Where a scheme would cover more than 20% of the city's geographical area, or would affect more than 20% of privately rented homes, the Council would have to seek approval from the Secretary of State.² The proposed scheme is only 668 properties out of a total of around 40,000 private rented properties in the city. It is therefore a very small percentage of the geographical area and whole city, so we are not required to seek approval from the Secretary of State.

2.9. Before a local authority may designate an area for selective licensing it must satisfy at least one or more of the six statutory conditions under the Housing Act 2004. The relevant statutory criteria we are basing this proposal on is **Poor Property Conditions**.

2.10. The Government guidance³ states;

“Local housing authorities can address poor property conditions through their powers in Part 1 of the Act⁴....a local housing authority should not use its Part 3 powers (Selective Licensing) where it is appropriate to tackle small numbers of properties which are in disrepair directly and immediately under Part 1.

“There may, however, be circumstances in which a significant number of properties in the private rented sector are in poor condition and are adversely affecting the character of the area and/ or the health and safety of their occupants. In that case, as part of wider strategy to tackle housing conditions, the local housing authority may consider it appropriate to make a Selective Licensing scheme so that it can prioritise enforcement action...”

2.11. Under this condition the local authority is required to have carried out a review of housing conditions and consider that making a Selective licensing designation will improve conditions by removing hazards through the licensing and inspection programme.

2.12. The Council carried out a review of housing in the city in 2015. The Building Research Establishment House Condition Survey indicated that 28% of properties in the private rented sector have at least one serious hazard. Our programme of inspections indicated there was a significantly higher instance of serious hazards in this area than the survey stated.

2.13. It was difficult or impossible to gain access to some properties where officers had strong suspicions that hazards existed.

² This includes any other Selective Licensing schemes in the city

³ DCLG Guidance for Local Authorities March 2015

⁴ These are the powers to address hazards through the Housing Health and Safety Rating system

- 2.14. In public meetings landlords exclaimed that their properties were good and that we should go and look at them. Yet when we asked for contact details to follow them up, most either refused or gave us false information. A small minority of landlords did allow us access. The properties were generally attractive and well managed. However, we did identify some hazards that the landlords weren't aware of.
- 2.15. The survey, as well as the inspection programme carried out over the past few years is far over and above the requirements to meet the poor property conditions criteria.
- 2.16. Before a local authority may consider designating a selective licensing area it is required to take reasonable steps to consult with people likely to be affected by the designation and consider their representations.
- 2.17. We have carried out a comprehensive consultation process on the proposals with residents, landlords and other stakeholders. The approval to consult was the subject of report to the Cabinet Member for Neighbourhoods and Community Safety, dated 20th November 2017. The results of this consultation can be found in section 3 of this report and a summary at **Appendix 7**. The full consultation report will be published at the same time as the Cabinet Report.
- 2.18. The evidence is detailed in a report at **Appendix 2**. We have visited a total of 150 properties and a large number required a full risk assessment inspection. There is no legal requirement to have inspected a specified number of properties.
- 2.19. In summary we found the number of properties that contained high risk hazards was extremely high with over 70% of all properties inspected needing some level of remedial action to address high risk Category 1 and Category 2 type hazards in the home.
- 2.20. In over 60% of cases follow up inspections revealed landlords had failed to improve their properties voluntarily, requiring enforcement action and the threat of legal action to secure property improvements.
- 2.21. Conditions found in over 20% of properties inspected were so dangerous that legal action had to commence straight away.
- 2.22. We have seen a small minority of properties where the condition and management is very good. However, we are more than satisfied that the information gathered over the last few years provides a clear and concerning picture about a significant number of the properties in this area. A fuller account of the evidence can be seen at **Appendix 2**

3. HOW DOES THIS DECISION CONTRIBUTE?

- 3.1. Sheffield City Council's vision is for housing to be at the heart of high quality, safe and distinctive places to live, enabling Sheffield's communities to thrive and be successful.
- 3.2. London Road, Abbeydale Road and Chesterfield Road have been identified as key areas where investment is required to bring economic and social stability to the area. Shop frontage schemes as well as community safety initiatives have already taken place or are ongoing in this area.
- 3.3. The proposed Selective Licensing scheme is primarily aimed at improving standards within the private rented sector. The Council believes that the positive impacts of the selective licensing proposal would contribute to the wider objectives of the Corporate Plan, and outcomes in the following way;

3.4. Economic Success of the City

Sheffield Council and its partners are ambitious for economic growth and to build on the success of making Sheffield an attractive place to start a business.

It is hoped that the Selective Licensing designation, either by landlords co-operating with us, or by enforcement action, will bring about an investment in housing in the area which will support and compliment the city's ambition to be a growing city economically. Improving the condition and safety of homes is vital to the overall attractiveness of the area and is a key component to why people choose to live and work in the area.

3.5. Thriving Neighbourhoods and Communities

Investment and support to improve housing will help increase the confidence in the area and encourage empty properties to be brought back into use.

3.6. Better Health and Wellbeing

Addressing hazards in the home, poor property conditions and management practices in privately rented accommodation will help create safer home environments contributing to an overall improvement in physical, mental and emotional health and wellbeing.

3.7. Tackling inequalities

By tackling private rented accommodation where landlords let high risk dangerous properties, it will improve the living conditions of residents who live in substandard accommodation, improving the safety and wellbeing for some of the most vulnerable occupiers.

3.8. Links to empty homes

Like most major cities, we have a shortage of suitable housing and must look at all ways of increasing our housing supply. Empty homes are a waste. They can become neglected, an eye sore and hazardous. They can also attract crime and anti-social behaviour as people see they are empty. We have experts knowledgeable in the legislation we can use to target problematic empty homes to bring them back into use.

Part of the Selective Licensing programme would be to identify all the properties that are currently empty and work with the owners. We know this part of the city is a popular place to live because of its proximity to the city centre as well as the wealth of shops and restaurants in the area.

Our Council Tax records show that around 40 privately owned empty properties within the proposed Selective Licensing area are empty. This is of course only a snapshot of a certain point in time, but it is a useful figure to use as a base line. Selective Licensing will help identify the owners of these properties, enabling resources to be targeted effectively in encouraging these properties to be brought back into use. Where brought back into use for private renting, selective licensing will support ongoing partnerships with landlords to meet minimum property standards and adhere to good management standards.

Where empty properties are found to be having a negative impact on the community, due to issues such as fly tipping and vandalism, swift action will be taken with the owners to ensure these properties do not become a blight on the area.

3.9. Links to homelessness prevention

Sheffield's Homelessness Prevention Strategy 2017-2022 aims to minimise homelessness in Sheffield by focusing on early prevention to help people keep their home or move in a planned way to a new settled home.

Access to good quality private rented accommodation is key to preventing homelessness and ensuring suitable accommodation for the many households who cannot access social housing or afford to buy.

The Council is committed to working with landlords in the private rented sector to provide a greater supply of good quality, safe and well managed homes, in particular for people who are homeless or at risk of losing their home.

Selective licensing will help ensure access to an increased supply of private rented housing which meets expected standards of repair and good management. This should help to reduce the incidence of unplanned moves or homelessness in the area.

3.10. Links to wider neighbourhood issues

Selective Licensing is not a tool for addressing neighbourhood issues of anti-social behavior. However, where there is nuisance and anti-social behaviour arising and it is linked to privately rented accommodation, Selective Licensing will assist in its reduction by clarifying minimum standards of property management and tenant and landlord responsibilities.

A condition of the proposed licence is that landlords will have to take all reasonable steps to manage incidences of anti-social behavior arising from their properties. In doing so, landlords will be required to work with the Council and partners to manage tenancies more effectively. We will also take a strict approach to litter and fly tipping linked to private rented properties as this can become a major blight in an area.

4. HAS THERE BEEN ANY CONSULTATION?

- 4.1. Where a local authority is considering designating a selective licensing area, it is required to consult. The government recommends the consultation period should be at least 10 weeks and must include all people that are likely to be affected by the scheme.
- 4.2. In order to respond to the concerns we identified in property condition, the Cabinet Member for Neighbourhoods and Community Safety approved a report on the 20th November 2017 which gave approval for a 13 week consultation programme to take place.
- 4.3. Consultation took place between Monday 27 November 2017 and Friday 23 February 2018.
- 4.4. A consultation report has been produced which sets out the feedback and responses gathered for this proposal. A summary of this report can be found at **Appendix 7** and the full report will be published on the Council website at the same time as the Cabinet Report.
- 4.5. The report sets out who we consulted with and the various methods we used to gather feedback.
- 4.6. The consultation found that overall, stakeholders within the proposed designation area and wider area agree with the purpose, benefit and area proposed for Selective Licensing. As expected, landlords are generally opposed to the scheme whilst tenants are in favour.
- 4.7. A main concern related to the licence fee, not only the amount but also the suggestion that the full fee would be required upon application. The licence fees will pay for the administration of the scheme, but we noted these concerns amongst others and Section 7 and **Appendix 6** of this report set out the amended proposal to make fees payable in 2 stages.
- 4.8. In direct response to the views and findings throughout the consultation period, the proposed designation has been reduced by around a third, from 1040 properties to 668, a reduction of around a third.
- 4.9. A map showing this new designation is attached as **Appendix 1** and a list of property addresses can be found in section 1.11 of this report.

5. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1. Equality of Opportunity Implications

- 5.2. In carrying out any of its functions, the Council needs to be mindful of the Public Sector Equality Duty ('PSED') contained in Section 149 of the Equality Act 2010. Amongst other things this duty requires the Council to have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 5.3. An Equalities Impact Assessment for this proposal has been completed.

6. Financial and Commercial Implications

- 6.1. There are financial implications for the Council and for the landlords in the proposed area.
- 6.2. The legislation provides for the cost of running the scheme being recovered through licensing fees, payable by the landlords.
- 6.3. Councils must not make any profit from schemes, and all fees received must be allocated to the running of the scheme.
- 6.4. All running costs and fee calculations are estimated because no-one can know at any one time exactly how many properties would be eligible to apply. People leave their homes and move into new ones every day. They buy and sell; they become empty and become let. The finances in this report are therefore based on various assumptions gathered from our previous experience of licensing schemes but will be variable and constantly monitored throughout the 5 year licensing period.
- 6.5. Landlords will be required to apply and pay licence fees for every property they let out in the designated area. The fee lasts for the whole of the 5 year period.
- 6.6. It is proposed that the fees will be payable in two stages/instalments, and are levied at various levels depending on a risk assessment at application stage. The fees vary from £750 up to £1,500. There are also additional penalties for non-compliant landlords.
- 6.7. **Appendix 6** is an assessment of the costs for administering the scheme and sets out the proposed licence fees.

7. Legal Implications

- 7.1. The Housing Act 2004 provides that for a local authority to designate an area for Selective Licensing it must be satisfied that at least one of six general conditions are met. The condition the Council relies upon in respect of these proposals is housing conditions.
- 7.2. To satisfy this condition the Council, having carried out a review of housing conditions under section 3(1) of the Housing Act 2004, needs to consider that it would be appropriate for a significant number of the properties in the private rented sector to be inspected, with a view to determining whether any category 1 or category 2 hazards exist on the premises. Further that the Council intends to carry out these inspections with a view to carrying out any necessary enforcement action. Also that making the designation will, when combined with other measures taken in the area by the Council, or by other persons together with the Council, including any licence conditions imposed, contribute to an improvement in general housing conditions in the area. The intention of this report is to demonstrate that in respect of the designated area, this condition is met.
- 7.3. In addition, the Act requires under this ground that the Council is satisfied the proposed designated area contains a high proportion of properties in the private rented sector, in relation to the total number of properties in the area and that these properties are occupied either under assured tenancies or licences to occupy. The

intention of this report is to demonstrate that in respect of the designated area, these conditions are met.

- 7.4. The Act further provides that the proposed Selective Licensing scheme needs to be consistent with the Council's housing strategy. The Council must also seek to adopt a coordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour, as regards combining licensing with other courses of action or measures taken by the Council and external organisations. The Council must also not implement a selective licensing scheme unless they consider other courses of action available to them that might provide effective methods of achieving the scheme's objectives and the Council considers that the scheme will significantly assist in achieving those objectives. The Council considers that in respect of the designated area, as demonstrated in this report. The intention of this report is to demonstrate that these additional statutory requirements are met.
- 7.5. Where the conditions set out above are satisfied, the Council is empowered to designate the designated area as being subject to selective licensing.
- 7.6. The Act provides that private sector let properties falling within the designated area for a Selective Licensing scheme are required to be licensed. The relevant local authority is required to consider applications, deciding whether to approve and issue a license or to refuse to issue a license. The authority must impose some statutory licence conditions. In addition, the authority may impose other conditions relating to the management of the property. Further the authority must consider whether the proposed license holder is a fit and proper person to hold a license and whether the proposed management arrangements are satisfactory. Also the authority may charge a licence fee reflecting the administration costs of the scheme. The Council is therefore empowered to exercise these functions in the implementation and administration of the Selective Licensing scheme detailed in this report.
- 7.7. The maximum period that an area may be designated as subject to selective licensing is five years. The Council intends that the selective licensing scheme detailed in this report shall run for five years. However the Council shall keep the Scheme under review and if it considers it appropriate to revoke the Scheme; it may do so at any time.
- 7.8. The Act provides that before making a selective licensing designation a local housing authority must take reasonable steps to consult persons who are likely to be affected by the designation and consider any representations made as part of the consultation. The intention of this report is to demonstrate that the consultation process, and the regard had by it to the consultation responses when deciding the proposals, has complied with this requirement.
- 7.9. The Act requires that a selective licensing scheme cannot come into force unless it is confirmed by Secretary of State or a general approval has been issued. In 2015, the Secretary of State for Communities and Local Government issued a general approval giving all local housing authorities in England approval to designate an area as being subject to selective licensing. The general approval is subject to a number of conditions being satisfied. It is a condition that the local authority undertakes a consultation process of no less than 10 weeks. Further, that the designation, either by itself, or in combination with other selective licensing

designations made by the Council, does not cover more than 20% of the geographical area of the authority. In addition, that the designation, either by itself, or in combination with other selective licensing designations made by the Council, does not affect more than 20% of the private rented homes in the authority, based on figures from the census data. The intention of this report is to demonstrate that the Council has complied with these conditions.

8. Other Implications

8.1. Additional staff would need to be recruited to administer the scheme. The licence fees will pay for staff to process the applications, distribute licences and inspect and monitor the scheme. It is essential that staff are recruited as soon as a decision is made to ensure the lengthy process of preparation begins immediately. It is proposed that staff are recruited initially from the existing team to ensure they already have skills and knowledge of the legislative process. Any vacancies arising would be filled using the usual Recruitment and Selection policies of the Council.

Operational delivery and monitoring

8.2. We will be monitoring the performance and outcomes of the scheme to ensure we achieve what we set out to do. For the scheme to be successful it must have physical presence and activity in the area, and should not be simply an administrative exercise.

8.3. Every property would be subject to a thorough inspection to ensure compliance to the licensing standards/conditions and expected levels of management. Further inspections would be carried out where necessary and to ensure ongoing compliance.

8.4. Our preference is to work co-operatively with landlords. We will always provide advice and assistance. But any landlord not willing to improve their property and/or their practices will be subject to robust enforcement action and may have their licence refused or revoked.

8.5. All claims of exemption will be thoroughly investigated and where applications have not been received they will be subject to strict chase ups and legal action.

8.6. Officers will take a zero tolerance approach where unlicensed properties or breaches of conditions are found and non-compliant landlords would be rigorously pursued and have their properties inspected.

8.7. Before issuing a licence, the Council has to be satisfied that the licence holder, manager and other relevant people are "Fit and Proper". In deciding this, the council needs to assess a number of factors including certain criminal convictions and any contravention of housing and tenant law. In other licensing schemes run by the Council, where this is a requirement, it has been effective in ensuring that landlords and agents who are not Fit and Proper, are refused a licence.

8.8. Ultimately, people who are considered not Fit and Proper are not able to operate in that area or any other where licences are required. Those who are in breach of their legal obligations must improve or face legal action. The Government has

recently introduced Banning Orders and the Rogue Landlord register which we are committed to fully utilising where appropriate.

8.9. It is a criminal offence for landlords to let properties without a licence or to breach a licence condition. This would result in them being liable to prosecution and/or financial penalty. In addition where there is a breach of a licensing condition, the licence may be revoked.

8.10. The Council will establish and maintain a register available for public inspection relating to all properties where selective licences are in force. This will include details where temporary exemption notices apply and all properties where management orders are in place.

8.11. We will continue to work closely with other public service partners and agencies to jointly tackle privately rented properties where illegal practice and/or criminal activities may be taking place.

8.12. We will also work in partnership with South Yorkshire Fire Service and Health service partners as well as the voluntary sector to provide a package of support for private tenants to improve their safety and wellbeing.

8.13. Our objectives are to ensure that:-

- Private rented tenants are safer in their homes
- Private rented properties become better managed
- All landlords and agents operating in the area are Fit and Proper
- Bad landlords have been penalised for failure to comply or breaches
- Tenants, especially vulnerable tenants are protected from dangerous housing conditions and from irresponsible landlords
- Landlords are supported to operate in a professional businesslike way
- We have contributed to housing growth and investment

These objectives will be monitored through performance indicators, attached as **Appendix 3**.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1. Prior to making a designation to introduce selective licensing the Council are required to consider other courses of action alongside selective licensing to determine whether there are alternatives that would be as effective in achieving the same objectives.

9.2. As an alternative to introducing a selective licensing scheme the following approaches have been considered. Discussion about these options took place as part of our consultation during drop in and evening consultation events.

Continue with reactive enforcement

9.3. We could continue with the current regulatory approach and respond to complaints received on an individual basis. This approach would have extremely limited impact on addressing poor property conditions as it would be sporadic based on

complaints rather than a planned programme of inspecting each property. This option relies on tenants reporting issues and does not address poor standards in a strategic way.

- 9.4. On analysis of the complaints received from tenants, a fifth became unresponsive or were unwilling for officers to pursue their complaint. We are aware that in some cases this is due to tenants being in fear of harassment and retaliatory eviction. We also know that many tenants living in properties where serious conditions were found were unaware they could report issues to the Council.

- 9.5. Continuing as we are is likely to leave a significant proportion of privately rented tenants living in substandard conditions which are harmful to their safety, health and wellbeing.
- 9.6. Our current reactive approach does not focus on developing effective partnerships with landlords, the voluntary sector and other services. The investment in 'on the ground support' as a result of selective licensing will help us take a more proactive approach and increase engagement with people living and working in the area.

Targeted proactive enforcement

- 9.7. Over the last two years resources have been focussed on targeting problematic properties in the area. Due to the complexity and severity of issues found, dealing with poor property standards on a case by case basis has been slow and more resource intensive than expected. Many landlords have been reluctant to act on any advice from officers and have only carried out works at the point of legal intervention. Whilst enforcement powers under Part 1 of the Housing Act 2004 are effective in dealing with hazards within an individual property it does not address poor standards of management in all properties. Neither does it assess the Fit and Proper status of landlords and agents, and as such does not offer a wider strategic approach to improving standards in an area where there are significant problems.
- 9.8. In Sheffield targeted enforcement is not sustainable, and cannot have enough of an effect on the number of poor properties. Additional tools are required to bring about change.

Voluntary Compliance

- 9.9. This requires voluntary engagement from landlords to improve property standards and management practices across the sector. We offered this as an alternative in Page Hall in 2015 at the request of landlords. We were disappointed but not surprised that there were only a handful of landlords that signed up to this.
- 9.10. For a number of years, our officers have found that despite providing full schedules of work to make the properties safe, landlords did not carry this out until the point of legal intervention. This shows that we cannot rely on voluntary compliance.
- 9.11. It is nationally recognised that voluntary schemes have limitations when trying to tackle non-compliant landlords and tend to attract only those landlords who are already motivated and provide a good service.
- 9.12. With limited sanctions, voluntary registration would fail to tackle the worst accommodation standards and would not tackle landlords who deliberately avoid their responsibilities.
- 9.13. We do not support voluntary registration as it relies on landlord self-declarations. These are known to be proven as inaccurate and could therefore damage the reputation of the Council certifying them. Take up is variable and with no enforcement powers or compulsion for landlords to join, we feel it is necessary to impose legal requirements on landlords due to the significance of the problems.

10. REASONS FOR RECOMMENDATIONS

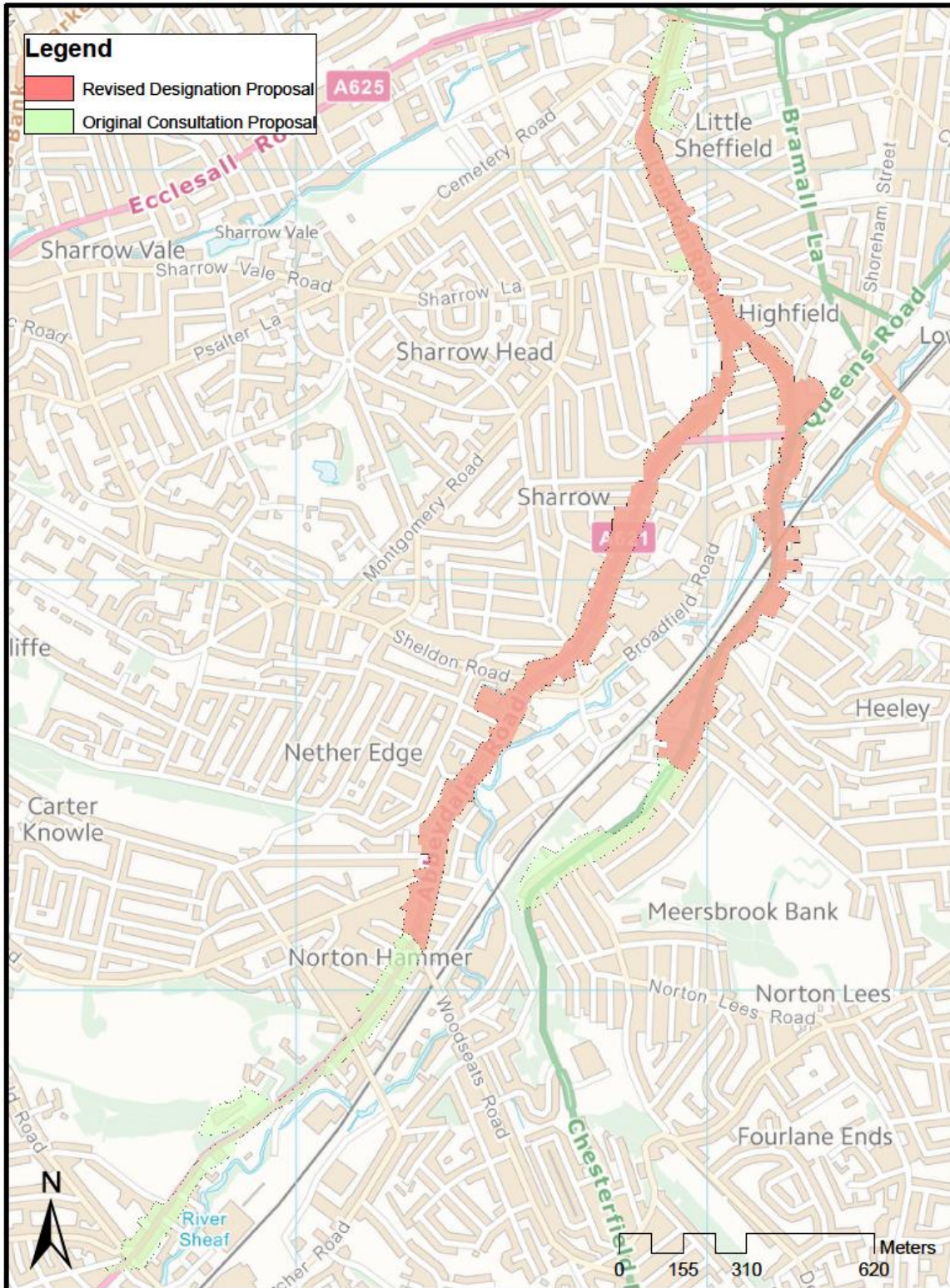
- 10.1. The Council has a statutory duty to address hazards in private rented properties. This is carried out on a day to day basis, usually with individual properties and landlords. Where Councils identify more widespread issues in an area, the law allows them to introduce discretionary licensing schemes.
- 10.2. Selective licensing is being proposed because the problems uncovered in this area are too widespread and significant to be dealt with on an individual property/landlord basis.
- 10.3. We acknowledge that the majority of landlords in Sheffield are good. They provide a wide range of rented accommodation that is well managed and safe. There are however a small number of irresponsible landlords who continue to let properties in a poor state of repair, neglect their management responsibilities demonstrating little regard to their tenants' safety and well-being. Neglected and poorly managed housing not only impacts on the health and well-being of tenants but also has a detrimental impact on the local area.
- 10.4. Now we are aware of the extent of the problems in this area it is appropriate that we recommend a way of improving the properties and health and safety of the occupants. It is impossible to do that with our existing resources, and Selective Licensing is provided as a legal tool to address wide-scale problems of this nature.
- 10.5. Because of the work done with landlords over the past few years, we are concerned about the lack of responsibility and accountability shown. It has been difficult to pin down the correct ownership and management details. Landlords have been allowing people to live in conditions that are obviously poor and/or dangerous without any efforts to improve those situations. We have consciously provided multiple opportunities to address this on a voluntary basis but landlords have demonstrated a clear reluctance to co-operate without legal enforcement.
- 10.6. By licensing this area, it automatically increases landlords' accountability, makes sure the landlords' business activities are satisfactory, and that we will have a record of details of the landlord, agent and any other interested party in the property. It will ensure there is transparency about the condition of their properties as well as their management arrangements.
- 10.7. We are recommending licensing because it allows us to set clear standards and conditions that landlords must adhere to, and for us to take legal action if they don't.
- 10.8. Added to this, we have found a clear lack of management ability and competency. The unacceptable living conditions are at best a nuisance, are harmful and at worst they are potentially fatal. When we see the volume of issues in one area like this – it would be neglectful to walk away without proposing a comprehensive scheme of regulation and enforcement.
- 10.9. A major advantage of licensing is that landlords and agents will be checked in terms of their Fit and Proper status, which is significant because landlords with criminal convictions or a history with us could fail this test and be prevented from managing in the area. This will raise the standard of landlords operating in the area and ensure the less scrupulous ones are driven out. Furthermore – the

Government has now introduced Banning Orders which means those landlords could ultimately be banned from operating anywhere in the country.

- 10.10. One of the most worrying aspects of our experience with tenants is that many appeared to be afraid to speak to us about their landlords. Some didn't know who their landlord was or how to contact them. They didn't have legal tenancy agreements or rent receipts. The level of referrals for our tenancy relations officers was relatively high, suggesting that landlords were not adhering to their legal responsibilities in terms of managing tenancies properly, or enabling tenants to live without fear of harassment.
- 10.11. Supporting evidence for this is the behaviour landlords have shown in public events. Seeing violence and aggression in a public setting like this was shocking. Naturally, it made us wonder how they react to their tenants in the privacy of their property, if they are acting like this in public. Added to this is the vulnerability of occupants, whether it is a language or culture barrier, poverty or mental or physical disability. Seeing landlords act in this way made us fearful for the safety of tenants. This situation must not be tolerated and as a Council we have a duty of care to protect these people.
- 10.12. Having considered the criteria set down by the Government, the wealth of information gathered throughout the inspection programme and consultation period, we consider that selective licensing is the most effective way of addressing the poor housing and tenancy management of properties along the proposed area of London Road, Abbeydale Road and Chesterfield Road.

Appendix 1 – Map of Original designation and revised boundary

Proposed London Road, Abbeydale Road & Chesterfield Road Selective Licensing Designation



1. The Revised boundary

1.1. Since the consultation period, we have reduced the original proposed boundary of the scheme. It has been reduced by around a third because it became clear that the most significant issues with poor conditions and bad management are in the central areas – where we had our original concerns. It is therefore appropriate to focus the scheme where there is a concentration of the most serious conditions and concerns.

2. Chesterfield Road reduction

2.1. The Chesterfield Road boundary now ends at the flat above shop shown below in pic. 1 The major concerns on this road are where there is a significant concentration of flats above shops with serious hazards. The boundary stops at pic. 2 (123 Chesterfield Road).

Pic. 1



Pic 2



2.2. This is where there is much less private rented housing, the properties become semi/terraced (pic 3) which does not cause as much of a concern and the opposite side of the road is retail (pic. 4).

Pic. 3



Pic 4.



3. London Road reduction

3.1. The purpose built accommodation (Pics 5 & 6) at the start of London Road has been removed as it is new build and required to comply with current Building/Planning regulations. The accommodation above the Chinese restaurant at the start of London Road has already been dealt with separately as it is a House in Multiple Occupation (HMO).

Pic. 5



Pic. 6



Abbeydale Road reduction

3.2. The boundary now ends at the crossroads/traffic lights at the Junctions of Abbeydale Road/Barmouth Road/Woodseats Road. (Pic 7 & 8)

3.3. The properties going further south west after this crossroads are predominantly 2/3 storey houses, many of which are already regulated by us via Mandatory licensing of Houses in Multiple Occupation⁵. In October 2018, the national legislation is expanding which means many more of the properties that are private rented will fall within those HMO regulations and would therefore be outside of any Selective Licensing designation. The boundary still captures the flats above shops where we have found the most serious hazards.

Pic. 7



Pic. 8



⁵ Housing Act 2004

Pic. 9



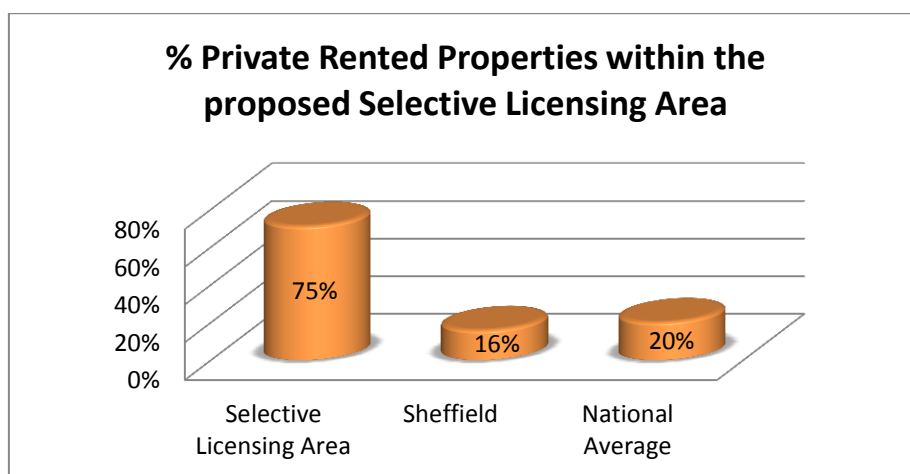
Appendix 2 – Evidence to Support Poor Property Condition

1. Introduction

- 1.1. This report shows the evidence collected over a number of years which has led to the Cabinet recommendations. To meet the Selective Licensing requirements, we must show that we meet one or more of the criteria set out in the Department for Communities and Local Government (DCLG) Selective Licensing Criteria.
- 1.2. The report will show how we meet the Government criteria, and reveals the serious level of poor property conditions in the area. Under this criteria, the council is required to carry out a review of housing conditions and consider whether we think it is appropriate for a significant number of properties to be inspected with a view of determining whether there are Category 1 or 2 hazards present. Further that the inspections are carried out with a view to carrying out the necessary enforcement action.

2. Proportion of Private Rented Properties

- 2.1. It is a requirement under poor housing condition, that the proposed designated area contains a high proportion of properties in the private rented sector.
- 2.2. Data that we have collected shows the proposed area to have 75%⁶ private rented households. This is well above the average for Sheffield which is just 16%⁷. The DCLG guidance on Selective Licensing advises that anything above the national average may be considered significant. The current national average is 20%⁸ and therefore this requirement is met.
- 2.3. The 2015 Sheffield Housing Condition Survey identified that private rented housing has a much higher presence of disrepair and hazards than owner occupied and social rented housing.



3. Property Appearance & Types

- 3.1. Our experience of properties within the area is that the majority are flats or terraced properties built before 1919 and are generally 3 storey

⁶ Data taken from our records and Council Tax

⁷ Data taken from Census 2011

⁸ Data taken from English Housing Survey 2016-17

- 3.2. The English Housing Survey, Fire and Fire Safety 2013-14 observed that private rented homes and homes built before 1919 were more likely to have a higher risk of fire, and are less likely than other tenures to have a working smoke alarm
- 3.3. Evidence obtained from the 2009 Sheffield Housing Condition Survey identified that in Sheffield, converted flats and small terraced houses, built pre 1919 and in the private rented sector were more likely to be in poor condition and have a higher prevalence of high risk Category 1 hazards.

4. The revised Selective Licensing area

- 4.1. The Selective Licensing area has been reduced as a result of the consultation period and further property inspections.
- 4.2. As expected, the worst conditions were at the 'city' side of the roads which were the areas where the original referrals and worrying observations were made.
- 4.3. We also identified some fairly new purpose built blocks/student housing. As these are required to comply with other legislation such as Building and Planning Regulations they were removed from the original proposed area.
- 4.4. The proposed new boundary contained the most serious property and management problems. It is also the area where we had most reluctance from landlords and where conditions were only improved upon legal enforcement.
- 4.5. Over 70% of properties assessed in the revised boundary needed a full risk assessment because of the condition of the property and level of concerns.
- 4.6. Out of those – over 70% had high risk Category1 and Category 2 hazards and the majority needed legal intervention before the landlord was willing to improve the conditions for their tenants.

4.7. Revised Boundary Information

No. Properties in inspection programme	No. requiring full risk assessment	Serious Hazards/ Management Breaches Identified	Legal Action Taken
130	92	65	42

- 4.8. 10 of the properties visited are still under investigation due to the concerns identified. We are having issues gaining access and determining the correct ownership in some of them, which again confirms the level of enforcement action required in these properties because the owners are not ensuring there is accurate record keeping/Land registry information. The remaining 28 properties were not inspected or assessed as there was no imminent risk of harm.
- 4.9. The number of Improvement Notices, Emergency Remedial Action Notices and Prohibition Orders served during the inspection programme **all** related to properties within the revised boundary. This satisfies us that the revised boundary area is where there are most concerns, hazards and lack of co-operation from landlords and therefore requires a programme of inspection and enforcement provided by Selective Licensing.

5. Background - Initial Concerns and Evidence

- 5.1. Sheffield's private rented sector has doubled over the past 10 years. The majority provides valuable accommodation for people who don't want to or are unable to own their own home.
- 5.2. Between January 2013 and September 2015 we received 2,700 housing related enquiries across the city. Just 50 of these enquiries related to properties along London Road, Abbeydale Road and Chesterfield Road which on the face of it appears low. However, when officers went out to see the properties – the range of issues found was much greater and more serious than we would usually find; ranging from seriously poor property conditions and management standards along with a high vulnerability of occupier. Officers identified common issues such as serious fire risks and the lack of suitable amenities such as toilet facilities.
- 5.3. The number of complex problems and hazards identified was not reflected by the small number of enquiries we received and suggested that either tenants were unaware of our service or reluctant to contact us. There appeared to be a legitimate fear from private rented tenants that they will be evicted if they complain about their conditions.
- 5.4. Because of the common issues and significant number of hazards found, we sought approval from the Cabinet Member for Neighbourhoods and Community Safety to carry out some pro-active inspections of more properties in that area to determine whether there was indeed a large scale problem or whether it could be addressed on an individual property basis.
- 5.5. This table is a summary of the property inspection programme carried out at each stage. These are explained further in this document.

Initial Inspection Programme – October 2015 to September 2017

No. Identified	No. with full risk assessment	Hazards/Management Breaches Identified	Formal Action Taken
77 (43 Proactive 34 ongoing complaints)	58	43	24

- 5.6. The pro-active inspection programme ran from October 2015 until September 2017. Officers identified 43 properties within the area to proactively visit based on their outward appearance and visual poor maintenance of gutters, windows, roof, poor brickwork and overgrown gardens.
- 5.7. In addition to these, we received a further 34 complaints from tenants and third party organisations such as Trading Standards, South Yorkshire Fire & Rescue Service or Immigration Service in relation to properties within the proposed designation area. This gave us a total of 77 properties in the programme.
- 5.8. During this 2 year period, 58 properties were inspected and a full risk assessment was necessary. Of those, 43 properties (owned by 29 landlords) were found to

have serious hazards. That means a staggering 74% of properties inspected found to contain a serious safety risk to tenants. 24 of those 43 properties inspected required formal action to be taken. Citywide, the majority of landlords co-operate with our requests without formal action having to take place at all.

5.9. Following these inspections it was becoming clear to officers that there were serious concerns regarding the fundamental layout, condition and management of these properties.

5.10. The following issues of concern were identified

- Poor property condition and visual signs of neglect
- Presence of multiple high risk hazards in the home
- Inadequate means of escape in event of fire/emergency
 - Illegal and dangerous conversions
 - Insecure tenancies
 - Subletting
 - Overcrowding
 - Accumulations of rubbish
 - Problematic landlords and agents operating in the area

5.11. Officers were immediately struck by the following general issues: -

- The haphazard nature of the flats above shops. There is no uniformity, a wide variety of layouts, sizes, types of escape. Simply by viewing a block from the outside revealed concerns about what may be inside.
- The problems caused by lease arrangements for ground floor commercial space, with a mix of residential, commercial and storage space above
- High numbers of properties that do not have a complete/separate escape without going through the commercial space below
- Flats above food establishments are of particular concern where fire risk was considered high. Of those inspected the provisions for protecting tenants and offering safe means of escape were found to be inadequate, presenting serious risk to all occupiers should a fire occur.

Additional properties volunteered by landlords

5.12. As part of the consultation process, we presented the data we had found so far and asked them if they felt the evidence was correct, and if they would like to volunteer their properties for inspection to help give us a more comprehensive representation of properties within the area.

5.13. Many landlords stated they would allow us to look at their properties within the public meetings. However, when we followed this up there was only 4 landlords and 1 property agent that agreed to us inspecting a selection of their properties. In total there were 16 properties volunteered, but for 3 of these we were unable to gain access. This resulted in 13 full inspections.

5.14. Whilst these properties were well presented and well managed, over a third still contained high risk hazards presenting risks to the safety of tenants. It

confirmed to us that diagnosing hazards is not straightforward without the specialist knowledge or experience.

5.15. The volunteered properties which were found to comprise serious safety concerns were all found to contain Fire hazards - this corroborated our concerns that there are inherent problems with the layout of properties in the area.

Randomly Selected Properties

5.16. During the consultation process it became clear that a large proportion of the proactive and reactive visits had been concentrated in particular sections of the proposed area, particularly on London Road and the lower end of Abbeydale Road. Therefore a further 39 properties were randomly selected for assessment towards the upper end of Abbeydale Road and Chesterfield Road as a final phase of inspections for the area.

5.17. These properties were identified as being privately rented, where the Council had no previous history of involvement and were done as a desktop rather than visual exercise to make sure they were random. We were concerned that out of 39 – we could only gain access to 6 properties. Of these, 2 were found to have changed use and no longer be privately rented, 3 of the remaining 4 were inspected and found to contain multiple high risk hazards and other conditions of concern.

5.18. Altogether, the inspection programme ran from October 2015 until March 2018. During this time officers visited 150 properties within the initial proposed area.

5.19. This was made up of:

- 54 Proactive
- 41 Ongoing complaints
- 16 Volunteered by landlords
- 39 Randomly Selected

Inspections

5.20. Of the 150 properties, 98 properties required a full hazard risk assessment. Some properties did not require a full risk assessment inspection; either due to properties becoming empty, becoming owner occupied or where officers did not observe any issues of concern during or following their initial visit. 38 of these relate to properties either selected at random or where landlords volunteered access.

Findings of Overall Inspection programme - October 2015 to March 2018

No. Properties	No requiring full risk assessment	Hazards/Management Breaches Identified	Legal Action Taken
Total 150	98	69	43

Potential Retaliatory Evictions?

5.21. Our fears grew about bad management practice, as in a quarter of properties inspected, the tenants appeared to be evicted during/immediately following our intervention. It is of national concern that the threat or fear of illegal, retaliatory eviction by landlords may be the reason that tenants are unwilling to report issues of disrepair/harassment. The Government introduced legislation in response to this concern. However, we know from our experience that bad landlords will only comply with these types of regulations if they are being strictly monitored.

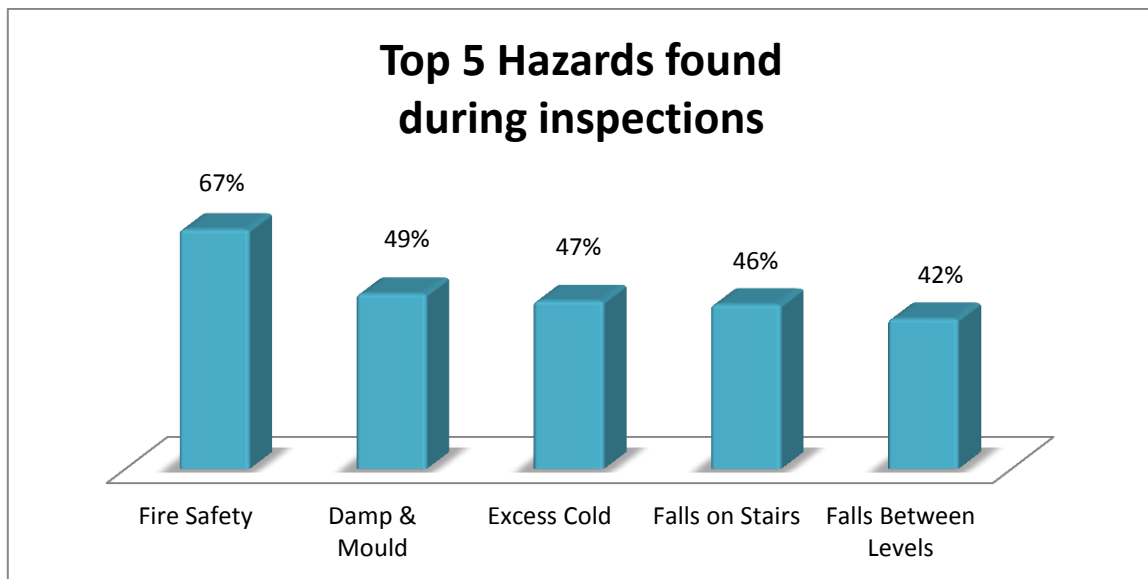
5.22. Overall findings

- 12 properties had illegal or dangerous conversions
- 14 unlicensed Houses in Multiple Occupation were found
- 4 properties were seriously overcrowded
- 28 properties inspected revealed poor management issues
- 84 referrals were made to other Council services and partner organisations to address other issues of concern to the wellbeing and safety of people living in the area.

5.23. In total 394 hazards were identified, 345 were Category 1 (the most serious) and 49 were high risk Category 2 hazards.

Hazard Type	No. of properties hazard identified in
Fire Safety	62
Damp & Mould	46
Excess Cold	44
Falls on Stairs	43
Falls Between Levels	39
Electrical	29
Falls on Levels	22
Food Safety	17
Structural Collapse & Falling Elements	14
Domestic, Hygiene, Pests & Refuse	13
Flames, Hot Surfaces etc	12
Personal Hygiene, Sanitation & Drainage	12
Entry by Intruders	10
Collision & Entrapment	8
Lighting	8
Excess Heat	7
Crowding & Space	4
Falls associated with Baths	2
Position & Operability of Amenities	2

5.24. The top 5 hazards were identified as following; Fire Safety, Damp & Mould, Excess Cold, Falls on Stairs and Falls between Levels.



How we enforce

5.25. In responding to these hazards the Council uses informal (advice and encouragement) and formal (enforcement) approaches to improve property condition. Unless the seriousness of the case merits immediate enforcement, the Council will work positively with landlords who want to improve standards and take all necessary enforcement against those who do not.

5.26. Across the city the majority of cases are resolved without the need for formal action. Whilst it is recognised some landlords operating in the area are professional and responsive to advice from officers, there were a significant number who tried to evade their landlord responsibilities.

5.27. Our enforcement in this area was much higher than we experience across the city. For the majority of these cases landlords were given the opportunity to improve their properties voluntarily. However in over 62% of cases, follow up inspections revealed landlords had failed to cooperate voluntarily, requiring the taking of or threat of legal action in order to secure property improvements.

5.28. This demonstrated to us that we could not rely on landlords improving their properties without rigorous inspection and formal intervention being taken.

5.29. The following legal Notices under the Housing Act 2004 were served in relation to serious hazards found in the property

	No. in Proposed	No.	% of total
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Notice Type	area	Citywide	
Improvement Notice	25	86	29%
Emergency Remedial Action	3	8	38%
Prohibition Order	5	8	63%

Timeframe October 2015 to March 2018

5.30. In the table above you can see the comparison of action in the area with the citywide figure. The proposed licensing area is around 2% of the private rented properties in Sheffield.

5.31. An Improvement Notice may be served when a Category 1 or Category 2 hazard is identified and either;

- the owner fails to take voluntary action to remedy the hazard
- the owner has a previous history of non-compliance
- the risk relating to the hazards is so severe and management arrangements are so poor that formal action is taken
- the works required are so complex that they need to be specifically scheduled, which is included as part of the notice.

Comparison with citywide action

5.32. In total 86 Improvement Notices were served citywide with 25 of these in the proposed designation area.

5.33. 3 Emergency Remedial Action Notices were served in the proposed area out of 8 that were served citywide. Emergency action is taken when there is deemed to be imminent risk of serious harm to the public. Officers were so concerned about the property condition in these 3 properties that it was essential to pursue immediate enforcement action to ensure tenants were protected from being harmed by these hazards.

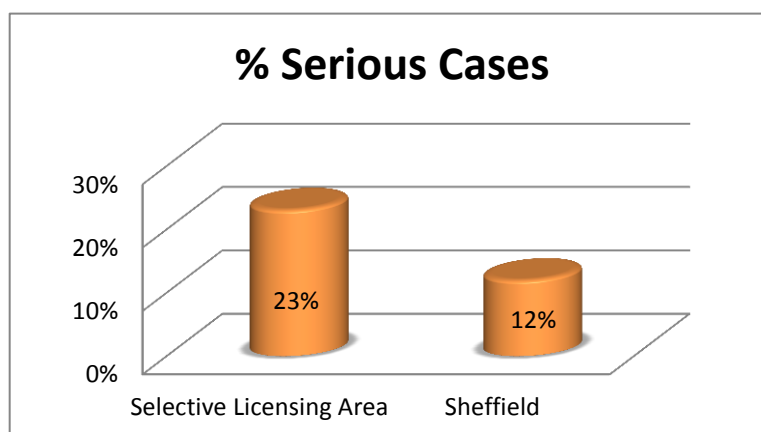
5.34. 5 out of the 8 Prohibition Order served across the city were in the proposed area. Prohibition Notices are only served where the works required to remedy the hazard are excessive, expensive and disproportionate and therefore other available enforcement action would be insufficient to protect the occupiers from harm. It is rare that the hazards are so serious that we need to serve them.

5.35. Since we began the inspection programme in October 2015, a number of landlords who own properties in the area have been prosecuted for offences under the Housing Act 2004. These offences related to the failure to comply with an Improvement Notice, failure to obtain a licence in regard to a mandatory HMO and breach of HMO Management Regulations. These prosecutions resulted in criminal offences. It also impacts on the Council's consideration of those persons being considered fit and proper and their suitability to obtain a property licence.

5.36. During the Inspection Programme 10 landlord/agents were at immediate risk of prosecution, 1 landlord/agent was Interviewed Under Caution in accordance with the Police and Criminal Evidence Act 1984, 3 landlords were issued with a Caution and 2 were prosecuted for criminal offences.

Tenancy Relations

5.37. Between October 2015 and March 2018 our records show that 23% of enquiries received by our Tenancy Relations Officers in the proposed area related to issues of a serious nature, such as illegal eviction and/or harassment. This is compared to just 12% citywide. This suggests that whilst tenants may be afraid of reporting repairs, they needed our help relating to tenancy management and eviction.



5.38. In law, tenants generally cannot be evicted without a Possession Order from the Court, and then a bailiffs' warrant. The first step a landlord needs to take is to serve a correct notice requiring possession.

5.39. During October 2015 to March 2018 we received 914 enquiries across the City querying the validity of the Notice served by a landlord. Only 19 of these enquiries were in the proposed Selective Licensing Area. On the surface this appears low. Yet we experienced over the past couple of years that a quarter of tenants were no longer living at the property following our intervention. This suggests that notices requiring possession may not be being served within the area and that tenants are being illegally evicted or forced to leave.

Notice Requiring Possession

5.40. 68% of enquires received by our Tenancy Relations Officers in the Proposed Selective Licensing area related to Incorrect Notices served by a landlord.

5.41. This suggests to us that there are also poor management practices and a serious lack of understanding of the law by landlords and agents operating in the proposed area.

6. Our inspection programme conclusions

- a) The low level of referrals/complaints made to us, does not reflect the seriousness of what we found when we investigated the matters.
- b) In the majority of these cases the hazard identified related to fire safety due to the inherent design and layout of the properties.
- c) There were high levels of properties that did not have separate means of entry / escape and often access to the residential accommodation is through the commercial space downstairs. This is a major concern as many of the commercial spaces are restaurants or takeaways and should a fire breakout downstairs the tenants do not have an alternative exit route.
- d) Throughout the consultation period we visited a total of 13 properties volunteered to us by landlords/agents, although this showed these properties to be well managed, and in good repair, hazards were still identified.
- e) Officers carrying out the inspections have noted that there appeared to be significant lack of awareness of the minimum standards that are expected in private rented accommodation amongst large number of landlords. There also appeared to be a lack of engagement from landlords.
- f) Ownership and management issues were frequent. There were often many different lease arrangements that make ascertaining ownership and therefore responsibility very difficult and time consuming.
- g) Many tenants appeared to be unaware who their landlord was, or were reluctant/resistant to interact with them.
- h) The highest level of hazards and resistant landlords was in the area which is now the revised designated area. This confirms our original concerns when starting our pro-active programme of inspections.
- i) The properties that have been removed from the designation area had lower instances of hazards, the landlords were co-operative with officers on a voluntary basis, the general appearance of the properties was much better, and on inspection the outward appearance of the properties did not give rise to concern in the way that those in the revised area did.
- j) The inspections have clearly revealed that there are serious and extensive problems with the properties in the proposed revised designation area, and that a Selective Licensing programme would provide us with access to every property to determine and enforce property hazards and management.

7. Photographic Evidence/Examples

- 7.1. The types of hazards identified in the proposed designation area are serious and extensive. When a property has defective electrics, no fire alarms and no safe way of escaping the property we need to act as should a fire breakout it could result in the loss of life.
- 7.2. House fires caused 213 deaths in England in 2016/17 and we take fire safety extremely seriously. The recent tragic loss of life in the Grenfell Tower Block has highlighted the need to make sure the residents of Sheffield are protected from the effects of fire.
- 7.3. These photos are from a range of properties in the area. They were occupied at the time of inspection, and date throughout the period of initial concern (complaints made) through to the current time. They are just a small sample of the records we hold. It does not require a technical expert to see that these are not situations where simple minor repairs are needed. This happens when landlords neglect their properties for years. There is bad workmanship, a lack of general maintenance and a complete disregard for the health and the safety of their tenants.





















7.4. The photos indicate the reasons why we were so concerned. After seeing such a high concentration of issues in the same area, for such a long period of time with landlords that were reluctant to co-operate with us, it became clear that a formal programme of licensing and enforcement was necessary.

7.5. Here are examples of where we have intervened resulting in improvements. Where intervention has taken place and completed, properties are brought up to a safe standard.

7.6. Fire Safety

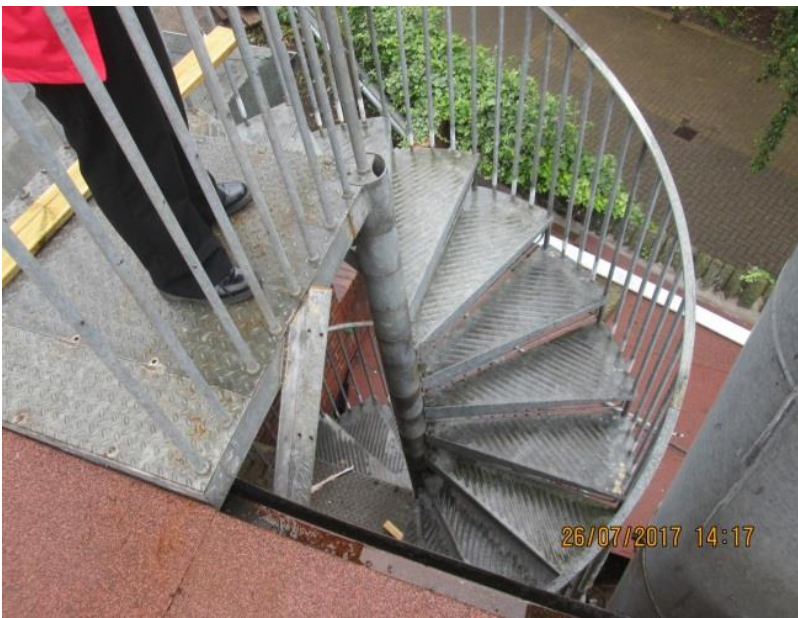
Inspections identified deficiencies regarding inadequate means of escape, dangerous electrics, lack of suitable fire and smoke detection, lack of suitable fire separation, inadequate number of socket outlets resulting in overloading, present serious risk to all occupiers should a fire occur.



Before

An example of a fire safety hazard is poor means of escape. This photo shows the escape route from a flat above a café exiting in the commercial dining area.

The occupants in the flat would be trapped in the event of a fire in the café.

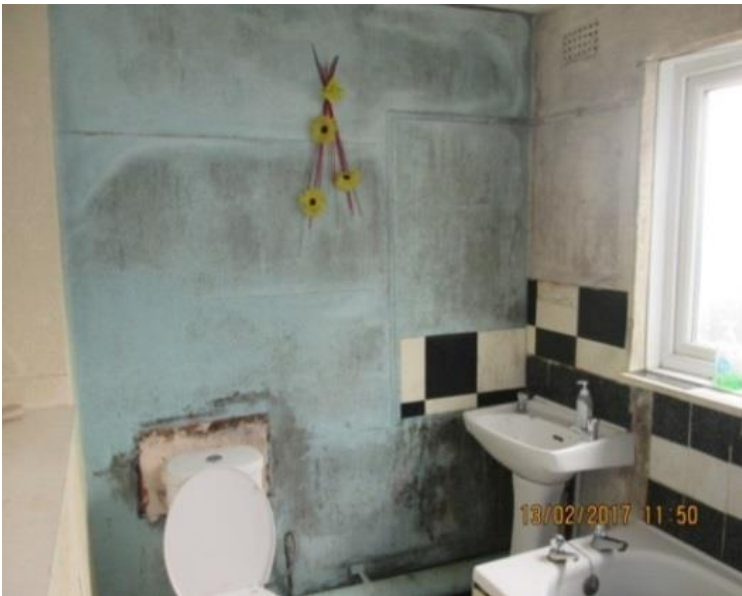


After

Following our intervention, a new external staircase was installed to provide a direct means of escape from the flat.

7.6 Damp and Mould

Such issues as defective guttering/ fall pipes, damaged and leaking internal pipes, leaking roofs, rotten windows, insufficient or no heating, poor ventilation and lack of insulation were identified.



Before

Where properties do not have proper heating systems, adequate ventilation or leaks, they can suffer damp and mould as can be seen in this photograph. Health problems are associated with damp and mould especially for vulnerable, young or elderly people or those with bronchial/ breathing problems.



After

Following our intervention, the mould has been treated and the bathroom has been re-tiled with a new floor.

Leaking Roof



Before

A leaking roof in a poor state of repair was causing water damage, damp and mould.



After

The property has now been re-roofed to current standards which stops the leaks, allows the water damage to dry and out and prevents further damp and mould growth.

Leaking Gutters



Before

Leaking gutters, old and rotten windows and doors.



After

The gutters, windows and doors have been replaced.

Falls

Deficiencies such as missing balustrades, spindles, uneven staircases, lack of handrails, poor lighting on stairwells, uneven floors and paths, broken and damaged floor boards, were identified. Falls can result in extremely serious and long term health issues or fatalities.

Balustrades



Before

This photograph is a common occurrence – where fire escape staircases have guarding missing or defective, making it easy to fall through. Falls are another major cause of death and serious injury.



After

A new fire escape staircase fitted with guarding.

Stair Collapse



Before

An external staircase showing rotten stair treads with partial collapse.



After

Wooden staircase replaced with a metal staircase and full guarding to prevent fall through.

Electrical

Hazards were identified such as broken plug sockets, inadequate protective sheathing, old and exposed wiring.



Before

This was an old style consumer unit which did not give protection from electrocution.



After

Property re-wired with new consumer unit which meets current regulations.

Appendix 3 - Monitoring and Performance

Monitoring the operational delivery of the scheme will be an ongoing process. The Private Housing Standards (PHS) Management Team will oversee licensing activity.

Statistics will be collated on a quarterly basis. Performance measures will be reported to and reviewed by the Private Housing Standards Performance Management Team on a quarterly basis, then to other Leadership and Executive teams as appropriate.

The objectives stated in section 8 of the report will be monitored through the following performance indicators. Indicators may be amended throughout the period to better capture the circumstances of the area.

	Objective		Performance Indicator
1.	All properties in designated area have complied with the requirement to apply	1.1	% of eligible properties with valid applications
		1.2	% of properties with applications as a result of investigations (First submission incomplete, or where we have found unlicensed properties)
2.	Private rented tenants are safer in their homes	2.1	% of properties with gas safety certificates
		2.2	Number of properties where a serious hazard is removed/reduced
		2.3	Number of properties where fire risk is removed/reduced
		2.4	% of licence compliant properties
3.	Private rented properties become better managed	3.1	% of properties with a valid tenancy agreement
		3.2	% of properties with landlord address/contact number provided
		3.3	Number of households with contact number for repairs/emergency repairs
4.	All landlords and agents operating in the area are Fit and Proper	4.1	Number of landlords/agents checks carried out
		4.2	Number of follow up checks/investigations carried out
		4.3	Number of Fit and Proper refusals
		4.4	Number of properties where management handed over to responsible/reputable agent
5.	Bad landlords have been penalised for failure to apply or breaches of their legal responsibilities.	5.1	Number of inspections carried out (%)
		5.2	Number of legal Notices served

		5.3	Number of Civil Penalties issued
		5.4	Number of prosecution cases
		5.5	Number of breaches addressed
6.	Properties are no longer used for illegal/immoral activities	6.1	No. of properties where illegal activities reported/addressed via multiagency operations
7	Tenants are protected from poor housing or other harassment activity	7.1	Number of harassment cases investigated
		7.2	Number of cases referred to safeguarding
8.	Landlords are supported to operate in a professional business - like way	8.1	% of landlords provided with landlord information packs
		8.2	% of landlords attended training course
		8.3	Number of cases referred to HMRC
9.	We have contributed to housing growth and investment	9.1	Number (%) of residential properties empty
		9.2	Number of properties brought back into use?
		9.3	Approximate investment amounts into properties

Appendix 4 - What is Selective Licensing?

1. Selective licensing is a regulatory tool introduced by the Housing Act 2004 under Part 3, Section 80. It enables Councils to introduce licensing for landlords to help improve private rented properties which are poorly managed and in areas suffering from one or more of the following issues: poor housing condition, low housing demand, high levels of migration, high levels of deprivation, high levels of crime, and/or significant and persistent antisocial behaviour. As detailed in the report, the ground the Council relies on for this particular proposal is “poor housing conditions”.
2. The aim of selective licensing is to improve standards of property management in the private rented sector ensuring licensed properties are safe, meet basic safety standards and are managed in a satisfactory way to improve conditions for those who occupy them and residents in the local community.
3. If introduced, it imposes a legal requirement on all private landlords to apply to the Council for a licence for each property they rent out in the designated area.
4. Houses or flats that are already subject to mandatory licensing because they are a House in Multiple Occupation (HMO) do not need to apply again. Only one licence is required. There are also other Selective Licensing exemptions, which to qualify will be subject to stringent checks.
5. As part of the licence application, owners must provide details of ownership, details about the property, how it is occupied, provide certificates for gas safety etc. as well as stating who else has legal interests in the property.
6. Councils must not issue a licence unless it is satisfied that the holder is Fit and Proper. The licence also raises the standards of management by requiring the licence holder to comply with specific licence conditions. Failure to do so, can lead to enforcement action. It also drives out bad landlords by preventing them from operating in the area.

Fit and Proper Person

7. In order to be granted a licence, landlords will need to pass a ‘fit and proper’ test and provide information about their management arrangements. This is to ensure that they are the most appropriate person to hold the licence and can demonstrate they have satisfactory management arrangements in place to manage property disrepair and tenancies.
8. In determining whether the proposed licence holder is a ‘fit and proper’ person, the landlord will be required to provide identification and a declaration confirming their status with regard to criminal offences.
9. The Council will have regard to this information and any other evidence relating to previous convictions held by the person applying for the licence which impacts on their suitability to manage properties. These include any contraventions for failure to comply with housing and landlord and tenant responsibilities as well as convictions relating to fraud, drugs, sexual misconduct, discrimination and violence.

10. In Sheffield, we carry out thorough 'fit and proper' assessments of all landlords seeking property licences and Disclosure and Barring Service (DBS) checks will be requested where further evidence is required to verify information.
11. Assessments have proved highly successful in our delivery of HMO licensing and our current Selective Licensing scheme in Page Hall and have resulted in a number of landlords and agents being refused fit and proper status.

Satisfactory Management Arrangements

12. This is a further check which is attached to the Fit and Proper assessment. We consider issues including, but not limited to; how far away the licence holder/manager lives away from the property as this affects how they manage it. Also financial arrangements as being a landlord has financial responsibilities attached to it to make sure that repairs and maintenance are carried out properly.

Licence Conditions

13. When the Council issues a licence, it is able to apply a series of standards and conditions to the licence to tackle specific problems relating to the management of the property.
14. Conditions are a mixture of mandatory and local conditions which include a range of requirements aimed at ensuring properties are safe and managed in a satisfactory way.
15. Our local conditions have been proposed to tackle specific issues identified in the area and are considered appropriate to regulate the management, use and occupation of the privately rented properties in this area. The Council believes the conditions of licences are not onerous and good landlords are unlikely to need to change their practices. The proposed licence conditions are attached in **Appendix 5**.

Enforcement of Licensing

16. A designation may be in force for up to 5 years, which means the licence is valid for up to 5 years. We expect the scheme to last for the full term due to the problems identified and we are committed to carrying out a full and comprehensive inspection programme to ensure compliance.
17. As part of the programme, the team would target unlicensed properties and properties where landlords fail to address high risk hazards and maintain their conditions of licence. In these circumstances a zero tolerance approach will be taken in accordance with our Intervention and Enforcement Policy and landlords are likely to risk prosecution, financial penalties and loss of their licence.
18. Letting a property without a licence and failure to comply with any licence condition are criminal offences which on conviction in court can lead to unlimited fines.
19. In addition to the above fines Councils and tenants are able to claim back up to 12 months of benefits or rent paid during the period a property has not been licensed.

The Council will support the tenant application of rent repayment orders where it is satisfied that an offence has been committed. The council will also seek to recover housing benefits paid in respect of any unlicensed property.

20. Landlords who fail to obtain a licence or comply with the licensing conditions risk having control of their property taken away. In such circumstances, the Council will consider whether it is appropriate to revoke the licence which may result in the Council serving a Management Order taking over the management of the property.
21. Nationally, Councils are now allowed to issue civil penalties directly to landlords as an alternative to prosecution for certain Housing Act offences. Civil penalties up to a maximum of £30,000 will be served where the Council considers a significant penalty is the most appropriate method to deter the actions of landlords who deliberately flout the law.

Appendix 5 – The Proposed Licence Conditions

General responsibilities

We remind all landlords that they must meet the legal minimum standards for repairs and maintenance. We will be regulating that as part of our legal duty under Part 1 of the Housing Act 2004.

Selective licence Conditions

The Licence Holder and the manager, as well as any other person who has agreed to be bound by the licence is required to comply with these licence conditions.

When we issue the licence, it will be based on the arrangements at that time. It is the responsibility of the Licence Holder to notify us within one calendar month of any changes. These include, but are not limited to; changes to the ownership or management of the property, changes of address and changes of management arrangements.

The property licence and conditions do not grant approval or permissions for Building Control, Planning Consent or the Regulatory Reform (Fire Safety) Order 2005.

Property Conditions

Gas

If gas is supplied to the property, the Licence Holder must send the Council a valid gas certificate for that property, for every 12 month period. It is the responsibility of the Licence Holder to submit this to the Council.

Electrical Appliances & Furniture

If the Licence Holder supplies any electrical appliances and/or furniture – you must keep them in a safe condition and must supply us, on demand, a declaration as to the safety of such appliances and furniture.

Smoke Alarms

Licence Holders must ensure that a smoke alarm is installed on each storey of the house where there is a room used wholly or partly as living accommodation. You must keep every alarm in proper working order. You must supply us with a declaration as to the condition and positioning of such alarms within a specified period of time.

Carbon Monoxide Alarms

Licence Holders must make sure that a carbon monoxide (CO) alarm is installed in any room in the property which is used wholly or partly as living accommodation if it contains a solid fuel burning combustion appliance. You must keep any such alarm in proper working order. You must supply us with a declaration as to the condition and positioning of such alarms within a specified period of time.

Fire Safety and escape

Licence Holders must make sure that all means of escape from fire, including escape windows, are kept free from obstruction and maintained in good order and repair.

Rubbish / Dustbins

Licence Holders must make sure there is suitable and adequate provision for the storage and collection of refuse. You must also take all reasonable steps to ensure that the Council's arrangements for refuse collection, including recycling, are adhered to. This includes the provision of closable bins and recycling boxes of suitable capacity and type as specified by the Council's refuse collection scheme.

External Areas

All outbuildings, yards, forecourts and gardens surrounding the house must be maintained, in good repair and kept in a clean, tidy and safe condition.

Licence holder/Manager Details (Houses in Multiple Occupation only)

To ensure the licence holders and any manager's names, addresses and telephone numbers are displayed in the common parts of the house.

Management Conditions

Terms of occupation

The Licence Holder must supply the occupiers of the house with a written statement of the terms on which they occupy the house which can include a copy of the current occupancy agreement (this is usually in the form of a tenancy agreement).

This statement must include:

- the date on which the tenancy began
- the rent payable under the tenancy and the dates on which that rent is payable,
- in the case of a fixed term tenancy, the length of the fixed term,
- the name and address of the landlord and name and address of any agent authorised by the landlord to carry out management duties, including anyone authorised to collect rent
- the address of the premises subject to the tenancy including, where only part of a property is being rented to a tenant, e.g. a room in a shared house, a description of the part of the property being let e.g. '1st floor back bedroom' or 'Room 1,'
- the arrangements for using any shared areas i.e. what parts of the premises the tenant is going to have shared use of and how many other tenants they will be sharing with

Where a copy of the tenancy agreement has been provided to the occupier but one or more of the above terms are not included, an additional statement must be provided stating the omitted terms.

Where we refer to 'tenancy' in the licence condition(s) relating to the requirement to produce a statement of terms, this includes any occupancy arrangement whether it is a tenancy or a licence to occupy.

You must keep copies of all documents (tenancy agreement copies or statements) given to tenants to satisfy the terms of occupation condition, for a period of 3 years, and produce them to the Council on demand.

A statement provided for the purposes of this licence condition shall not be regarded as conclusive evidence of what was agreed by the parties to the tenancy.

Tenant references

- The Licence Holder must require a written reference from prospective tenants. The reference should address the tenant's past record of keeping to tenancy conditions, or provide other evidence as to the likelihood of the occupier keeping to tenancy conditions. The reference should also provide the referee's name and address and telephone number or email address where available.
- You must keep copies of all tenant references that you obtain for a period of 3 years, and produce them to the Council when required.
- Written reference includes by email and text or other social media in so far as a copy can be provided to the Council as required above.
- Where we refer to 'tenant' in the licence condition(s) relating to references, this includes an occupant occupying under a licence agreement.

Reporting repairs

- You must provide the occupiers with a contact address at which repairs can be reported in writing and an email address or telephone number in the case of emergencies.
- You must have in place suitable emergency and other management arrangements in the event of your absence.
- These contact details must be provided to tenants at the start of each new tenancy and, for existing tenants, within one month of the commencement of selective licensing.
- You must provide the Council with a copy of the above information that you provided the tenant or licensee within a specified time period.

Access for repairs

- To get access to the property to carry out repairs, then, except in an emergency, you must make all reasonable efforts to agree a mutually acceptable time with the tenants and confirm this arrangement in writing with them (text or email is acceptable providing this can be proven to the Council).
- You must make sure that any planned programmes of repair, servicing and those improvements that a landlord is entitled to do, are carried out with regard to the convenience of the occupants.
- Where you want to carry out improvements or renovations which you are not obliged to do by law, or which are not required by the City Council, you must get the tenant's permission.

- You must advise your tenants as far as possible as to how long repairs are expected to take and any disruption or inconvenience that may be caused.
- You must take reasonable steps to carry out repairs in a way which minimises discomfort and disruption to tenants and is considerate to the tenant's circumstances. You must make sure that all contractors and tradespersons carry relevant identification which should be shown to tenants on demand and can be checked. Alternatively, the tenants should be notified who will be coming, when they will be coming and why.

Management of anti-social behaviour

You must make sure that you manage the tenancy effectively, by taking reasonable steps to reduce anti-social behaviour arising from the property by the people occupying or visiting the property. You must also make and keep records of the action you take relating to anti-social behaviour, including copies of all correspondence, whether in letter form or electronic (e.g. text messages, e-mails, messages sent through social media). All records should be retained for a period of 3 years and you should supply copies to the Council upon request.

Training Requirement Conditions

All licence holders and managers named on this licence must attend suitable training on the law and legal requirements relating to managing property within **one year** of the issue date of the licence.

In particular this training must cover repairing duties, organising access for repairs/improvements and assessing hazards within properties.

This requirement can be satisfied in one of the following ways:

- by attending the Council approved, one-day training course arranged and delivered by our training partner.
- by completion of other suitable training on the law and legal requirements relating to managing property subject to approval by the Council in advance, and submission of a pass certificate or similar document to the Council for confirmation.

Occupancy Level Conditions

The Selective Licensing Standards published on the council's website at www.sheffield.gov.uk/selectivelicensing⁹ sets out the Overcrowding and Space Standards for the selective licensing area. It includes criteria for single family dwellings and non-licensable houses of multiple occupation.

Licence Holders/Managers must not permit anyone to occupy the property if it is going to make it overcrowded. If landlords suspect that a house has become overcrowded, they must take all reasonable steps to deal with the issue and advise the Council of the actions taken.

⁹ Once the standards are finalised this webpage will become live

Appendix 6 – Financial Implications

1. Introduction

- 1.1. Councils introducing a Selective Licensing scheme are permitted by the legislation to recoup the costs of running the scheme through the charging of licence fees. This means it is not a burden on the public purse.
- 1.2. Councils must not make a profit from the fees.
- 1.3. All of the fee income must be used to fund the administration and enforcement of the licensing scheme.
- 1.4. Since 2006, we have been running the mandatory licensing of 1,800 HMOs in the city, and since 2014, we have run a scheme of Selective Licensing in Page Hall. This provides us with the knowledge and experience of the costs of running such schemes.
- 1.5. It is important to point out that these cost calculations are based on various assumptions as the private sector housing market changes on a daily basis. Scheme numbers and costs will vary across the 5 year period as properties are bought, sold, become empty or become let. We can therefore never be wholly accurate about the numbers of properties that will need to be licensed. We also do not know how many people will apply on time, how many will fail to apply and require chasing for their applications.
- 1.6. These financial implications are therefore based on various modelling assumptions which will be clearly stated.

2. Scheme size

- 2.1. The proposed designation contains approximately 650 privately rented properties and the running costs are based on managing the scheme for the maximum five year period.
- 2.2. We have made a modelling assumption that 20% of these will be exempt from needing a licence; for instance they could be empty or used for storage. Landlords/owners must provide legal evidence before being granted an exemption.
- 2.3. A property would also be exempt if it already has, or needs a licence because it is a House in Multiple Occupation (HMO) of 5 bedrooms or more. This is because the landlord has to apply for a HMO licence.

2.4. It is also important to remember that properties will turnover within the 5 year licensing period too. Licences cannot be transferred from one owner to another. So we will receive more than one licence application for some properties over the full period, or some that were initially exempt may become liable. We can therefore model for some 'double-counting'.

3. Running costs

3.1. Whilst this is based on our current experience, it is of course a forecast.

However, it is intended to balance out across the 5 year period. Should we receive a higher number of applications/fees, it will require more work/staffing and vice versa, hence it would be managed to balance.

3.2. Scheme costs will be managed on a monthly basis along with our other budgets.

3.3. The running costs include, but are not limited to;

- Land Registry checks/charges
- Cross checking names/other records, certificates
- Carrying out the Fit and Proper assessment of applicants, plus follow up investigations
- Inputting data onto the system
- Preparing files for assessment/Inspection
- Preparing draft and actual licences
- Preparing schedules of works/conditions
- Inspections
- Post inspection write ups/licence compliance reports
- Follow up visits/contact/letters/Notices
- Enforcement of fees/payments and issue of financial penalties
- Monitoring and Reporting
- Press and media relations
- Management and office/IT overheads
- Materials, equipment, training

Table 1. Forecast Running costs¹⁰

Modelling of fee income					
Implementation Year 1					
Budget Descriptions	ITEM	Cost pa			
	Licensing Officers	49,324	x 2		
	Environmental Housing Inspectors	117,159	x 3		
	Financial Enforcement Officer	18,945	x 0.5		
	Overheads/Management/Office	46,357	at 25%		
02 EMPLOYEES		231,785			
	Misc Translation	5,000			
	Materials/postage	7,500			
05 SUPPLIES & SERVICES		12,500			
06 THIRD PARTY PAYMENTS	Misc	10,000			
TOTAL		254,285			
Implementation Year 2					
Budget Descriptions	ITEM	Cost pa			
	Licensing Officer	50,310	x 2		
	Environmental Housing Inspectors	119,502	x 3		
	Financial Enforcement Officer	19,324	x 0.5		
	Overheads/Management/Office	47,284	at 25%		
02 EMPLOYEES		236,420			
	Translation	3,000			
	Materials/postage	3,000			
05 SUPPLIES & SERVICES		6,000			
06 THIRD PARTY PAYMENTS	Misc	10,000			
TOTAL		252,420			
Implementation Years 3, 4 + 5					
Budget Descriptions	ITEM	Year 3	Year 4	Year 5	
	Licensing Officer	25,658	13,086	13,348	
	Environmental Housing Inspectors	50,789	51,804	42,272	
	Financial Enforcement Officer	15,768	16,084	8,203	
	Overheads/Management/Office	23,054	20,243	15,956	
02 EMPLOYEES		115,268	101,217	79,778	
	Misc translation	1,000	1,000	750	
	Materials/postage	1,000	1,000	750	
05 SUPPLIES & SERVICES		2,000	2,000	1,500	
06 THIRD PARTY PAYMENTS	Misc	1,500	500	500	
TOTAL		118,768	103,717	81,778	
	Total Cost Year 1			254,285	
	Total Cost year 2			252,420	
	Total Cost Year 3			118,768	
	Total Cost Year 4			103,717	
	total Cost Year 5			81,778	
	Total 5 Year cost			810,968	

¹⁰ Some figures are rounded up/down to the nearest £1

3.4. The forecast running costs for the scheme over a 5 year period are predicted to be **£810,968**

3.5. We must therefore divide this up between the expected number of applications to achieve the various fee amounts.

4. What the licence fee covers

4.1. During the consultation process, landlords made significant comments about the levels of licence fees. Understandably, landlords were unaware of the levels of administration, checks and monitoring levels that are required to run the scheme effectively.

4.2. It is important to reiterate that we must be able to recoup the cost of running the scheme through fees so that it is not a burden on the public purse. The income from fees is ring-fenced, so cannot be used to fund other council services.

4.3. We agree with landlords that those who do not comply should be required to pay significantly more than those who do a good job.

4.4. We also agree that those landlords who already have good quality safe properties should pay a lower fee because their properties do not need as much time spending on them as the poor quality ones.

4.5. The licence fees cover the full 5 year period of the scheme.

4.6. Licensing schemes are only effective if all aspects are regulated properly. For example, our experience shows that some documentation is withheld in applications, or it is out of date or assigned to the wrong property.

4.7. In addition, we have found some owners and landlords that do not cross reference with other documents. When entering properties, we have found different information than that submitted in applications. These are the types of issues that concern us about irresponsible landlord practices. We will properly resource these schemes to reveal these issues as they are symptoms of bad management or more serious situations such as fraud or criminal behaviour. This area of work is resource intensive, but necessary so that it is not an administrative only exercise.

4.8. We are proud of our robust Fit and Proper process, and have refused a number of landlords and agents in other licensing areas because they have criminal convictions or have poor management arrangements. This is an essential element for us to achieve our aims of improving property conditions and management practices.

- 4.9. The amount of time spent chasing those landlords who have failed to apply, or are deliberately avoiding providing us with information far outweighs the time spent on co-operative landlords.
- 4.10. Likewise, landlords that are clearly providing good properties with good management will not require as much time processing and monitoring their licence.
- 4.11. An essential aspect of running a Selective Licensing scheme is to get inside every property at least twice. If we are serious about improving property conditions and management – especially in an area where we have witnessed severe hazards, the inspection programme is as important as the administrative aspect.
- 4.12. If the running costs were to be equally split across the assumed licensable properties, the cost of each licence would be around **£1,600** for the five year period. We do not think it is fair to provide a flat fee this high when some landlords are complying as much as they can.
- 4.13. It would also be impossible to provide such a wide range of fees to deal with every situation. But we do believe it is fair to charge proportionately so that those landlords who are late or deliberately avoidant pay more.

5. Fees to be charged

- 5.1. We are proposing to change the way we will charge and collect licence fee payments from a single full payment, to a 2 stage payment. This means landlords do not have to pay the full fee at once. As a reminder, once the fee is paid – this lasts for the whole of the 5 year programme.
- 5.2. The first payment will be called the **Processing fee**. The majority of the cost of licensing is incurred at the front end. Processing the applications, checking the documentation and carrying out the Fit and Proper checks and risk assessments for everyone will form the major part of the licence fee. This will be **£500** for each property.
- 5.3. We cannot apply discounts for multiple properties as the amount of work processing each application will be the same.
- 5.4. The second payment will be called the **Inspection and Monitoring Fee**. The amount of the second payment will depend on the information received in the application. The properties who are clearly compliant and co-operative, will have to pay a lower Inspection and Monitoring Fee because they will require less staff time to process, inspect and monitor and therefore the fee should be lower. These will be assessed as Low risk.

5.5. Those landlords who apply, but do not provide everything required, or need to be chased, or we have historic or ongoing cases with will be required to pay a higher Inspection and Monitoring fee. These will be assessed as High Risk.

5.6. Those that fail to apply at all or deliberately provide incorrect or misleading information will pay the highest fee. These are likely to be complex cases and the highest fee will be payable classed as Failure to Licence.

5.7. We believe this reflects the varying co-operation and activity of the landlords in the area. It makes sure the non-compliant and uncooperative landlords bear the greatest costs.

5.8. **First Payment** – The Processing Fee

This payment must be made online with the application and all the documentation required.

Application Fee	How we process it
£500.00	Checking all the information, land registry checks, cross checking with IT systems, processing payments, Fit and Proper, certificates, risk assessment for inspection programme, entrance onto training programme, provision of landlord pack

5.9. **Second Payment** – The Inspection and Monitoring Fee

Applications will be assessed in terms of risk.

Factors considered include	Level assessed as	Next payment
Accuracy of information supplied, cross checks with IT systems/council tax, property layout, previous inspections/compliance, Fit and Proper checks	Low Risk – Valid Application	Landlord advised that assessed as low risk; Next payment will be £250 . The correspondence will advise when the next payment is due.
	High Risk – Invalid Application	Landlord advised that assessed as High Risk with reasons why (eg. Missing Information, details incorrect) Next payment due will

		be £500 . The correspondence will advise when the next payment is due.
	Failure to Licence	Landlords advised that highest charge is payable due to failure to apply for licence or providing deliberately false or misleading information) Next/Full payment of £1000/£1500¹¹ due within 28 days of date of letter

5.10. Landlords that fail to apply or do not comply with all information requirements will be liable for a full fee of £1,500. They will also be subject to prosecution action or the issue of a financial penalty.

5.11. Using this model and the assumptions on number of applications, fee income would generate a forecast amount of **£652,300k** over the five year period as shown in Table 2 below

¹¹ Full payment required where there has been no application/fee

Table 2 – Modelling of Fee income

Modelling of fee income					
Assumptions		Designation size (PR)			650
		Exemptions at 20% (empty/storage/HMOs etc)			130
		Assumed licence applications on go live date			520
		Out of the 520 expected applications;			
		80% would make the processing fee on time			416
		20% would not apply/need full chase			104
		Out of the 416 on time applications;			
		50% of them would be higher risk			208
		50% of them would be lower risk			208
		Years 1 - 3 Relicensing/New licences			
		Expected re-licensing rate of 5%			33
		Expected re-licensing rate - higher risk			17
		Expected re-licensing rate - lower risk			16
		Years 4-5 Relicensing/New Licences			65
		Expected re-licensing rate - higher risk			32
		Expected re-licensing rate - lower risk			33
		Further chases for licensing/relicensing			33
				Charge £	No.
					Income
YEARS 1 - 3					
Applications until 31 Oct 2021	1st payment	Processing Fee	500	416	-208,000
	2nd payment required	Inspection & Compliance Fee - Higher Risk	500	208	-104,000
		Inspection & Compliance Fee - Lower Risk	250	208	-52,000
	Non compliance	Total fee required where no payment/full chase	1,500	104	-156,000
	Re-licensing 1st payment	Processing Fee	500	33	-16,500
	Re-licensing 2nd payment	Inspection & Compliance Fee - Higher Risk	500	17	-8,500
		Inspection & Compliance Fee - Lower Risk	250	16	-4,000
	YEARS 4 - 5				
Relicensing/New licence 1 Nov 2021 - 31 Oct 2023	1st Payment	Processing Fee	500	65	-32,500
	2nd Payment	Inspection & Compliance Fee (where already licensed)	150	32	-4,800
		Inspection & Compliance Fee (no previous licence)	500	33	-16,500
Throughout 5 year period		Further applications through investigation/enforcement	1,500	33	-49,500
					-652,300

6. Other income

6.1. As well as the licence fee income above (**£652,300k**), we have included £150k of income from non-compliance penalties over the 5 year period.

6.2. Civil Penalties were introduced in the Housing and Planning Act 2016, and incorporated into the Housing Act 2004. Previously, Councils prosecuting landlords for these offences had to pursue action through the Courts. Any fines issued, were paid to the Courts whilst Councils could only claim for their costs.

6.3. This new legislation provides for Councils to impose financial penalties on landlords for non-compliance rather than going through the Courts to prosecute. This is a much less resource intensive process and also has the benefit of the Council keeping the financial penalty income – rather than the Courts.

6.4. The non-compliance income below is based on our previous experience of landlords failing to apply, breaching licence conditions and other legal obligations. This will be monitored on a quarterly basis alongside our other budgets.

Table 3 – Income and Expenditure for the 5 year scheme

	Yr 1	Yr2	Yr 3	Yr 4	Yr 5	5 yr total
Expenditure					0	
Staffing	231,785	236,420	115,268	101,217	79,778	764,468
Supplies and Services	12,500	6,000	2,000	2,000	1,500	24,000
Third Party	10,000	10,000	1,500	500	500	22,500
Expenditure Total	254,285	252,420	118,768	103,717	81,778	810,968
Income						-652,300
Licence Fee income	-130,460	-130,460	-130,460	-130,460	-130,460	-652,300
Non-compliance penalty income	-30,000	-30,000	-30,000	-30,000	-30,000	-150,000
Income Total	-160,460	-160,460	-160,460	-160,460	-160,460	-802,300
						8,668
Total 5 year licensing costs				810,968		
Total 5 year income				-802,300		

6.5. We think it is appropriate to allocate assumed fees generated from non-compliance to the costs of running the scheme to provide a generally balanced account over the 5 year period.

6.6. This also makes sure that landlords who are non-compliant and breach their legal obligations are contributing much more to the running of the scheme than the landlords that have complied.

6.7. This model provides income to cover the expenditure without making a profit or putting any pressure on other Council budgets.

7. Cost to landlords

- 7.1. There are financial implications for landlords, and we are committed to supporting landlords in preparing for the proposed introduction of the licensing scheme.
- 7.2. During the consultation process from November 2017 onwards, we prepared landlords for the possibility of having to pay a fee should the Selective Licensing proposal be approved. The commencement of licensing would be around November 2018, and we view that a year is sufficient time for landlords to arrange the relevant finances.
- 7.3. A fundamental aspect of being a responsible landlord, is that they have robust financial management. Keeping a property in good repair requires funding to be available at all times. Landlords that claim they do not have any available finances are exposing themselves as potentially negligent of their day to day landlord responsibilities.
- 7.4. Many landlords raised in the consultation that not only would they have to pay for a licence fee – but that they would have to pay for repairs too. This suggests that landlords know their properties are not up to the legal standard and is further evidence that the scheme is necessary.
- 7.5. Landlords must pay the licence fee for every residential property they rent out in the designated area. Commercial properties are not required to hold a licence in this scheme.
- 7.6. We will manage financial risks on a monthly basis as part of our other financial responsibilities.
- 7.7. As with all long term programmes, the income and expenditure is not equally distributed but will balance over the 5 year period.

Appendix 7 – Consultation Report¹²

LAC Selective Licensing Consultation Report – Executive Summary

1. Introduction

1.1. A full consultation report has been produced by the Private Housing Standards team which includes all of the feedback gathered during the consultation programme. The full report can be read on the Council's webpage using this link;

www.sheffield.gov.uk/selectivelicensing

1.2. The full report, including appendices is comprehensive. This executive summary has been produced to pick out the key information for the Cabinet Report. The full consultation report will be published on the Council's website and will also be issued to those who took part that requested a copy.

2. When did we consult?

2.1. Consultation began on Monday 27 November 2017 and ran until Friday 23 February 2018.

3. Who did we consult with?

3.1. These are the main groups that were consulted with:

- landlords within the proposed designation area
- tenants and residents within the proposed designation area
- businesses within the proposed designation area
- residents and businesses in the wider area surrounding the proposed designation area
- letting agents
- local community groups

4. How did we consult?

4.1. We used a number of different communication methods which included;

- paper questionnaires – hand delivered to all addresses and businesses within the proposed designation area
- online questionnaires on our Citizen Space website
- public drop-in sessions
- public presentations / question and answer sessions
- a dedicated email address for individual questions / enquiries
- meetings with community groups
- articles in the press which encouraged people to contact us about their opinions

¹² This is an excerpt from the full consultation report which includes all data on survey responses. This will be included and published with the Cabinet Report

- social media posts
- views sought from interested bodies such as the Sheffield and District Landlord Association (SADLA), the Residential Landlords Association (RLA), the National Landlord Association (NLA) and Shelter

5. Numbers of Questionnaires Delivered and Response rates

5.1. A total of 7,347 information packs were issued to the relevant stakeholders. The overall response rate was 12%.

6. Overall Response Summary

6.1. All stakeholder groups were asked if they agreed with the purpose, benefits and proposed area for the scheme. The overall response to this question was strongly in favour;

- 64% agreed with the purpose
- 61% agreed with the benefit
- 52% agreed with the proposed area

6.2. The lower level of support for the area is noted and this has been reviewed with regard given to the evidence gathered by the team through the targeted inspection programme. This has resulted in a reduced designation area being proposed, showing that the Council has given consideration to the comments received.

7. Summary of Tenants and Residents Responses

7.1. The responses from just Tenant and Residents living in the proposed area were in favour of the scheme;

- 70% support the Purpose
- 67% support the Benefit
- 60% support the Area

7.2. We asked tenants if they thought landlords in the proposed area act responsibly in letting, managing and maintaining their properties;

- 39% of respondents think all or most landlords act responsibly in letting, managing and maintaining their properties
- 34% think only “some” or “very few or none” do.

7.3. We asked tenants about the proposed fee and if this resulted in an increase in rent would this affect whether they would support Selective Licensing.

- There was an overall majority in support of the scheme even if landlords pass on the fee in increased rents, with 48% in support and 38% against.

- Support for the proposals is higher amongst private tenants than amongst people in other tenures despite the possibility of rents increasing as a result; this suggests that a potential rise in rents does not have a significant impact on tenant support.

7.4. We asked if tenants and residents thought the proposed area suffered from any of the following problems;

- crime/anti-social behaviour
- use of drugs or drug related crime
- drunkenness or alcohol related problems
- noise nuisance
- neighbour nuisance
- parking problems
- Fly tipping and littering
- irresponsible storage and disposal of waste by businesses
- rubbish dumped by households
- business in poor condition
- residential properties in poor condition
- empty properties
- high turnover

7.5. **The top 3 reported problems were;**

1. Residential properties in poor condition
2. Rubbish dumped by households
3. Parking problems

7.6. We only asked **private rented tenants** the following question in order to find out what their concerns and issues were.

7.7. We asked if tenants suffered any of the following problems in their home;

- Accident due to condition of their home
- High levels of business waste in shared areas
- Not enough external bin storage
- Poor general state of repair
- Poor energy efficiency / excessive cold
- Inadequate heating system

7.8. **The top 3 reported issues were:**

1. Poor general state of repair
2. Inadequate heating systems
3. Poor energy efficiency

7.9. We asked private tenants if they had reported any of the above problems to their landlord and if they dealt with them effectively?

- 57.6% said they were satisfied with their landlord's response
- 30.3% were dissatisfied

7.10. We also asked tenants if they had been provided with:

- A copy of the tenancy agreement
 - A copy of a Gas Safety Certificate
 - A copy of an Energy Performance Certificate (EPC)
- All tenants that responded said they were provided with a copy of their tenancy agreement, although we cannot confirm the validity of these tenancy agreements.
 - Gas Safety Certificates – 100% of Chesterfield Road private tenants received a gas safety certificate, but only 61.5% for London Road and 78.9% for Abbeydale Road.
 - Energy Performance Certificates – scored the worst, with only 46.2% of London Road tenants answering that they had been provided with one, 63.2% for Abbeydale Road, and 85.7% for Chesterfield Road.

7.11. We had a relatively low response rate from private rented tenants, so it may be that the tenants of the better landlords are the ones of have responded to the questionnaire, and they have received the correct information. The situation with properties where we have taken enforcement action has been markedly different to this, and we would monitor this closely.

8. Landlord Questionnaire Results

8.1. We asked landlords if they agreed with the purpose, benefits and proposed area. Overall landlords disagreed with all 3;

- 71% of landlords and agents said they disagreed with the purpose of the proposed scheme
- 64% of landlords and agents said they disagreed with the benefits of the proposed scheme
- 66% of landlords and agents said they disagreed with the area of the proposed scheme

8.2. We asked landlords to what extent did they agree or disagree with the following statements:

- *Poorly managed tenancies contribute to the decline of an area* - 67% of landlords and agents agreed or strongly agreed
- *Landlords have a responsibility to have satisfactory management arrangement* - 87% of landlords and agents agreed or strongly agreed

8.3. This indicates that landlords understand the importance of good tenancy management, and the consequences of poorly managed tenancies for an area as a whole, and understand the landlord's responsibility to manage their tenancies well,

even if they do not agree with the Selective Licensing proposal, or indeed perform well in tenancy management.

- 8.4. We asked landlords what factors should the Council take into consideration when determining the fees;
- *Discount for early submission of full application* - 65% of landlords / agents favoured a discount for early application
 - *Higher fee for submissions after the scheme commencement date* - 65% of landlords / agents were against a higher fee for submissions after the scheme commencement date
 - *Higher fee for submissions that are incomplete or where landlords do not submit an application and we have to pursue them, potentially with enforcement action* - 64% of landlords / agents were against a higher fee for incomplete submissions
 - *Higher fee for submissions that are not made until we pursue the landlord / agent or enforcement action is taken* - 45% of landlords / agents were against higher fees for applications that followed enforcement action or had to be pursued by the Local Authority, with 39% in favour
 - However it is noted that this appears to conflict with the feedback we received from landlords at consultation events, where a number commented that 'bad' landlords should pay more than 'good' landlords.
- 8.5. We asked landlords if they took references from their tenants:
- 90% of landlords and agents answering this question said they did
- 8.6. We also asked landlords if they provided their tenants with:
- A copy of the tenancy agreement
 - A copy of a Gas Safety Certificate
 - A copy of an Energy Performance Certificate (EPC)
- 8.7. 100% of landlords and agents answering this question stated that they provided tenancy agreements. These results mirror those from the Tenant & Resident questionnaires, where all those who responded said they had been provided with a copy of their tenancy agreement.
- 8.8. 97% of Landlords said they provided their tenants with the Gas Safety Certificates. In contrast, results from the Tenants & Residents questionnaire indicated that only 61.5% of private renting tenants from London Road had been provided with a Gas Safety Certificate
- 8.9. 91% of all landlords said they provided EPCs to their tenants, whereas only 65% of tenants said they had received one.

8.10. Our experience of enforcement action in the area suggests that tenants aren't actually receiving the required documentation. The survey responses are interesting in that it appears to tell a different story.

8.11. We asked if landlords thought that the proposed Selective Licensing area suffered from the following problems;

- crime / anti-social behaviour
- use of drugs or drug related crime
- drunkenness or alcohol related problems
- noise nuisance
- neighbour nuisance
- parking problems
- fly tipping and littering
- irresponsible storage and disposal of waste by businesses
- rubbish dumped by households
- poor perception of private landlords
- business in poor condition
- residential properties in poor condition
- low rent levels
- empty properties
- high turnover
- low demand for housing

8.12. The top 3 reported problems were;

1. residential properties in poor condition
2. business properties in poor condition
3. parking problems

8.13. Two of these three problems were also in the 3 most reported by tenants and residents: *residential properties in poor condition* and *parking problems*.

9. Businesses

9.1. We asked local businesses if they agreed with the purpose, benefits and proposed area. Generally they disagreed with all 3 but it was not as conclusive as the landlord results;

- 48% of business owners disagreed with the purpose
- 43% disagreed with the benefits
- 48% of business owners disagreed with the area

9.2 This may suggest that the business owners may also be landlords, or that they are more aligned to the landlords' perspective.

10. Wider Area

- 10.1. Stakeholders in the wider area were asked if they agreed with the purpose, benefits and proposed area. The respondents were strongly in favour of all 3;
- 69% agreed with the purpose
 - 66% agreed with the benefit
 - 55% agreed with the proposed area.

11. Feedback submitted at Consultation Events

- 11.1. All feedback from the consultation events can be viewed as part **Appendix 1** of the full **Consultation Report**. Emails are also included in the same **Appendix**.

12. Formal submissions

- 12.1. We received 3 formal submissions to the consultation from:
- National Landlord Association (NLA)
 - Sheffield and District Landlord Association (SADLA)
 - Acorn (which describes itself as a tenants advocacy group)
- 12.2. The submissions from all 3 groups along with the response from the city council are attached as **Appendix 2** to the full **Consultation Report**.

13. Summary

- 13.1. The legislation requires the Council to give proper regard to the consultation responses. The feedback received throughout the consultation period was taken into account along with evidence gathered by the team. This has resulted in the following changes to the proposal;
- The fee will now be a 2 stage payment.
 - The final designation area has been reduced, this reduction of the proposed designation area means that the number of private rented properties is reduced from 1040 to 668. This ensures the designation is focussed on the poorest conditions and the highest proportion of private rented properties (75%).
 - We have reduced the number of conditions in the licence standards so that landlords do not have to commit financial investment over and above the required minimum legal standards. This will ensure that properties are compliant, safe and well managed without incurring disproportionate investment.
 - We have included a strict programme of monitoring of performance indicators so that we can clearly show the improvement in property conditions and management resulting from the scheme

13.2. To conclude, the consultation process was significant in terms of length of the process and the variety of methods used. The full report provides a wealth of detail, whilst this executive summary shows the headline issues as well as how we have amended the Selective Licensing proposal in regard to the responses.

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Author/Lead Officer of Report: Tammy Whitaker, Head of Regeneration & Property Services

Tel: 2053230

Report of: *Laraine Manley, Executive Director. PLACE*

Report to: *Cabinet*

Date of Decision: *20th June 2018*

Subject: *Corporate Asset Management Plan*

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? <i>Finance</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing Scrutiny and Policy Development Committee</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>(N/a)</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:

The City Council's land, property and assets have a significant role to play in shaping the future of the city and how the council uses them to continue to provide quality services to the city's residents and communities. The 'Sheffield Land and Property Plan' sets out at a high level, how the City Council will use and manage its assets to deliver its ambitions for Sheffield. Building on the achievements of the previous asset management plan 'Assets for our Communities,' the Plan provides a framework for decision making, to help maximise the benefits derived from our land, property and buildings in supporting service delivery, raising revenue through

income, delivering corporate priorities, raising capital to enable investment and pump priming development and regeneration opportunities through the redevelopment of significant sites.

Recommendations:

That Cabinet;
Approves the Sheffield Land and Property Plan attached to this report to establish the strategic framework which will guide decision making on the use and management of City Council Land and Property to achieve the Council's ambitions and priorities for the City.

Background Papers:

Sheffield Land and Property Plan

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>Paul Schofield</i>
		Legal: <i>David Hollis</i>
		Equalities: <i>Anmarie Johnston</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<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.	
	Lead Officer Name: <i>Tammy Whitaker</i>	Job Title: <i>Head of Regeneration & Property Services</i>
	Date: <i>May 2018</i>	

1. PROPOSAL

- 1.1 The City Council's land, property and assets have a significant role to play in shaping the future of the city. The Council's land and property provides accommodation from which it delivers essential services, provides spaces for businesses and local groups to develop and thrive, provides land for new, homes, businesses and vital infrastructure such as schools highways and utilities; and provides an income stream to invest in council services.
- 1.2 However holding a significant land and property estate comes at a cost. Aside from staff, property is the second most expensive resource and given unprecedented reductions in public sector funding, there is now, more than ever a need to ensure effective, efficient and joined up use of the council's assets. Every decision the Council makes about its Estate must be driven by the priorities the Council wishes to achieve for the City, balanced against the financial constraints within which it now operates.
- 1.3 The costs associated with holding property are extensive and whilst significant progress has been made in rationalising the estate to reduce operational running costs and raise much needed income there is still more to be done. Given the current financial constraints, there is a compelling need to further reduce current and future operational running costs, whilst increasing income to be used on essential services through efficient and effective management and timely and consistent decision making.
- 1.4 The Land and Property Plan sets out the approach which will guide how the Council will use the city's land and property holdings to improve lives and create a stronger economy that works for all Sheffielders. The Plan sets out a series of guiding principles to ensure decisions taken about the Estate:
 - Improve the quality of life for all communities in Sheffield - shaping the city and the places and communities within it, supporting guiding and delivering growth and development and driving regeneration and change where there is a clear case to do so and ensuring that lettings for community use are based on sound business cases, meet the needs of community and city and are fundamentally viable and sustainable.
 - Are Knowledge based – with decisions about the city's estate underpinned by robust information, evidence and insight
 - Join-up key services for communities – ensuring a single approach across the Council and with partners in the city that is focused on the best outcomes for people
 - Support the delivery of good services - services will be delivered from a core estate of land and buildings which are fit for purpose, fully used, well maintained and meet the needs of services and customers both now and in the future. Ensuring there is a tight fit between service demand and building supply and only retaining the minimum necessary stock from which to deliver our services

- Support a stronger city economy that works for all – through the let portfolio of properties which will support business development, economic growth, community enterprise and generate income
- Unlock money to support new investment –by disposing of surplus land and property in a timely manner to reduce costs, generate capital receipts and free up revenue funding streams to improve and support services and the delivery of wider city priorities
- Adopt a ‘one’ council approach to property and facilities management –through the operation of a Corporate Landlord model backed by strong governance to ensure all decisions made about our estate are taken with the wider interests of the Council in mind.

These principles will be further enhanced by a forthcoming series of property policies reviewing existing policy to ensure that this is still coherent with the above principles and that new policy is developed to clarify any areas of current ambiguity.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The Land and Property Plan contributes to the Sheffield City Council Corporate Plan ambitions for a strong economy, thriving neighbourhoods and communities and better health and wellbeing.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The development of the framework is directly influenced by the development of property related strategies and visions developed by the Council and our private and public sector partners in Sheffield and in the city region. The document also aligns with the Council’s aspirations for economic and housing growth, development of the city centre and Local Plan.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 An Equality Impact Assessment (EIA) has been completed. Overall there are no significant differential, positive or negative equality impacts arising from this proposal. The strategy sets out a statement of principles which will guide how we use the city's assets to improve lives and create a stronger economy that works for all Sheffield citizens.

4.2 Financial and Commercial Implications

- 4.2.1 Property is an expensive resource to both hold and manage. Implementing the measures outlined in the plan will ensure a tight fit between property supply and service delivery demand and a more efficient use of scarce existing resources. Timely disposal of surplus stock and strategic site assembly provides the Council with capital

receipts to support the approved capital investment programme and releases development sites promoting housing growth and commercial investment.

4.3 Legal Implications

4.3.1 There are no direct legal implications resulting from approval of this report. There may be changes to the existing scheme of delegation which impact on property. These will be picked up in the review of the Council's Constitution.

4.4 Other Implications

4.4.1 The property implications of this report form the basis of the document

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 To continue use of the existing corporate asset management plan, whilst this is still relevant in many areas recent changes in strategy, public sector priorities, changing economic conditions and reviewing how we make the best use of resources provide the rationale for a clear restatement of priorities for the use of land and property assets.

6. REASONS FOR RECOMMENDATIONS

6.1 The Council's land and property portfolio is a finite resource, expensive to hold and maintain. Since the publication of the last plan, national and local economic conditions have changed significantly. It is therefore increasingly important that the City Council's assets are used to best effect in delivering vital services and priorities, whilst minimising the cost.

6.2 The Plan provides local people, Members and officers with a clear statement of how the council's land and property assets will be used to maintain and enhance service delivery and contribute to the physical and economic regeneration of the city balanced against the financial constraints within which it now operates.

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Sheffield Land and Property Plan

Foreword

The 21st century is the century of cities. Great cities like Sheffield are solving the problems of today – climate change, housing, health, inclusive economic growth – and creating the world of tomorrow because cities and their people, leaders and businesses operate at a level where real positive change can be achieved. The best global cities use their history and heritage to establish energetic, 21st century versions of themselves that maximise opportunity and quality of life for their residents – and Sheffield is no different.

The City Council's land, property and assets have a significant role to play in shaping the future of the city and how we as a council use them to continue to provide quality services to the city's residents and communities. The 'Sheffield Land and Property Plan' sets out at a high level, how we will use and manage our assets to achieve our ambitions for Sheffield, building on the achievements of our previous asset management plan 'Assets for our Communities'. Inspired by our initial successes, we are confident in our ability to improve further, meeting new and ambitious goals for the future.

We're clear what kind of place we want Sheffield to be – a prosperous, vibrant city for those that live, work and visit here – our Transport, Housing, Economic Strategies and the City Centre Plan all underline this. But to achieve this we need to put in place the building blocks that all modern 21st century cities need. We need a housing market that provides quality, choice and affordability, ensuring that everyone has safe and warm homes in which to live. We need to create a transport network that is sustainable, eases congestion and improves access across the city and beyond; and we need to work with the city's schools, colleges and universities to provide high quality education and skills provision, that connects more people to work and job opportunities.

Above all as a council we want to improve the quality of life for all, with public services that provide value for money and are easy to access, so that people can lead safe, independent lives, realise their ambitions and contribute to the life of the city.

This Plan is intended to be used as a framework to help maximise the benefits derived from our land, property and buildings in supporting service delivery, raising revenue through income, delivering on our corporate priorities, raising capital to enable investment and pump priming development and regeneration opportunities through the redevelopment of significant sites.

Cllr Olivia Blake

“Right asset, right place, right time, right decision”

Cities are defined and identified by their physical appearance and shape, none more so than Sheffield which is a physically and geographically unique place to live, work and visit. Combining a bustling, major city centre, a network of local centres and the spectacular Peak District National Park, we’re known for our hills, our rivers and our industry. As the city develops and changes, we want our economy to be stronger with economic success for everyone in Sheffield. For us, a growing economy has to mean that Sheffielders live better, healthier lives with good jobs, good incomes, good public services and affordable, high quality homes across the city’s neighbourhoods.

How the city uses its land and property assets has a vital role in supporting the changes and developments that communities want to see across the city: providing spaces for businesses and local groups to develop and thrive, making land available for new schools, homes or businesses; or disposing of unwanted land or property to generate new income to invest in council services.

Whilst compared to some other cities, Sheffield City Council does not own a huge amount of land in the city¹; the Council remains a significant land and property owner:

- Over 4,000 assets e.g. industrial and retail units, agricultural land, allotments
- 5% of the land in the city worth over £1bn covering over 5,000 hectares
- Over 750 operational assets i.e. social care facilities, sports and leisure centres, parks and buildings from which SCC services are run

The Council therefore has a significant lever which it can pull to shape the change that people, communities and businesses want to see across the city and this Strategy sets out the approach which will guide how we will use the city’s assets to improve lives and create a stronger economy that works for all Sheffielders.

“Right asset, right place, right time, right decision” – a clear framework

Every decision we make about how we use our land and property assets should be driven by our vision for the things that we want to achieve for the city balanced against the financial constraints within which the Council operates. Aside from staff, property is the second most expensive resource and given unprecedented reductions in public sector funding, there is now, more than ever a need to ensure effective, efficient and joined up use of the council’s assets. Property is not a free resource and given the financial constraints within which the Council now operates, there is a compelling need to reduce current and future operational running costs, whilst increasing income from its property holdings.

Each land and property asset that the Council owns is different and therefore our approach needs to be flexible so that when we decide to use an asset differently, it has to be for the right reasons and deliver the results that local people and the city wants. Therefore, there a number of principles which guide the delivery of this strategy:

¹ Bristol City Council owns around 40% of the city’s land; Leeds City Council owns around 13%.

- **Improving the quality of life for all communities in Sheffield** - shape the city and the places and communities within it, supporting guiding and delivering growth and development and acting as a catalyst to drive regeneration and change where there is a clear case to do so
 - **Intelligence-led** – with decisions about the city’s estate underpinned by robust information, evidence and insight
 - **Joining-up key services for communities** – ensuring that we have a single approach across all the Council’s portfolios and with partners in the city that is focused on the best outcomes for the city
 - **Supporting the delivery of good services for people** - our services will be delivered from a core estate of land and buildings which are fit for purpose, fully used, well maintained and meet the needs of services and customers both now and in the future. Our estate will reflect our demand we will ensure there is a tight fit between service demand and building supply and will only retain the minimum necessary from which to deliver our services
 - **Supporting a stronger city economy that works for all** - using our let portfolio of properties to support business development, economic growth and community enterprise and generate income
 - **Unlocking money to support new investment** – we will dispose of our surplus estate in a timely manner to reduce costs, generate capital receipts and free up revenue funding streams to improve and support services and the delivery of wider city priorities
- A ‘one’ council approach to property and facilities management** – we will operate a Corporate Landlord model backed by strong governance to ensure all decisions made about our estate are taken with the wider interests of the Council in mind

A strategic approach to asset management: why it matters for Sheffield

Cities never stand still; they are constantly changing and developing. We have a number of major decisions to make over the coming years against a backdrop of significant economic and political uncertainty nationally. So, whilst we cannot control the wider political landscape, our plans and strategies can provide greater vision and certainty by setting out:

- what we want to achieve;
- how we want/expect the city to develop spatially and economically;
- what long-term investments we are going to make;
- how we are going to tackle the core challenges facing the city’s economy.

All local authorities need land and property to accommodate employees and deliver essential public services. Aside from personnel, property is the second most expensive resource and has a direct impact, on the quality of services provided to the people of Sheffield.

In response to the significant financial pressure faced over the last decade, the Council has made good progress in rationalising its operational and non-operational estate significantly reducing operational running costs. In addition to these revenue savings, efficiencies have also been achieved through the rationalisation of the estate into fewer buildings and disposal of surplus assets, which in turn reduces the significant pressure on the council’s maintenance budget and provides much needed capital funding for other important Council investments. Key successes have included the

rationalisation of the Council's city centre office accommodation and consolidation of staff into three main buildings – Moorfoot, Howden House and the Town Hall.

But this is only part of the story; we also want to use our assets to enable positive social and economic outcomes whilst delivering better services for residents. For example, we will continue to let land and property for community and economic development but in turn this must make economic and commercial sense in light of the financial pressures faced by the council. To this end we will regularly review how our assets are being used to ensure that we are maximising the return on our investment and pursue a greater understanding of building utilisation and commercial value.

A unique city: a unique challenge

This is a time for opportunity. Our rapidly expanding creative and tech sectors are growing our economy, building on our world-renowned expertise in advanced manufacturing and wellbeing. Our population is growing and with this growth comes new ideas and confidence. We are a city that thinks and creates, that invents and makes. Cities like Sheffield are increasingly the places that people want to live, work, learn and enjoy their lives. Our city is unique and we want a fairer Sheffield where everyone in every part of our city has the best life chances and opportunities, with the education and skills, good jobs, and high quality and affordable homes that people need. As a City of Makers and the UK's Outdoor City, we are seeing significant economic change which is bringing new jobs and opportunities to the city:

- our employment rate is at its highest since 2004 and recent employment growth has come from higher skilled jobs;
- the property market is booming with 2500 homes built in 2017/18 the highest since the global crash of 2008;
- Sheffield's incomes are increasing faster than most English Core Cities – up by 13% since 2011;
- our City Centre is currently home to 67,000 jobs and this is projected to rise by a further 20,500 by 2024 (a 42% increase);
- Office take-up in Sheffield almost doubled between 2016 and 2017, 25% above the ten-year average; and
- We've seen major inward investments into the city by leading global companies such as McLaren, Boeing and HSBC.

How we best use our physical space, land and property has a critical role in creating a fairer city – where we develop the new housing that Sheffielders need so that everyone has access to a safe, secure, warm and affordable home; where we build new schools and colleges to give future generations access to great education and training; where we enable businesses to invest, grow and create good jobs; where we provide a network of parks and open spaces as the UK's Outdoor City to promote health and wellbeing, and finally how we connect everything and everyone up with reliable, affordable and clean transport networks.

Sheffield is at an important point in its history. We are witnessing a number of major current and planned developments across the city centre including the HSBC building on the former Grosvenor

Hotel site, the emerging China Town near London Road, as well as the £500m planned redevelopment of the city - Heart of the City 2, which includes the successful revival of the Moor. In addition the Council has also launched the City Centre Plan that outlines the changing face and opportunities for the city centre over the next ten years to 2028. A major part of this is the High Speed 2 (HS2) masterplan and the role transport has in rebalancing the UK economy back towards the regions. The proposed Midland Mainline station redevelopment will again highlight the importance of how we use the council's assets to foster economic and social regeneration across the city.

But it is not just the city centre where we are witnessing the changing face of the city and the important role that the council's land, property and assets have to play. The creation of the Olympic Legacy Park as a combined education and Olympic Legacy campus for health and sport that will bring long term benefits for both the city and the nation on the former Don Valley site. Around 3,000 people will work, learn and improve their fitness at the multi-million pound 35 acre site in the Attercliffe area with world-class sports, education, health and leisure facilities.

But, our heritage and physical geography continues to shape how our neighbourhoods and economic centres. Sheffield is a physically large, topographically diverse city that was comprehensively rebuilt during the 1950s and 1960s following heavy bombing during the Second World War, with subsequent major urban expansions in the 1960s and 1970s. Sheffield's globally recognised heritage in the steel industry has empowered us, creating world-leading capabilities in advanced manufacturing which are critical to the city's economy today and will shape the future of industry across the world tomorrow. But, this industrial legacy combined with the city's famous hills and valleys has left us with large, strategically important brownfield sites that can be tricky and costly to develop. Further, compared to other Core Cities, Sheffield City Council has limited land holdings, owning approximately 5% of land in the city, much of which is classed as greenbelt or located in rural areas and unavailable for development. This contrasts with other Core Cities who have much larger land holdings and therefore a greater ability to influence development. This Plan is intended to be used as a framework to maximise the benefits derived from our land, property and buildings as we put in place the building blocks that all modern 21st century cities need, including:

Homes for all

Sheffield is recognised as being a city with some of the highest quality neighbourhoods in the North, which is a major asset and means that wealth generated and earned within the city, often stays within the city. However, there is insufficient quality, choice and tenure mix across the city which meets the needs of all.

Property markets are still relatively weak (although recovering), values are still relatively low in some areas across the city and the city's land values, investment and property markets, lag behind its near neighbours in Leeds and Manchester. Like many former industrial cities, there are issues in bringing sites forward for development including topography, contamination, flooding and infrastructure and there remain large areas of low value, low quality industrial and office premises.

To address this, the City Council is committed to using its land and property assets to deliver the ambitions set out in the housing strategy – 'Homes for All'. If we want to have a more inclusive and successful city, we need our housing to offer choice, be affordable and provide good quality homes

for all. Good quality and affordable housing plays a vital role in Sheffield's economy. It enhances Sheffield's competitiveness by attracting and retaining businesses and their workforce. It also supports vital construction jobs and opportunities for businesses. In the future we want to increase the range of good quality and affordable homes available in the city and tackle the instance of poor and inappropriate housing which can cut people off from the city's economy and prevent them from fulfilling their potential and living healthy and active lives.

Creating a stronger city economy that works for all

Cities like Sheffield are drivers of economic growth. This growth can help bring major social, financial and cultural opportunities for our residents, communities and businesses. However, as we know from evidence, this growth has not resulted in a more equal city. In Sheffield, wide inequalities in healthy life-expectancy, chronic, long-term health conditions and deprivation are both defining factors of economic exclusion and significant challenges in developing policies to make growth more inclusive in the city.

We have already recognised, and begun to grapple with, the complex challenges of delivering sustainable economic growth whilst driving down inequality in the city. Partners across Sheffield have been working for a number of years to identify barriers and develop solution to these particular challenges. But we can do more - we need an economy that is driving jobs for all.

We want a stronger economy in Sheffield that creates new opportunities for people. This means tackling low pay, creating quality jobs and boosting business growth, particularly amongst the SMEs that form the bedrock of the economy. Sheffield's unique economic and cultural assets need to become a stronger magnet for innovative and creative businesses and individuals to drive business competitiveness, helping the city become more resilient to economic shocks in the future. The importance of place will underpin our approach to the city's economy: recognising the value of particular areas of the city but also how local people are connected to those areas and the opportunities within them.

Physical and digital infrastructure

Investment in access and connectivity is essential to unlocking places which are socially and economically vital to long term growth and investment. If the city is to grow and unlock brownfield sites, targeted investment is required in new strategic infrastructure – flood alleviation, utilities, transport, schools, health and social care, retail and neighbourhood centres – all the ingredients that make great places and successful communities. This strategic investment is the subject of other work however. How we manage and dispose of the council's assets therefore creates a number of opportunities for the council to invest in the city and its physical and social infrastructure.

Sheffield is already the city with the most rapidly growing digital sector and thanks to a 10 year partnership between the City Council, City Centre BID and Idaq, superfast broadband will be rolled out across a large part of the city centre in 2018 using the roof space of council property to provide fast free Wi-Fi public spaces and streets, enhancing both the visitor/shopper experience and supporting web-based business development – helping the city to achieve its ambition to be the most digitally connected city in the UK.

Creating fairer futures with better, joined-up public services

We know that there is a strong argument for a simpler and easier-to-navigate; more effective; and more efficient way of organising the public sector estate across Sheffield. Recent research and evidence suggests that ‘people centred services’ that place customers at the heart of the decision making process are far more effective in achieving sustainable improved outcomes. To this end, we recognise the key role that integrated public services have to play in this and so we are focused on improving public services through co-location, integration and simplification while unlocking development land, capital receipts and securing savings. The strategy will align our investments (for example in enabling infrastructure) with the key, transformational land opportunities that emerge, optimising delivery and market potential, and achieving enhanced value for money.

In short, our public assets could be a major facilitator for better and more joined up public services across the city.

Statutory Compliance, Property Maintenance

Responding to budget reductions and service transformation requires the Council’s property base to be more agile than ever. However much of the Council’s estate is old, in poor condition with high backlog maintenance costs and poor energy performance – in short, it is no longer fit for purpose. This presents a very real and prominent challenge for the council that must be addressed to ensure that our asset base remains viable. There is an urgent decision to be made between maintaining a traditional public sector service offer or, moving to smaller, high quality estate providing a wider range of public and community services. The city’s ever changing demographics mean that a lot of the buildings used for service delivery are no longer in the right location and no longer meet the needs of citizens.

The Council has focussed efforts on ensuring that all properties remain safe for the people that use and work in them and that budgets are sufficient and prioritised to meet the Council’s compliance duties. However, total costs for addressing backlog maintenance and statutory premises compliance by far exceed the annual financial revenue allocation available for meeting these costs. Without remedial action this traps the council’s estate in a deteriorating cycle of only being able to address the most pressing issues. Some of the buildings are reaching crisis point and without significant investment in the near future, there will be no option but to close them.

It is therefore essential that the council adopts a strategic approach to the management of its assets, maximising their use, minimising running costs, including the cost of ownership and the commissioning of services (internal or external) and releasing those assets that are no longer required in a timely, cost effective manner that maximises the benefits to citizens.

A clear approach to asset management for Sheffield: how we will use our assets

Operational Estate – Delivering Council Services	
<p>Is intelligence led – with decisions about the city’s estate underpinned by robust information, evidence and insight</p>	<p>We will:</p> <ul style="list-style-type: none"> • Gather, record and maintain information about the estate to provide sufficient information to make decisions • Interpret the information to inform decision making and priorities for investment including cost data i.e. use, maintenance and value
<p>Support the delivery of good services for people – our services will be delivered from land and buildings which are fit for purpose, fully used, well maintained and meet the needs of services both now and in the future</p> <p>Join up key services for communities – ensuring that we have a single approach across all the council’s portfolio and with partners in the city that is focussed on the best outcomes for the city</p>	<p>We will:</p> <ul style="list-style-type: none"> • Ensure decisions about the estate are taken corporately through a corporate landlord model • Base accommodation management decisions on service need and delivery requirements • Extended use of buildings outside of core hours where cost effective to do so to facilitate shared use and shared costs • Apply workstyle principles to operational buildings to reduce overall space required for service delivery, increase building utilisation, promote flexibility of building use • Only hold the minimum estate required for service delivery. Reducing inefficient and unfit property through timely disposal thereby avoiding ongoing associated costs • Invest in the land and buildings we retain to meet agreed standards, ensure legal compliance, energy efficiency and reduce running costs • Dispose of property no longer required for service delivery and minimise vacant property holding costs • Support wider public sector working through colocation and joint working arrangements with other public sector partners
Our Let Estate – Supporting economic and community development	
<p>Supports a strong city economy – using out let portfolio of properties to support business development, economic growth and community enterprise</p> <p>Improves the quality of life for all communities in Sheffield – shape the city and the places and communities within it, supporting, guiding and delivering growth and development and acting as a catalyst to drive regeneration and change</p>	<p>We will:</p> <ul style="list-style-type: none"> • Retain and invest in a core of commercial properties within the City which deliver council priorities for community and economic regeneration and generate a return in line with agreed parameters • Identify latent or under-developed income potential and release unproductive and poorly performing commercial property which no longer delivers financial or wider benefits • Acquire or invest where there is a strong business case to do so • Manage the retained estate effectively and efficiently to maximise rental income • Ensure consistency and develop a clear policy for lettings to community and voluntary groups.

	<ul style="list-style-type: none"> • Ensure any lettings for community use are based on sound business cases, meet needs of community and city and are fundamentally viable and sustainable <p>Seek to reduce the cost to the Council of running the let estate by letting property at market value unless there is a clear business case and financial resources to do otherwise</p>
Land and property for regeneration and growth	
<p>Improves the quality of life for all communities in Sheffield – shape the city and the places and communities within it, supporting, guiding and delivering growth and development and acting as a catalyst to drive regeneration and change</p> <p>Unlocks money to support new investment – generates capital receipts and frees up revenue funding streams to improve and support services and the delivery of wider city priorities</p> <p>Supports a stronger city economy – using our let portfolio of properties to support business development, economic growth and community enterprise</p>	<p>We will:</p> <ul style="list-style-type: none"> • Use our land and property interests to shape the City and the places and communities within it • Guide, support and deliver growth and development on council owned and private sector land where there is a case to do so. Strategically investing and acquiring land using our powers where necessary • Stimulate regeneration and act as a catalyst for change that showcases the art of the possible on our own land and in partnership with others • Use our land and property interests and our role as a local authority to provide more high quality, mixed tenure, affordable homes with the accompanying infrastructure to support them • Use our land and property interests and our role as a local authority to provide high quality commercial, office and business space to support the city’s growth ambitions and to encourage investment
Surplus Estate	
<p>Unlock money to support new investment – generates capital receipts and frees up revenue funding streams to improve and support services and the delivery of wider city priorities</p>	<p>We will:</p> <ul style="list-style-type: none"> • Minimise the number and impact of underused, empty and derelict council owned land and buildings through timely disposal • Minimise vacant property and holding costs through the timely release of assets no longer required for service delivery • Develop and deliver a disposals programme which supports corporate outcomes and capital and revenue funding requirements • Ensure clear alignment of the disposals programme and capital programme with a clear agreed forward programme • Dispose of all land for best consideration/market value unless there is a clear business case to do so which supports delivery of Council priorities

What does success look like?

This is without doubt an ambitious and bold approach to managing the council's assets and so it is crucial that we monitor and review our progress against the above areas of focus. We're clear what success will look like; we will have:

- A clear decision making process that aligns with the council's wider strategies and ambitions for the city
- A 'one' council approach to property and facilities management through our Corporate Landlord function and responsibilities
- A leaner, more cost effective operational estate
- Public buildings which house council and other public and third sector agencies
- A commercial estate that allows the council to support sustainable community activity and groups where possible, whilst providing a reliable income stream at minimal cost
- More quality houses being built that meet the needs of Sheffield's citizens and that release capital and revenue income streams
- Major economic and regeneration projects delivered through the use of council assets delivering capital and revenue income
- A comprehensive understanding of 'what we've got and how it performs' through our Asset Data Management System
- A well maintained and compliant estate

Building and maintaining a comprehensive evidence base of our assets will require the use of in depth insight and intelligence from a range of sources. To further enhance this knowledge and to provide a full range of information upon which to base future planning and decision making, we will monitor our progress against the above outcomes through a suite of key performance indicators (KPI's) that will in turn be reported to the Corporate Property Group. These KPI's reflect the breadth of our ambitions but also the extent of our asset base i.e. commercial, operational and surplus estate. The KPI's include:

- The cost of running our service delivery offer
- The amount invested in our estate
- Service user and building user satisfaction
- The quality of our buildings
- Our energy usage
- The amount of and cost of holding surplus property
- Our annual capital receipts
- The income generated and the cost of running of our commercial estate
- Sites released for housing and economic development
- Assets acquired to assist economic and housing growth

In addition we will also commit to utilising benchmarking against comparator cities, other public sector institutions and where appropriate the private sector. This will help us to ensure that any and

all decisions taken are grounded in sound reasoning and as a result provide the best outcomes for both the council and Sheffield residents.

Timescales

The Strategy will have a five year horizon, reviewed regularly and updated as required in order to respond to both internal and external change. As a strategy the document is not a detailed guide to the management of the wide range of individual assets held by the council but articulates policy to support management and decision making.

The next five years

In keeping with the five year horizon of this strategy, we will develop an annual work programme as overseen by the Corporate Property Board. This work programme outlines planned activity against:

Operational Estate –Maintaining the tight fit between service delivery demand and property supply, remove unfit for purpose buildings and refurbish or develop a range of buildings offering a wider range of public and community services over longer opening times with increased user utilisation and lower running costs.

Commercial Estate –Increasing return on investment through the sale of poorly performing property. Exploiting the uniqueness of our agricultural holdings to support other Council priorities.

Development and Regeneration –Exploiting the opportunities offered by High Speed Rail and the Northern Powerhouse initiatives, continuing the responsive mixed development approach to the city centre, promoting self- investment in marginal sites to lever in wider investment, using local powers to promote site assembly for housing and economic growth.

Surplus Estate –Repurposing suitable buildings, timely marketing and disposal of surplus assets to minimise targeted investment costs and using asset enhancement techniques to maximise the value of our surplus land or property.

Community Estate – A consistent approach to community use of assets, increasing community capacity and capability to safely manage assets, encouraging joint use and co-location within existing operational assets to increase building utilisation

Governance

To support the decision making process and to ensure that we achieve the right outcome for the council, the city and its communities, thereby achieving our vision - “Right asset, right place, right time, right decision” - we have clear governance arrangements in place through the Corporate Property Board with Member responsibility residing with Cabinet, Portfolio Holder for Finance.

This Board will use the principles contained within this strategy and the identified Member priorities as a framework and catalyst to drive the decision making process, ensuring that the council receives the maximum economic and social returns on its assets.

Case studies



Case study 1: Co-location in Woodseats

The library is part of a new building opened during 2017, which includes the Woodseats Medical Practice. It's on the site of the old library branch which was demolished to make way for the new one.

Woodseats Library will be open for 31 hours a week, with a late night and Saturday opening. Groups for babies, toddlers and children are already established and there will be others including a Sporting Memories reminiscence group.

The building also includes community rooms, and will be used to run joint projects with the medical practice to improve people's health.

The new library includes a children's area, with a 'reading tree' inspired by the nearby Graves Park, with natural colours to represent the green outdoor spaces. It also has a computer area with free computer and internet use, key to helping the city tackle its digital skills and digital inclusion agendas.

The library and medical centre will be vital to promoting positive health and wellbeing for the whole community, as well as being a useful resource for health information, with medical staff on hand to recommend books which will be in the library to help people look after their own health and help with a range of conditions, including mental health.

Case Studies



Case study 2: Don Valley Olympic Legacy Park

Following demolition of the original stadium building and a successful application for ERDF funding for the decontamination and remediation of adjacent brownfield land a collaboration between SCC, Sheffield Hallam University and Sheffield Teaching Hospitals together with Sheffield Children's Hospital, The University of Sheffield, Sheffield College, and other public and private funding and investment has seen a major transformation of the site to date with significant additional benefits to follow.

Centre stage is the creation of a combined education and Olympic Legacy campus for health and sport that will bring long term benefits for both the city and the nation. Around 3,000 people will work, learn and improve their fitness at the multi-million pound 35 acre site in the Attercliffe area of Sheffield, South Yorkshire, with world-class sports, education, health and leisure facilities.

The campus complements the existing adjacent world class facilities of Sheffield Arena, Ice Sheffield and the English Institute of Sport with a new £16m 2-16 Through School and Sheffield's second £10m University Technical College.

The AWRC model will mirror the highly successful Advanced Manufacturing Research Centre (straddling the Sheffield-Rotherham border) which has successfully created a £150m Advanced Manufacturing Park where companies such as Boeing and Rolls Royce are located. The AWRC will take services and products from concept to market, maximising wealth and job creation opportunities from the intellectual property and knowledge and products developed on the campus

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

Tel: 0114 273 5872

Report of: *Eugene Walker*

Report to: *Cabinet*

Date of Decision: *20th June 2018*

Subject: *Revenue and Capital Budget Monitoring 2017/18 –
As at 31st March 2018*


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>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:-				

<p>Purpose of Report:</p> <p><i>This report provides the outturn monitoring statement on the City Council's Revenue and Capital Budget for 2017/18.</i></p>
<p>Recommendations:</p> <p>1. Cabinet are asked to:</p> <p style="padding-left: 20px;">(a) Note the updated information and management actions provided by this report and attached appendices on the 2017/18 Revenue Budget Outturn.</p> <p style="padding-left: 20px;">(b) Note the recommendation of the Executive Director of Resources and</p>

Statutory Finance Officer, at Paragraph 12 above, that the General Fund reserve is returned to the minimum recommended level of £12.6m (approximately 3% of net revenue expenditure) during 2018/19.

- (c) Review and consider for approval the request for project funding, and associated recommendations, described in **Appendix 7**.
- (d) In relation to the Capital Programme, note the Outturn position described in **Appendix 8**.

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>Nadine Wynter</i>
		Equalities: No
<p><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></p>		
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Cabinet Member consulted:	<i>Councillor Olivia Blake Cabinet member for Finance and Resources</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Dave Phillips</i> 	Job Title: <i>Head of Strategic Finance</i>
	Date: 8 th June 2018	

1. PROPOSAL

- 1.1 This report provides the outturn monitoring statement on the City Councils Revenue and Capital Budget for 2017/18

2. HOW DOES THIS DECISION CONTRIBUTE?

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

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

4.2 Financial and Commercial Implications

- 4.2.1 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.

4.3 Legal Implications

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

4.4 Other Implications

- 4.4.1 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.

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.

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REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31st MARCH 2018

Purpose of the Report

1. This report provides the Financial Outturn statement on the City Council's Revenue Budget and Capital Programme. The first section covers Revenue Budget Monitoring. The Capital Programme is reported at paragraph 28.

REVENUE BUDGET MONITORING

Summary

2. The Council finished the year with an overspend of £2.0m. The outturn by Portfolio is summarised in the table below:

Portfolio	Outturn £000s	Budget £000s	Variance £000s
PEOPLE	238,895	220,951	17,944
PLACE	183,730	185,942	(2,212)
POLICY, PERFORMANCE & COMMUNICATION	3,207	3,426	(219)
RESOURCES	20,779	20,977	(198)
CORPORATE	(444,640)	(431,296)	(13,343)
GRAND TOTAL	1,973	-	1,973

3. In terms of the outturn position of £2.0m overspend, the key reasons are:
 - **People** finished the year with an overspend of £17.9m. The key features of this position are:
 - An overspend against Children & Families budgets of £11.6m, including £8.1m reflecting the demand and complexities of need within the Placements budget and £2.5m in Fieldwork Services due to increased transport costs and contact time for children in care.
 - An overspend of £7.3m in Care and Support, due to £9.2m of demand pressures and higher than expected cost increases, and £2.9m of increased activity in home care provision. This is offset by the release of £4.0m of iBCF funding allocated in Spring 2017.
 - There are a number of smaller movements within this position. **Appendix 1** provides a fuller picture on a service-by-service basis.
 - In the **Place** Portfolio, the key adverse variances were the failure to deliver planned budget savings (£1.4m), slippage in planned savings (£714k). These are more than offset by staff vacancy savings of £611k, £1.8m of one-off contract cost

reductions, and reductions in running costs of key office accommodation and transport services, of £1.4m and £271k respectively.

- **Resources** reported an underspend of £198k. The key reasons for this are an overspend of £562k following the removal of some advance payment discount on subsequently insourced contracts, delayed savings within Customer Services (£323k) and an under-recovery of income for internal consultancy services (£125k). These are offset by reductions of spend within Central Costs of £830k and within Housing Benefits of £328k.
- **Policy, Performance & Communication** are showing an underspend of £219k. This is due to staffing vacancies, a review of non-essential spend, and an over-recovery of income on the Communications budget.
- **Corporate** are reporting an underspend of £13.3m. This is due to a change to the Minimum revenue Provision policy releasing £5.5m of savings, £2.0m interest charges avoided by postponing required borrowing, £1.2m released from the pension reserve following a lower than expected level of charges, unbudgeted grant income of £0.9m and £3.6m of improvement within the redundancy provision.

4. Fuller details of all reductions in spend and overspends within Portfolios and significant movements from the Quarter 3 Report can be found in **Appendix 1**.

Public Health

5. Services funded by Public Health grant are showing a £824k reduction in expenditure against the original approved budget. Further details of the outturn position on Public Health are reported in **Appendix 2**.

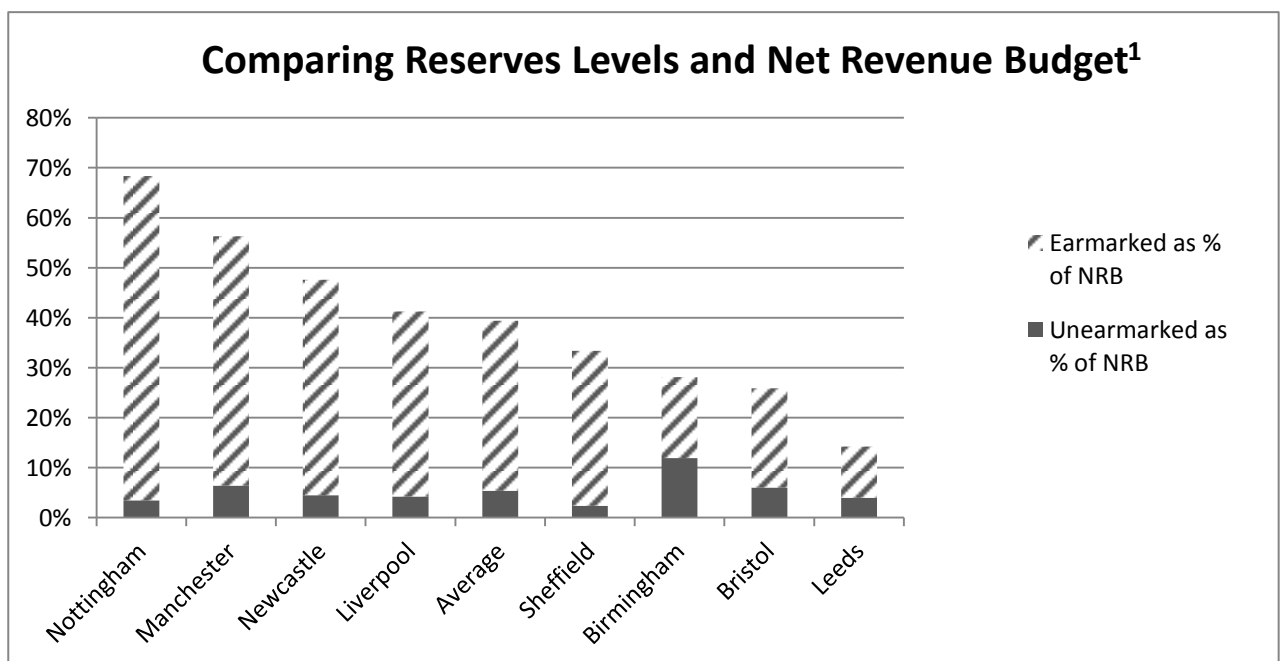
Housing Revenue Account

6. The 2017/18 budget is based on an assumed in year surplus position of £27.0m which is to be used to fund the ongoing HRA Capital Investment Programme. In accordance with the HRA's financial strategy any further in-year funds generated by the account will be used to provide further funding for the future HRA Capital Investment programme.
7. The outturn position is a £3.0m overall improvement from budget. Further details of the Housing Revenue Account can be found in **Appendix 3**.

Unearmarked and earmarked Reserves

8. Within the existing statutory and regulatory framework, it is the responsibility of the Executive Director of Resources to ensure that the Council has an adequate level of reserves and that there are clear protocols for their establishment and use.

9. Reserves balances as at 31st March 2018 are estimated to be £171.5m, pending audit scrutiny. These reserves comprise mainly of earmarked reserves and can be seen in **Appendix 4**.
10. Included in the above total is £10.6m for unearmarked reserves this represents just 2.7% of the 2017/18 net budget requirement of £395.5m. This percentage is a slight improvement on last year’s 2.4%. This remains below the minimum prudent level recommended by the Executive Director of Resources, mainly as a result of the £2.0m overspend in 2017/18. This reserve is to be returned to the minimum recommended level of 3% of net revenue expenditure during 2018/19. If the reserve is used, it will be replenished to the stated minimum level as soon as practically possible; the Council will always need a minimum level of emergency reserves.
11. It is recommended that the General Fund balance be replenished to at least £12.1 m, representing 3% of the net revenue budget for 2018/19. The s.151 Officer will, within the remit of his authority to ensure appropriate levels of reserves, determine the most appropriate reserve to be used for this purpose, following a review of the adequacy of reserve balances.
12. To add context to Sheffield’s reserve position the graph below shows the reserves of the other core cities as a percentage of their Net Revenue Budget.



13. Sheffield’s earmarked reserves are slightly below the core cities mean average of 34%, and despite increasing pressures these are still felt to be adequate. Notably, across almost all core cities, unearmarked reserves only make up a small percentage

¹ Reserves levels as closing balance in relevant 2016/17 Statement of Accounts, net revenue comparator taken from MHCLG Revenue Account Budget 2016/17 data.

of revenue reserves. Sheffield's unearmarked reserves are the lowest when compared to Net Revenue Budget.

14. Earmarked reserves are set aside to meet known or predicted future liabilities, such as Business Rates Appeals. These liabilities mean that the earmarked reserves are not normally available to fund the budget. Earmarked reserves also exist because of the need to smooth the significant payments made on programmes such as the Major Sporting Facilities (MSF) and PFI schemes over the 20 year plus terms of the underlying agreements. In both cases the Council currently has a temporary surplus. However, over time this position will change, and future payments will be higher than our resources, so the reserves will be needed to support their primary purpose.
15. During 2016/17 £65.1m was used temporarily to support the Pension Deficit early payment enabling the delivery of £5m of savings over the period 2017/18 to 2019/20. These funds will be fully repaid by 2019/20. These repayments can be seen in a number of the earmarked reserve movements for 2018/19 and account for over £21.9m of the increase in earmarked reserves.
16. Further details on reserves and their use can be found in **Appendix 4**.

Insurance Funds

17. A review of the Insurance Account has been undertaken to identify the level of fund required. This includes:
 - Known outstanding liabilities.
 - Incurred but not reported liabilities (IBNR)
 - Claims previously paid by Municipal Mutual Insurance (one of the Council's Insurers who went in to a form of receivership in the 1990's)
 - Emerging claims
 - Uninsured asbestos related claims.
18. The Directors of MMI 'triggered' the scheme of arrangement under section 425 of the Companies Act 1985 (now section 899 of the Companies Act 2006). Ernst Young are now responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme.
19. The Scheme provides that following the occurrence of a Trigger Event, a levy may be imposed on all scheme creditors. Ernst Young have carried out a review of assets and liabilities of MMI and to date a levy of 25% has been paid. The levy will continue to be reviewed at least once every 12 months.
20. The Council currently has a potential claw back of £3.7 with MMI and £600k relating to South Yorkshire Residuary Body (SYRB).
21. The Insurance Account as at 31 March 2018 has £21.8 million; outstanding liabilities as at 31 March 2018 are £22.4 million. The Insurance Account is therefore 97% funded as at 31 March 2018.

Corporate Risk Register

22. 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.

Annual Treasury Management Review

23. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury review of activities, and the actual prudential and treasury indicators for 2017/18. This review is needed to meet the requirements of both the CIPFA Code of Practice on Treasury Management (the code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). During 2017/18 the Full Council received the Annual Treasury Strategy, whilst Cabinet were presented with the Outturn Report. Reports were also taken to the Cabinet Member for Finance during the year.
24. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
25. The Annual Treasury Management Review is attached as **Appendix 6**.

Requests for Project Funding

26. The CRM Upgrade Project aims to implement upgrades to how the Council deals with customers across all Council services and across various media. The proposed upgrade option is the best tool to enable us to seamlessly integrate with our new web platform and will provide the basis for a fundamental re-design of our services around customer need in a way that meets 21st century expectations of our customer service.
27. In total, the Project is requesting £746k of funding, split between General Fund (£365k) and Housing Revenue Account (£381k) sources. This request is described in more detail in **Appendix 7**. It should be noted that this request for funding relates to future activity, and as such does not impact on the 2017/18 Outturn position described elsewhere in this report.

Capital Summary

28. The approved capital programme budget for 2017/18 at 31 March 2018 was £269.8m. The overall outturn of expenditure against this approved budget was £246.5m. This is £23.9m lower than the Outturn forecast in Month 9.
29. Further monitoring of the Capital Programme is reported in **Appendix 8**.

Implications of this Report

Financial implications

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

Equal opportunities implications

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

Legal implications

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

Property implications

33. Subject to the description of the Capital Programme within **Appendix 8**, there are no other property implications arising from the recommendations in this report this report.

Recommendations

34. EMT are asked to:
- (a) Note the updated information and management actions provided by this report and attached appendices on the 2017/18 Revenue Budget Outturn.
 - (b) Note the recommendation of the Executive Director of Resources and Statutory Finance Officer, at Paragraph 12 above, that the General Fund reserve is returned to the minimum recommended level of £12.6m (approximately 3% of net revenue expenditure) during 2018/19.
 - (c) Review and consider for approval the request for project funding, and associated recommendations, described in **Appendix 7**.
 - (d) In relation to the Capital Programme, note the Outturn position described in **Appendix 8**.

Reasons for Recommendations

35. 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

36. 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

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PORTFOLIO REVENUE BUDGET MONITORING AS AT 31st MARCH 2018

People Portfolio

Summary

1. As at quarter 4, the Portfolio has a full year outturn of an over spend of **£17.9m** on **Cash Limit budgets** and an over spend of **£1.0m** on **DSG budgets**. The key reasons for the outturn position on the cash limit, presented service-by-service, are:

Care & Support : Learning Disabilities (forecast overspend of £9.2m):

- Purchasing LD is showing an over spend of £9.4m. This is made up of £63.4m of gross client expenditure net of £18.2m income against a net budget of £35.8m. The overspend at Month 0 (annualised costs at Month 12 16-17, plus forecast growth less expected savings) was £8.6m therefore we have seen additional costs above the original forecast of approximately £700k in 17-18.
- Non-purchasing LD is showing an underspend of £199k. This is made up of an overall overspend across LD In-house Provider Services mainly due to slippage in achievement of savings, net of underspends in Sharing Lives (declared as saving in 18-19) and Future Options staffing due to ongoing vacancies.

Care & Support: Long Term Care (LTC) Purchasing (overspend of £2.9m):

- Mainly due to increased activity in home care provision owing in part to improved pathway flows including reduced Delayed Transfers of Care and reduced length of stay in STIT, and also reduced difference between planned and actual hours (increasing costs as more staff required for more overall contact time).

iBCF Funding (contribution of £4m):

- A cabinet paper in July approved the use of some of the iBCF funding allocated by Government in the spring to address some of the social care pressures. This paper described using the funding to cover some of the over spend in Learning Disabilities, pressures in Mental Health and the assumed staffing pressure from the restructuring of social care into Localities.

Community Services (underspend £17k)

- Library Services – balanced to budget
- Locality Management - £56k underspend on pay
- Employment and Skills - £238k underspend on 100 Apprentices
- Family and Community Learning - £308k overspend on Training Units

Children & Families (over spend of £11.6m)

- Placement budgets - £8.1m over spend 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 - £2.5m over spend mainly due to an over spend of £1.5m in non-staffing budgets, due to increased transport costs and contact time for children in care and £545k overspend on fieldwork staffing costs, offset by ESG income in Business Strategy.
- Health Strategy - £1m forecast overspend due to £1m overspend on Short Breaks and Direct Payments due to delay in anticipated savings.
- Provider Services - £717k overspend, including £873k on Children's Residential Homes, partially due to unachieved savings target offset by reduced spending on staffing in Adoption and Fostering services.
- Prevention and Early Intervention - £795k underspend mainly due to £379k planned underspend on contracts and the remaining underspend on staffing.

Commissioning, Inclusion and Learning Services (overspend of £334k):

- Commissioned Mental Health Services - £1.3m overspend. This is due to unachieved savings across all purchased provision of £1.3m agreed between SCC and the CCG.
- Partnership Funding - £535k underspend due to delayed Dementia and Carers Break Contracts.
- Housing Related Support - £307k underspend due to planned project and vacancy slippage.

Business Strategy (underspend of £1.3m):

- Business Strategy Operational Budgets - £301k underspend. This is largely due to underspends on staffing of £484k and increased traded income of £214k, partially offset by overspends on non-staffing of £180k on IT licence costs and legacy issues and £228k overspend on SCAS, the majority of this relates to non-staffing costs in bereavement services.
- Portfolio Wide Budgets - underspend of £394k. This is due to a £275k overspend in the home to school transport budgets, due to continued increase in demand and increases in costs. This is offset by an underspend of £431k against staffing budgets and £111k on facilities management following a review of non-essential spend.
- Additional ESG grant of £545k due to the number of academy conversions being less than anticipated.

Financial Results

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 9
BUSINESS STRATEGY - PEOPLE	11,981	13,274	(1,293)	↓
CARE & SUPPORT	111,846	104,590	7,256	↑
CHILDREN & FAMILIES	78,880	67,251	11,630	↑
COMMUNITY SERVICES	8,969	8,952	17	↔
COMM'G INCLUSION&LEARNING SERV	27,220	26,886	334	↓
GRAND TOTAL	238,895	220,951	17,944	↑

DSG

2. The following is a summary of the position on DSG budgets at month 12:

	Outturn Month 12 £000	FY Variance Month 9 £000	Diff Outturn to Month 9 £000
Business Strategy	299	674	(375)
Children and Families	(74)	(82)	8
Commissioning, Inclusion and Learning Services	797	994	(197)
Community Services	6	4	2
	1,028	1,590	(562)

3. The key reasons for the forecast outturn position on the DSG position are:

Business Strategy (over spend of £299k)

- Transport – over spend of £323k in the transport budgets, this is due to continued increase in demand and increases in costs.
- Special School Complex Case Fund – overspend of £367k, due to anticipated additional placement funding required from September 2017 to March 2018.
- Schools PFI Contracts – underspend of £226k, mainly due to rates and utility costs being lower than anticipated.
- Pension - £143k underspend on pension costs, due to the number of people eligible pensions naturally reducing each year.

Commissioning, Inclusion and Learning Services (over spend of £797k)

- SEND - £856k over spend, 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 - £121k over spend due to delays in anticipated savings. This is being addressed through the Redesign of Education Services Change Programme.

- These overspends are partially offset by smaller underspends within the service.

Commentary

4. The following commentary reports on the main variances from the quarter 3 position, as shown above under Financial Results.

Business Strategy

5. A £1.3m underspend relating to cash limit and a £299k over spend on DSG. This is an improvement of £652k from quarter 3 on cash limit and an improvement £375k on the DSG quarter 3 position.
6. The main reason for the improvement in the cash limit position of £652k is due to the receipt of additional Education Services Grant (ESG) of £549k. The level of academisation up to August, when the grant ended, was lower than had been anticipated at budget setting, so more income was received for maintained schools. This income is included in the business case for Fieldwork staffing and offsets the overspend shown in Children and Families.
7. The main reason for the improvement in the DSG overspend by £375k is due to an underspend of £226k in school PFI contracts, mainly due to utility costs being lower than previously anticipated. The remaining improvement is due to small improvements across the service.

Care and Support

8. A forecast over spend of £7.3m shown on the table above which is a worsened position of £2.1m on the reported Quarter 3 position.
9. The main reasons for the movement on cash limit are:
 - A worsened movement of £1.7m following a review of the use of the iBCF funding, some of the assumed 2017/18 allocation has now been carried forward to fund the intended transitional activity.
 - Access and Prevention Service favourable movement £258k due to inclusion delays in recruitment and vacancies in the reablement service and a Transport Grant of £50k to fund services in First Contact.
 - Long Term Care worsened position £824k mainly due to increased pressure on Home Care costs.
 - Learning Disabilities worsened position £168k mainly due to increased pressure on the purchasing budget from increased package costs and reduction to CHC income previously forecast.
 - Safeguarding improved £133k over the quarter due to release of previously held partnership contingencies and under spends against activity

- Care and Support Commissioning improved £65k mainly due to an expected charge not materialising.

Community Services

10. An over spend position of £17k which is improved by £114k since Quarter 3.
11. The movement is mainly due to the Libraries' increased income and decrease in spend as a result of moratorium on non-essential expenditure, and a small reduction in Employment and Skills Service expenditure.

Children & Families

12. A £11.6m over spend relating to cash limit and a £74k under spend on DSG. This is an increase in the overspend of £538k from quarter 3 on the cash limit and is consistent on DSG with quarter 3.
13. The main reason for the movement on cash limit is within **Fieldwork Services** – due to an increase of £549k from the quarter 3 position. This reflects an increase in fieldwork staffing costs and is in line with the investment plan for fieldwork staffing and is offset by the additional ESG income within Business Strategy.
14. There are no significant movements in the DSG budgets for Children and Families.

Commissioning, Inclusion & Learning Service

15. A £334k overspend relating to cash limit and a £797k over spend on DSG. This is an improvement of £258k from quarter 3 on cash limit and an improvement of £197k on DSG.
16. The £258k improvement on cash limit budgets is mainly in the Commissioning budgets, the improvement is mainly due to month 12 costs being lower than previously anticipated.
17. The £197k improvement on the DSG position is due to improvements across the service following a review of non-essential spend and staff vacancies.

Proposed Budget Virements for Quarter 4

18. None

Carry Forward Requests

19. None.

Place Portfolio

Financial Results

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 9
BUSINESS STRATEGY & REGULATION	29,117	28,244	873	↑
MAJOR PROJECTS	110	127	(17)	↔
CULTURE & ENVIRONMENT	89,786	90,847	(1,061)	↓
HOUSING GENERAL FUND	4,157	4,513	(356)	↓
CITY GROWTH	33,104	32,864	240	↑
TRANSPORT AND FACILITIES MGT	27,456	29,347	(1,891)	↓
GRAND TOTAL	183,730	185,942	(2,212)	↓

Summary

20. The Place Portfolio provisional revenue budget outturn is £2.2m under budget. The key reasons for this outturn position are:

- **Business Strategy & Regulation** is £873k over budget due to slippage in the delivery of planned savings on 'Place Change Programme 1'.
- **Culture & Environment** is £1.0m under budget, due to contract and other service cost reductions of £1.8m offset by slippage in planned savings on the Streets Ahead Programme of £714k.
- **Housing General Fund** is £356k under budget largely from staff vacancy savings and other cost reductions.
- **City Growth** was £240k over budget largely due to slippage in the delivery of planned savings on 'Place Change Programme 1' of £495k offset partially by staff vacancy savings in Property and Planning Services.
- **Transport & Facilities Management** is £1.9m under budget, largely from reductions in the running costs of key office accommodation (£1.4m) and transport services (£271k).

Commentary

21. The overall position for the Portfolio shows an improvement of £1.2m since month 9. This is largely due to a number of cost reductions within the Transport & Facilities service and further contract cost reductions within the Culture & Environment service.

Carry Forward Requests

22. None.

Resources Portfolio

Summary

23. At month 12 the Portfolio showed an under spend of £198k. The key reasons for the outturn position are:

- An over spend of £562k on Rebates & Discounts from Corporate contracts following the insourcing and removal of the previously received advance payment discount on some contracts.
- An over spend of £323k on Customer Services mainly due to non-delivery of £150k of 2016/17 BIPs savings for the Customer Experience programme, and delays in implementing the 2017/18 BIPs saving of £141k. The approved staffing reductions have been made through voluntary redundancies, but will only achieve part year savings in 2018/19.
- An over spend of £125k on BCIS mainly due to an under recovery of income for internal consultancy services.

These overspends are offset by:

- A reduction in spend of £840k in Central Costs. This is made up of a £373k reduction against Employee Pension Costs, a £147k reduction in the Corporate Democratic Core in respect of the HRA charges, and a £236k over recovery of internal recharges for the use of ICT services
- A reduction in spend of £328k on Housing Benefits. This is on a demand driven expenditure budget of approximately £178m, and as such represents less than a 0.2% variance.

Financial Results

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 9
BUSINESS CHANGE & INFORMATION SOLUTIONS	(8,042)	(8,167)	125	↔
CORPORATE REBATES & DISCOUNTS	(1,397)	(1,959)	562	↓
CUSTOMER SERVICES	7,265	6,942	323	↔
FINANCE & COMMERCIAL SERVICES	3,886	3,896	(10)	↓
HUMAN RESOURCES	492	484	8	↑
LEGAL SERVICES	3,530	3,551	(21)	↔
RESOURCES MANAGEMENT & PLANNING	175	192	(17)	↔
TOTAL	5,910	4,939	971	↑
CENTRAL COSTS	16,027	16,867	(840)	↓
HOUSING BENEFIT	(1,157)	(829)	(328)	↓
GRAND TOTAL	20,779	20,977	(198)	↓

Commentary

24. This position is an improvement of £236k on the position reported at Month 9. The key reasons for this movement are;

- A £310k improvement within Central Costs. This was mainly due to reserves movements relating to the ending of the discount period for banking charges of £112k, £40k Refine Creditors costs, alongside a £39k improvement on employee pensions, a £37k improvement in internal recharges for the use of ICT services and £55k of credits on ICT contracts.
- A £328k improvement on Housing Benefits, referred to above.
- A £226k worsening on Human Resources due to the cost of the Resource Link system for the October - March period after the service had in-sourced.
- The remainder of the movement is made up of smaller movements within the service.

Policy, Performance and Communications Portfolio

Summary

25. At month 12 the Portfolio showed an under spend of £219k. The key reason for the forecast outturn position is:-

- A reduction in spend of £151k in relation to the Policy and Improvement Service due to staffing vacancies, alongside removing non-essential spend.
- An over recovery of income of £52k on the Communications budget.

Financial Results

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 9
ACCOUNTABLE BODY ORGANISATIONS	20	20	0	↔
POLICY, PERFORMANCE & COMMUNICATION	3,201	3,420	(219)	↔
PUBLIC HEALTH	(14)	(14)	0	↔
GRAND TOTAL	3,207	3,426	(219)	↔

Commentary

- This position is an improvement of £48k on the position reported at Month 9. The key reason for this movement is the over recovery of income on the Communications budget.

Corporate Transactions

Summary

26. As at month 12, the Corporate portfolio is showing a £13.3m underspend. The Corporate budget is made up of the following.
- Corporate Expenditure: Council wide budgets that are not allocated to individual services, including capital financing costs and the provision for redundancy and severance costs.
 - Corporate income: Revenue Support Grant, locally retained business rates and Council Tax income, some specific grant income and contributions to/from reserves.
27. The underspend is made of the following factors;
- A change to the Minimum Revenue Provision policy, releasing £5.5m of savings
 - A £3.6m of improvement within the redundancy provision, due to the successful use of natural wastage in staff posts causing redundancies to be lower than forecast
 - £2m of interest costs avoided by postponing required borrowing.
 - £1.2m released from the pension reserve due to a lower level of charges than was expected.
 - Unbudgeted grant income of £0.9m

Commentary

28. The current position is a £3.5m improvement since Month 9, which is a reflection of £0.9m of un-budgeted grant income and £2.6m of improvement within the redundancy provision.

Financial Results

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

Service	Outturn £000s	Budget £000s	Variance £000s	Movement from Month 9
CAPITAL FINANCING	25,367	33,163	(7,796)	↔
CORPORATE ITEMS	(470,006)	(464,459)	(5,547)	↓
GRAND TOTAL	(444,640)	(431,296)	(13,343)	↓

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PUBLIC HEALTH BUDGET MONITORING AS AT 31st MARCH 2018

Purpose of the Report

1. To report on the 2017/18 Public Health grant spend across the Council for the month ending 31st March 2018.
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 12 the overall position was an underspend of £824k which is summarised in the table below.

Portfolio	Full Year Expenditure	Full Year Expenditure Budget	Full Year Variance as at M12	Full Year Variance as at M9	Movement from Prior Period
PEOPLE	29,664	30,074	(410)	(508)	98
PLACE	2,948	3,014	(66)	3	(69)
DIRECTOR OF PH	1,623	1,971	(348)	(290)	(58)
Total	34,235	35,059	(824)	(795)	(29)

5. Key reasons for the forecast positions spend are:

- £410k underspend in People mainly as a result of underspending in Mental Health Commissioning Partnerships and Grants, which largely offset a demanded pressure on supervised consumption within the Drug and Alcohol, and Domestic Abuse Coordination Team (DACT), and slippage of recruitment and contracts (including Carers Breaks).
- Place underspent by £66k, representing an underspend on Smoke Free contracts, partially offset by an overspend on the Stop Smoking Contract.
- £348k underspend in Director of Public Health as a result of staffing vacancies, support services underspends and, contract slippage and liabilities that have not yet materialised on GP Healthchecks Contracts.

6. Key reasons for significant quarterly movements are:

- The adverse movement in People is mainly the DACT supervised consumption demand led pressure referred to above.
- The underspend in Place is largely a result of a reduced overspend on the Stop Smoking Contract and a increased underspend on the Smoke Free contracts.
- Further underspend in Director of Public Health is as a result of a greater over-recovery of income and increased vacancy savings.

HOUSING REVENUE ACCOUNT MONITORING AS AT 31st MARCH 2018

Purpose of this Report

1. To provide a summary report on the HRA 2017/2018 revenue budget for the year ending 31 March 2018, 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 12 the full year outturn position is an overall improvement of £2.9m from this budgeted position. As such the funding contribution to capital investment programme will be revised to take this into account. This is in line with the HRA Business Plan which sets out the Council's plans and priorities for investment in Council housing over the next five years. Capital investment continues to be made on improving Council housing with the focus on new roofs, improvement to communal areas as well as building new council housing.
4. The main areas affecting the outturn position include lower than budgeted rental income of £459k and increased repairs and maintenance costs of £429k which includes additional fire safety work carried out during the year. There is an overall reduction in running costs of which £2.0m relates to savings on staffing costs and vacancies as the service restructures. Whilst there have also been planned savings and other forecast underspends on operational and project costs, some of these relate to the timing of expenditure and are so partly offset by a transfer to reserves of £2.3m for project and other costs expected to materialise in 2018-19. Finally there is a reduction of £788k on loan interest payments due to revised borrowing assumptions.

Financial Results

Housing Revenue Account (excluding Community Heating)	FY Outturn £000's	FY Budget £000's	FY Variance £000's
1.NET INCOME DWELLINGS	(144,461)	(144,920)	459
2.OTHER INCOME	(6,413)	(6,407)	(6)
3.REPAIRS & MAINTENANCE	33,974	33,545	429
4.DEPRECIATION	23,587	23,587	-
5.TENANT SERVICES	46,512	51,932	(5,420)
6.INTEREST ON BORROWING	14,481	15,269	(788)
7.TRANSFER TO RESERVES	2,345	-	2,345
8.CONTRIBUTION TO CAP PROG	29,975	26,994	2,981

Community Heating

5. The budgeted position for Community Heating is a draw down from Community Heating reserves of £237k. As at month 12 the position is a draw down from reserves of £425k, this represents an unfavourable movement of £188k. This is mainly due to customers purchasing less heat than expected partly offset by reduced energy costs.

Community Heating	Outturn £000's	Budget £000's	Variance £000's
Income	(2,211)	(2,448)	237
Expenditure	2,636	2,685	(49)
Total	425	237	188

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. These changes 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 programme continues to be a significant risk to the HRA. The risk to income collection will become increasingly clear as Universal Credit 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.

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.

Description	Balance at 31/03/17 £000	Movement in 2017/18 £000	Balance at 31/03/18 £000	Movement in 2018/19 £000	Balance at 31/03/19 £000	Explanation
Non-earmarked Reserves						
General Fund Reserve	9,687	(1,031)	8,656	(150)	8,506	The Council's working balance: used as a last resort for emergency spend. The balance as at 31st March 2018 at just 2.7% of net spending, benchmarks low compared to most Local Authorities. This reserve is to be topped up to £12.6m as an agreed minimum.
	9,687	(1,031)	8,656	(150)	8,506	
Invest to Save Post 2015	1,482	1,410	2,892	713	3,605	The reserve replaces the original Invest to Save and will used to fund new transformation projects aimed at delivering long term revenue savings.
PFI Reserve	(349)	(639)	(988)	15,688	14,701	The PFI reserve exists due to Government funding being received in advance to pay future years' liabilities. This income is set aside in a reserve until needed to ensure sufficient funds are available to cover the cost of contracts in future years. During 2016/17 £17.1m of these reserves were used temporarily to fund the Pension Deficit early payment to deliver £5.0m of savings. These funds will be fully repaid during 2018/19 when they will be needed for their primary purpose
Highways PFI Reserve	15,231	(1,607)	13,624	(5,622)	8,002	
Total PFI Reserve	14,883	(2,245)	12,637	10,067	22,703	
Major Sporting Facilities	41,034	(11,165)	29,869	(5,710)	24,159	The Major Sporting Facilities (MSF) reserve exists because of the need to smooth the future significant payments due to Sheffield City Trust (re: Ponds Forge, the Arena, Don Valley Stadium and Hillsborough Leisure Centre).
New Homes Bonus	11,567	(4,818)	6,749	0	6,749	This reserve is earmarked to support economic development across the City.
Insurance Fund Reserve	11,102	110	11,212	(2,000)	9,212	This reserve is set aside to cover potential insurance claims made against the Council.
Public Health	1,032	391	1,423	0	1,423	During 2013/14 the DoH allocated Public Health Grant to enable local authorities (LA) to discharge their new public health responsibilities. Grant conditions for this funding requires the LA to transfer any unspent funds to reserves for use in future years.
Childrens and Adults Social Care	6,651	9,347	15,998	(7,057)	8,941	These Reserves are held are held to deal with transforming Social Care in Sheffield to better meet the much publicised challenges facing the sector and to deal with unforeseen costs. Better Care Funding for transforming Social Care provision accounts for £6.4m of the increase during 2017/18.
Business Rates	1,679	17,426	19,105	1,019	20,124	The Business Rates Reserve is required to cover potential future successful appeals against business rates. An increase in this reserve of £17.4m is inflated by £13.5m of funds repaying early payment of pensions.
Other earmarked	36,403	24,610	61,013	7,732	68,745	Other Earmarked reserves include funds which are set aside to cover predicted liabilities such as redundancies, Equal Pay claims, risk within the borrowing strategy and items earmarked for use by particular services. 2017/18 these reserves increased by £24.6m, the most significant movements included £8.4m repaid for previous early payment of pension deficit and £4.8m put into a reserve for future borrowing costs.
Total Earmarked Reserves	125,833	35,066	160,898	4,764	165,661	
Total Revenue Reserves	135,520	34,035	169,554	4,614	174,167	

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CORPORATE RISK REGISTER

AS AT 31st MARCH 2018

1. This Appendix provides a brief overview of the main financial risks facing the Council in 2018/19 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

2018/19 Budget Savings & Emerging Pressures

2. There will need to be robust monitoring in order to ensure that the level of savings required for a balanced budget in 2018/19 are achieved, especially given the cumulative impact of savings over the term 2011-18, and furthermore the backdrop of continuing reductions in Government grant from 2018/19 onwards.
3. In the business planning round for the year 2018/19, officers have identified numerous pressures which, if left unchecked, could lead to significant overspends in 2018/19 and beyond. The following pressures have been highlighted because they present the highest degree of uncertainty.

Capital financing costs

4. The Council currently maintains a substantial but manageable under borrowed position (i.e. we have used reserves of 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 on-going Brexit negotiations. Recognising this, our Treasury Management function maintains 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

5. 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.
6. 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 31st March 2018, there were still over 750 properties relating to the 2010 valuation list with a rateable value of approximately £115m under appeal in Sheffield.
7. Not all of the £115m 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 2017/18 to mitigate the loss of income as a result of

successful appeals. Actual trends on appeals were monitored in 2017/18, with any revised estimates of the impact of appeals forming part of the 2018/19 budget process.

8. 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 was delayed for 2 years but came 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, this has been taken into account when compiling the 2018/19 budget.
9. 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 seen very little management information relating to the number of appeals that are being processed under the new Check, Challenge and Appeal process. We have raised this issue with the Valuation Office and will continue to monitor the situation.
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.
11. There are two other main risks to business rates within the city, these are the ongoing legal challenge to the status of ATM's and imminent extension to Meadowhall. Although the case for ATM's is currently settled in our favour, there is still the risk that this case will be taken to higher courts. The redevelopment of Meadowhall will add a significant extension to the existing structure. This extension should realise a boost in business rates in the long term however we expect to see a large number of appeals lodged whilst building work is in progress.

Implementation of savings proposals

12. The risk of delivering savings in 2018/19 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:

- (a) 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;
- (b) 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
- (c) 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

13. 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 MTFA 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.
14. 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 £69.1m including 2018/19.
15. Prior years' planning had proceeded on the basis of 100% Business Rates Retention implemented in the year 2019/20. The policy announced in the Provisional and Final Local Government Finance Settlement 2018 (Dec '17 and Mar '18 respectively) was for 75% retention to be implemented by 2020/21. It is expected that this increase in retained rates will be matched by reductions in other grant funding, and thus be of no overall impact to the Council's net financing position.
16. 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, especially given the legislative changes above, 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

17. External bodies whose pension liability is underwritten 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.
18. The greatest risks to the Council are those schemes at risk of their pension fund closing in a deficit position. The deficit when the fund crystallises is based upon a 'least risk basis' calculation by the actuary, which results in a significantly higher deficit

than if calculated on an ongoing basis. The Triennial Review which covers 2017-20 highlights the total liabilities being underwritten by the Council for external bodies is £10.4m. This figure is on an ongoing, rather than least risk, basis. In the worst case, if these funds were to crystallise, the potential liability could be much higher.

19. These risks are continually reviewed to ensure that any impacts of potential crystallisations are minimised.

Economic Climate

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

External Funding

22. 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.
23. 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.
24. 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.
25. The result of the referendum on EU membership does not in the short term change the risk profile of EU grants.

Treasury Management

26. 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 continue to diminish over the last couple of financial years 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 rated, highly liquid and diversified funds.

27. 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 will continue to review our Treasury Management and Annual Investment Strategies during 2018/19 to ensure we have the ability to respond appropriately to market volatility.
28. 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.
29. 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. A major system upgrade and the introduction of secure manual telephone system during 2017/18 have been significant improvements to the handling of card data.
30. The Council currently has one advance payment 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 this company 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 this contract, the level of exposure reduces over time.

Welfare Reforms including Universal Credit

31. A programme of welfare reforms, introduced in 2013, led to cuts in a range of benefits including Housing Benefit (HB) and Council Tax Support posing a risk to residents' ability to pay their rent and council tax and therefore increases in arrears.
32. The most significant reform, the introduction of Universal Credit (UC) which replaces HB for those of working age, began to be rolled out in Sheffield in 2016 with full take up expected in 2022 or later.

33. UC poses a significant risk to the Council's Housing Revenue Account as support towards housing costs, which is currently paid through HB direct to the HRA, will, under UC, be paid directly to individuals. It is estimated that this could double or even treble the cost of collection and increase rent arrears to £15m 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.
34. The Council administers a locally funded hardship scheme to provide extra support to residents who cannot pay their council tax and a government funded scheme which supports those who cannot afford to pay their rent (a review of these, and other , discretionary schemes is currently underway which aims to consolidate these different support schemes). The Council will also continue to take robust action to recover arrears from those who simply will not pay.
35. There is also a UC Project Working Group which is supporting the roll-out of UC and taking steps to ensure the Council is prepared for full take up.

People Risks – Children Young People and Families

Education Funding

36. 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.
37. 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 2018/19 this cost to the Council is estimated at around £250k and remains a risk for any future conversions, especially with the expansion of the academy conversion programme.
38. As part of transition to a National Funding Formula, when all funding allocations to schools will be directly managed by Education Funding Agency , 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

39. There has been an increase in demand and costs for services for children social care, both in terms of placement costs and fieldwork staffing and support costs.
40. A number of transformational projects have been put in place to manage the increasing demand and costs within available resources. These include preventing children coming into care and ensuring appropriate family based services, thereby

avoiding the need for high cost, out-of-city placements. Implementation of these programmes is contingent upon cross service and cross-portfolio working.

People Risks – Adult Social Care

41. In 2018/19 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..
42. In 2018/19 it is proposed to enter a pooled budget arrangement with the Clinical Commissioning Group and Sheffield Health and Social Care Foundation Trust to 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.
43. For 2018/19 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.
44. 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.
45. For 2018/19 there is a risk that providers will further seek to increase their fees, given the current level of over spend on the adult social care budgets this will cause increased pressure.

Place Risks

2018/19 Revenue Budget savings

46. The Place budget comprises three significant budget items - Streets Ahead programme, Waste Management contracts and the South Yorkshire Passenger Transport Levy – which together absorb 80% of the base 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.
47. 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 delivering the current Place savings targets. The review is underway and requires swift implementation, along with a number of other strategic interventions, if the necessary revenue budget savings are to be realised in 2018/19 and future years. Failure to so do will very probably create an overspend pressure for the Council.

48. 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 Council is close to completing a revised deal with its strategic partner which will deliver a revised service at a sustainable level of cost.
49. 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.
50. £1.9m of the 2017/18 budget saving initiatives had not been achieved during 2017/18. These will roll forward to 2018/19 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. The necessary action was taken in 2017/18 to ensure approximately £0.8m of the required savings should be deliverable from the start of 2018/19.
51. The Portfolio undertakes a number of complex, high profile capital projects which require strong cost control from the sponsor and project manager. Experience in prior years 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.
52. 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

53. 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. These changes 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:

- (a) **Welfare Reform /Universal Credit:** the Government's welfare reform programme continues to be a significant risk to the HRA. The risk to income collection will continue to become increasingly difficult as Universal Credit 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.
- (b) **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.
- (c) **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.

54. 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

55. There is a risk of failure to meet significant year on year capital receipts targets due to reduced land values, reflecting the uncertain market and the impact of the Affordable Housing policy. This could result in over-programming, delay or cancellation of capital schemes.

Capital Programme Risks

Project Cost Control

56. 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. 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

57. There is a risk to delivering the full scope of major schemes such as Park Hill and other housing growth schemes because of the instability in the housing market. This could result in schemes ‘stalling’, leading to increased costs of holding the sites involved and delayed realisation of the projected benefits including New Homes Bonus and Community Infrastructure Levy. Along with capital receipts these funding streams form key elements of the Growth Investment Fund. Any reduction in these funding streams will limit the council’s investment capacity.

Olympic Legacy Park

58. 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.

Heart Of the City 2 (formerly Sheffield Retail Quarter)

59. The Council committed to incur around £62m to acquire land and carry out initial feasibility work to develop a plan for the retail quarter in the city centre. A further budget of £27m was approved for the appointed development manager to take forward the pre-construction phases of the scheme.
60. The Council has also approved a further £89m for the construction of the first building and associated public realm. The office accommodation of the building has been pre-let to HSBC on a 25 year lease, with options to exit at years 10 and 15. This means the Council carries the longer term vacant property risk on the office and also on a more periodic basis for retail and food and beverage units created as shorter leases expire.
61. The route for delivery of the remainder of the Heart of the City II has changed since originally approved. We will no longer be looking to deliver the scheme as one “big bang” corporate development and then be reliant on a single developer. It is envisaged that delivery will now be done via an incremental measured block by block approach, working within the approved masterplan, which can be delivered comprehensively over time but not necessarily by a single developer and/or the Council. This approach mitigates the Council’s risk and financial exposure and delivers momentum.
62. This phased approach to delivery also allows for future changes in the scheme to reflect changes in shopping habits/behaviours and the expectations of shoppers and users of the city centre.

63. The remainder of the £27m budget is now allocated across the development blocks to complete its own pre-construction phase. On completion of that phase further funding will be sought through the capital approval process to develop the properties.
64. The scheme is being funded through prudential borrowing which will be repaid primarily from the rental value created from the various types of property and 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 £4m pa will have to be provided for from existing budgets. The long term impact of the phased delivery has been built in to the Medium Term Financial Strategy.
65. A programme of development of this size carries with it significant levels of risk across a number of areas. These risks are amplified because of the length of the development programme and because of the uncertainties caused by the rapidly changing retail landscape and the unknown effect of Brexit.
66. In order to mitigate those risks stringent governance will be exercised over the progression of the scheme so that additional cost commitments will only be made if there is tangible evidence that scheme has positively achieved its pre-conditions and that the demand, rental levels and costs can be evidenced to be in line with or an improvement on base assumptions.

Schools' Expansion programme

67. 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 £21m in 2018/19 after mitigating action. In subsequent years it expects to receive sufficient funding to repay the cash flow by 2021/22.
68. 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.
69. 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.
70. Basic Need funding allocations for the purpose of school expansion are confirmed up to 2019-20. The modelling of the Schools Capital Programme has been based on an estimated allocation of £10m p.a.funding in 20/21 and 21/22. Any reduction in these

estimated amounts will delay the timescale for the repayment of the cash flow and also any future investment.

Annual Treasury Management Review 2017/18

Introduction

1. This report provides an update on the performance of the Treasury Management (TM) function and reviews compliance with the Treasury Management Strategy (TMS). The TMS, agreed by Council each year, details how TM managed cash requirements, investments, and the need for debt to fund the Council's capital programme.
2. Assessment of the performance is based upon indicators which are largely governed by the 'Prudential Code' set by the sector's accounting body – Chartered Institute of Public Finance and Accountancy (CIPFA) – and approved by Government.

Recommendation

3. Cabinet is asked to consider the 2017/18 Treasury Management outturn report, and ask that it be forwarded to Council, in compliance with CIPFA's Code of Practice on Treasury Management (the Code).

Background

4. The Council is required, under the Local Government Act 2003, to produce an annual review of TM activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
5. During 2017/18, the Full Council received the annual TMS, whilst Cabinet were presented with the 2016/17 Outturn Report. A Mid-Year Report was also issued to the Cabinet Member for Finance.
6. The regulatory environment places responsibility on Members for the review and scrutiny of TM policy and activities. This report is therefore important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
7. Training on treasury management issues was provided to Members on the 13th March 2018.

The Strategy for 2017/18

8. The expectation for interest rates within the treasury management strategy for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before March 2020.

9. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017/18 and the two subsequent financial years. In this scenario the treasury strategy was to minimise new borrowing, to avoid the cost of holding higher levels of investments and the associated cost of carry (i.e. the difference between the higher rates of interest we pay on the amounts we borrow, compared to the interest we earn on our investments), and to reduce counterparty risk.

Key Points

- During the year, SCC borrowed £75m and repaid £15m of short term borrowing taken for short term cash flow purposes, and a further £2m of maturing debt was repaid without being replaced.
- The Council operated within the Prudential Indicator Limits for 2017/18 set by the authority (see annex for details of limits).
- A comparison of the opening and closing debt and investment positions is shown below.

Authority	31 st March 2017 Principal	31 st March 2018 Principal
Gross Capital Financing Requirement (CFR)	£1,414m	£1,503m
PFI and other Long Term Liabilities	£426m	£410m
Net CFR (excluding PFI & LT Liabs)	£988m	£1,093m
Total debt	£747m	£800m
Over / (under) borrowing*	(£241m)	(£293m)
Total investments	£85m	£90m
Net debt	£662m	£710m

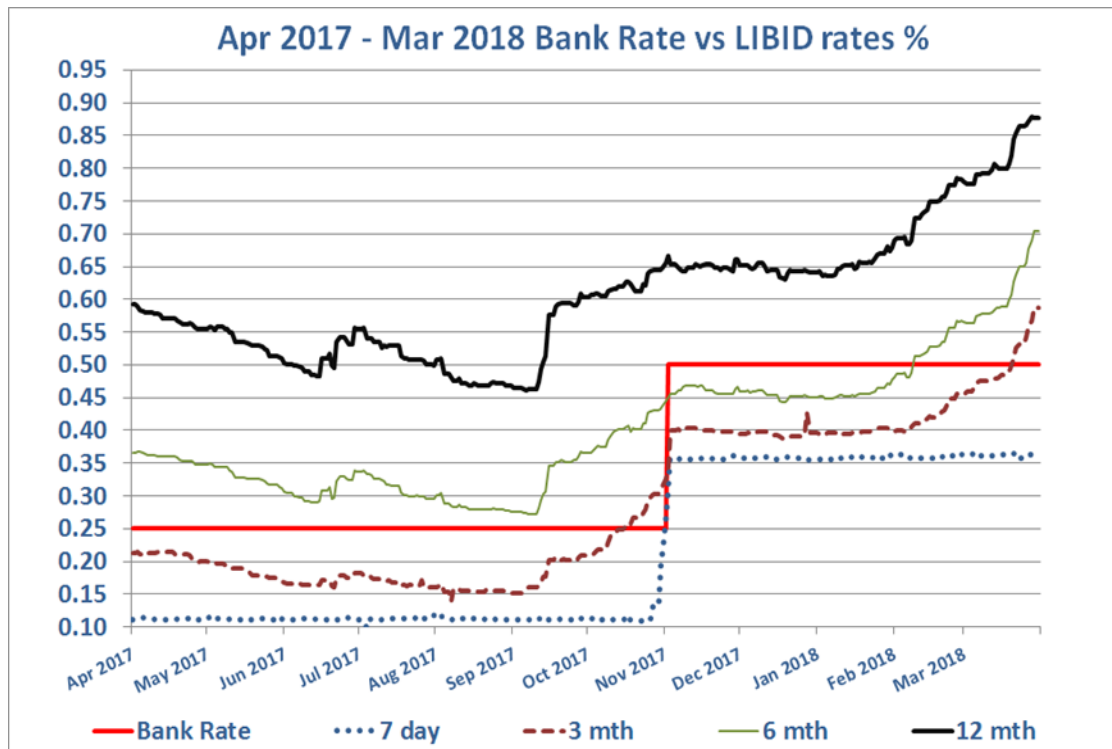
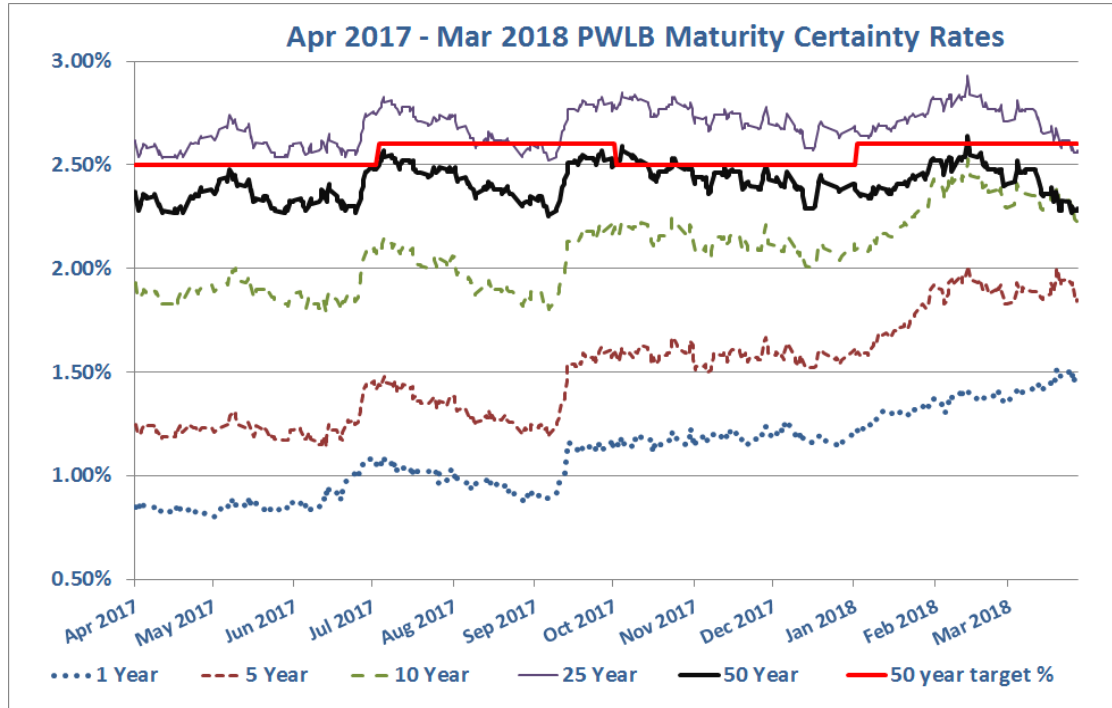
* Under borrowing represents the difference between the underlying need to borrow for capital purposes represented by the Capital Financing Requirement (CFR) and the amount we have actually externally borrowed. It therefore represents the borrowing we have funded from cash generated internally (for example from grants received in advance of need). If the level of cash diminishes, we would borrow externally to replace it, reducing our under-borrowing. Under-borrowing does not represent additional revenue or capital resources available to the Council.

The Economy and Interest Rates

10. During 2017, there was a major shift in expectations in financial markets in terms of how soon the Base Rate would start to rise rising.
11. The UK economy surprised with strong growth in the second half of 2016, but growth in 2017 was disappointingly weak in the first half of the year. Growth was the slowest for the first half of any year since 2012. The main reason was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases.
12. Consequently, the Service sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure; however, growth did pick up modestly in the second half of 2017. Consequently, during the autumn of 2017, market expectations rose significantly leading the Monetary Policy Committee (MPC) to raise the Base Rate. The 2 November MPC quarterly Inflation Report meeting duly raised the Base Rate from 0.25% to 0.50%.
13. The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in the Base Rate shifted considerably during the second half of 2017/18 and resulted in investment rates from 3-12 months increasing sharply during the spring quarter.
14. Consequently, PWLB borrowing rates increased, with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries.
15. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed (The US Central Bank), raising rates by 0.25% in June, December and March. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

Borrowing and Investment Rates

16. Both the interest rate on new borrowing charged by Public Works Loans Board (PWLB) and the interest receivable on our investments rose slightly during the year (see graphs below).



LIBID is the London Interbank Bid Rate which reflects the average interest rate which major London banks borrow Eurocurrency deposits from other banks and is a key indicator of interest rates on short term deposits.

The Borrowing Requirement and Debt

17. The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).
18. The CFR goes up when we use borrowing to fund capital projects, but falls as we put money aside each year to repay that debt. The money we put aside to repay the debt each year is known as our 'minimum revenue provision' (MRP), and mimics depreciation charges that are used in the private sector.
19. The table below shows the outturn for 2016/17 and 2017/18 and the 2017/18 budget position including PFI liabilities.

	31 st March 2017 Actual (£m)	2017/18 Budget (£m)	31 st March 2018 Actual (£m)
General Fund CFR (non PFI)	£642m	£752m	£747m
General Fund - PFI Liabilities	£426m	£426m	£410m
Overall General Fund CFR	£1,068m	£1,178m	£1,157m
HRA CFR	£346m	£346m	£346m
Total CFR	£1,414m	£1,524m	£1,503m

20. After adjusting for PFI liabilities of £410m, the overall underlying debt of the Authority was £1,157m (up 8% on 2016/17's figures).
21. Planned capital investment for 2017/18 increased to £246.5m from the £238.3m set out in the TMS. Some of this represents slippage from 2016/17 and is therefore a timing issue rather than an increase to the overall capital programme.
22. Compared to 2016/17, gross external debt, excluding PFI liabilities, has increased by a net £53.2m to £800m after accounting for maturing loans.
23. £346m of our overall net debt related to the Housing Revenue Account (HRA) unchanged on last year and also slightly below expectations set out in the 2017/18 TMS. HRA debt relates to legacy housing investment, such as the Decent Homes programme.

Borrowing Outturn for 2017/18

24. During the year, SCC borrowed £75m to support the Council's capital investment programme. The table below shows the breakdown of capital investment being funded through prudential borrowing in 2017/18:

	£'m
Sheffield Retail Quarter	49.9
Streets Ahead	42.7
Leisure Improvements	13.4
Waste Management	13.5
Other Programmes	1.0
	120.5

25. The difference between the £120.5m above and the £75m we actually borrowed is the amount we funded using existing cash balances. This reduces the loan interest costs we pay, but means our under borrowed position has gone up.

26. Details of the borrowing taken in 2017/18 are shown in the table below:

Start Date	Maturity Date	Counterparty	Rate %	Principal O/S £'000s
06/02/2018	06/02/2026	PWLB	2.25%	7,000
06/02/2018	06/02/2059	PWLB	2.59%	13,000
06/02/2018	06/02/2063	PWLB	2.55%	10,000
23/03/2018	23/03/2064	PWLB	2.35%	7,500
23/03/2018	23/03/2065	PWLB	2.34%	7,500
23/03/2018	23/03/2068	PWLB	2.34%	15,000
23/03/2018	09/05/2018	London Borough of Newham	0.45%	15,000
		Total	2.03%	£75,000

27. The overall borrowing rate on these loans of 2.03% (2.42% excluding the short term loan from Newham) was below the budgeted level, and has therefore resulted in revenue savings.

28. Borrowing is currently attractive to take advantage of historically low borrowing rates, and to ensure our under borrowed level remains at sustainable levels in line with the TMS. However borrowing may incur a cost of carry (as described earlier). Consequently any additional borrowing will be taken cautiously, whilst keeping a close watch on forecasts of longer-term rates. Once these rates are forecast to increase significantly in the near future, we will take out additional long term debt in advance of these increases, to lock in the current low interest rates.

29. The decision to defer borrowing until Q4 of 2017/18 was taken in consultation with the Head of Strategic Finance, resulting in the capital financing budget being underspent for the year. This underspend was used to help support the Corporate budget. The average rate of interest paid on the Council's external debt has decreased to 4.12% in 2017/18 compared to 4.31% in 2016/17.
30. As at 31 March 2018, the loans portfolio, excluding PFI liabilities, totalled £800m indicating that the Council is under borrowed by £293m – up £52m on 2016/17 (£241m).

Debt Rescheduling

31. No rescheduling was done during the year as the average 1% differential between PWLB new borrowing and premature repayment rates made rescheduling unviable.

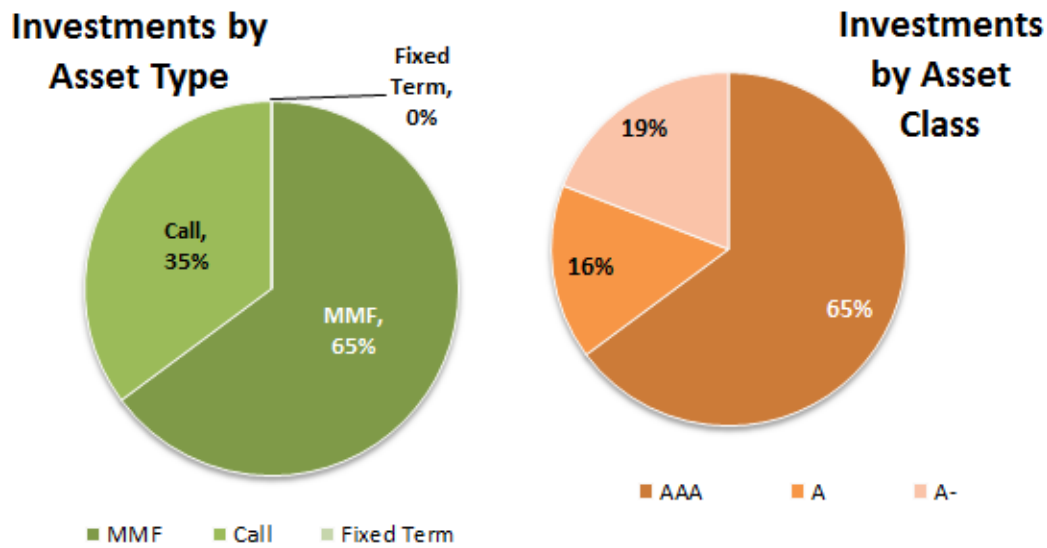
Investment Outturn for 2017/18

Ethical Investment Policy

32. The Council's Investment Policy is set out in the annual Investment Strategy approved by Full Council in March each year. The Policy outlines the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data, such as rating outlooks, credit default swaps, etc. In addition, the Council commits to not holding any direct investments in fossil fuels or, to the best of their knowledge, companies involved in tax evasion or grave misconduct.
33. The investment activity during the year conformed to the approved Investment Strategy, and the Council had no liquidity difficulties.

Investments held by the Council

34. The Council maintained an average balance of £106.5m of internally managed funds compared to the Council only having funds for day to day cash flow purposes. As at 31st March 2018, investments were £90m; up £5m on the previous year (2016/17).
 35. The internally managed funds earned an average rate of return of 0.48% against a budgeted return of 0.25% (i.e. in line with UK Base Rate at the time when the strategy was set).
 36. The Council would not normally plan to have such high cash balances, but balances are increased by the size and uncertainties in timing of the capital programme.
 37. The pie charts below shows SCC's split of investments over a range of investment options, including AAA rated Money Market Funds (MMF's) and Fixed Term or Call accounts deposits with banks:
-



38. MMF's are an attractive counterparty to mitigate counterparty risk because they only invest in the most secure assets whilst they allow liquidity on a day to day basis and in line with the council's investment priorities (security, liquidity and then return).

Other Issues

MRP Policy change

39. As part of the 2017/18 Mid-Year Review, the Council took the opportunity to review the Council's MRP Policy to reflect better the use of assets over their useful economic life, and make the allocation of MRP charges fairer and more equitable between current and future taxpayers. The proposals were approved by the s151 Officer on the 9th January 2018 and subsequently approved by Cabinet on the 14th February 2018; after being reviewed by the Overview and Scrutiny Management Committee on the 23rd January 2018. The updated wording was reflected in the MRP policy statement set out in the 2018/19 TMS.

Revised CIPFA Codes

40. In December 2017, CIPFA issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. A particular focus of these revised codes was how to deal with Local Authority non-treasury investments, e.g. investing in commercial property for potentially higher returns.
41. A key recommendation was that Local Authorities should produce a new report to Members to give a high level summary of the overall capital strategy and to enable Members to see how the cash resources of the Authority have been apportioned between treasury and non-treasury investments. Officers

will report to Members during 2018/19 when the implications of these new codes have been assessed.

Markets in Financial Instruments Directive II (MiFID II)

42. The EU set the date of 3rd January 2018 for the introduction of regulations under MIFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with Local Authorities from that date. This Directive has had limited effect on SCC apart from ensuring that our status as a professional investor is retained, and thus we retain access to a wider range of financial instruments, such as MMF's.

Annex 1

43. The overall Treasury position as at 31 March 2018 (excluding debt from PFI and finance leases) split across the General Fund and the Housing Revenue Account was as follows:

Authority	31 March 2017 Principal	Rate/ Return	31 March 2018 Principal	Rate/ Return
Total debt	£747m	4.3%	£800m	4.1%
CFR	£988m		£1,093m	
Over / (under) borrowing	(£241m)		(£293m)	
Total investments	£85m	0.36%	£90m	0.48%
Net debt	£662m		£710m	

General Fund	31 March 2017 Principal	Rate/ Return	31 March 2018 Principal	Rate/ Return
Total debt	£456m	4.2%	£510m	4.0%
CFR	£642m		£747m	
Over / (under) borrowing	(£186m)		(£237m)	
Total investments	£85m	0.36%	£90m	0.48%
Net debt	£371m		£420m	

HRA	31 March 2017 Principal	Rate/ Return	31 March 2018 Principal	Rate/ Return
Total debt	£291m	4.6%	£290m	4.4%
CFR	£346m		£346m	
Over / (under) borrowing	(£55m)		(£56m)	
Total investments	£0m	n/a	£0m	n/a
Net debt	£291m		£290m	

Annex 2: Prudential and Treasury Indicators

44. During 2017/18, the Council complied with its legislative and regulatory requirements including the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2016/17 Actual £000	2017/18 Original £000	2017/18 Actual £000
Capital expenditure:			
General Fund	141,822	153,442	183,523
HRA	73,530	84,851	63,001
Total	215,352	238,293	246,524
Capital Financing Requirement:			
General Fund	1,068,096	1,177,690	1,156,760
HRA	345,968	345,941	345,941
Total	1,414,064	1,523,631	1,502,701
Gross debt	1,172,870	1,394,536	1,209,555
Net External debt (gross debt less investments)	1,088,204	1,310,156	1,119,452
Investments			
Longer than 1 year	Nil	Nil	Nil
Under 1 year	84,666	84,380	90,103
Total	84,666	84,380	90,103

45. The Council's net external debt has increased by around £31.2m during the year, whilst our overall need for borrowing, which is represented by the CFR, has increased by £88.6m.
46. The CFR increases when we use borrowing to fund capital projects, whilst external debt goes up when we take on new loans or other credit arrangements such as PFI liabilities.
47. Net debt has increased as a result of a decision taken by the Council to ensure the level of under borrowing (where the level of borrowing is lower than the underlying need to borrow as set out in the CFR) is maintained at sustainable levels.
48. In order to lock into historically low borrowing rates, the Council has taken £75m of new borrowing (excluding PFI arrangements).
49. However, following the above strategy combined with an under spend on the capital programme meant that the Council continued to hold large sums of cash on deposit throughout the year. These deposits were placed with an array of AAA rated, instant access money market funds and fixed-term and call account deposits with banks. This investment policy meant that we sought to minimise security risks of our deposits, but deposit returns were

relatively low at 0.48% (albeit above the average UK Bank Base Rate of 0.35% during 2017/18).

Gross borrowing and the CFR

50. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table above shows that we have met this requirement.

The Authorised Limit

51. The authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

The Operational Boundary

52. The operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual Financing Costs as a Proportion of Net Revenue Stream

53. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2017/18
Authorised limit	£1,690m
Maximum gross borrowing position	£1,218m
Operational boundary	£1,600m
Average gross borrowing position	£1,179m

Ratio of financing costs to net revenue stream	31 March 2017 Actual	2017/18 Original limits	31 March 2018 Actual
General Fund	18.7%	20%	17.6%
HRA	9.5%	10%	9.5%

54. The indicator above is an unsophisticated interpretation of SCC's capital financing position. It is important to recognise that the Council aims to borrow to fund capital programme activity where that activity will in turn generate savings through more efficient working or income generation other than borrowing for major schemes, e.g. new schools. As such, though the amount of money we spend on things like interest costs may rise from one year to the next, as these costs support borrowing that will enable larger savings to be made.
55. A good example of this is where borrowing is used to support the Streets Ahead project. Borrowing for this project incurs debt costs, but allows us to move away from expensive and inefficient responsive repairs to a cheaper more effective planned maintenance programme.

	31 st March 2017 Principal	Rate/ Return	Average Life (Yrs)	31 st March 2018 Principal	Rate/ Return	Average Life (Yrs)
Fixed rate funding:						
PWLB	£374m	4.34%	21	£432m	4.05%	21
Market	£188m	4.24%	47	£188m	4.24%	46
Local Authorities	£55m	2.23%	3	£50m	1.48%	2
Variable rate funding:						
PWLB	£0m	0%	-	£0m	0%	-
Market	£130m	5.20%	46	£130m	5.20%	45
Credit Liabilities:						
PFI Liabilities	£426m	9.51%	21	£410m	9.94%	20
Total debt	£1,173m	6.1%	30	£1,210m	6.14%	26
CFR	£1,414m			£1,503m		
Over/ (under) borrowing	(£241m)			(£293m)		
Total investments	£85m	0.36%	<1	£90m	0.48%	<1
Net debt	£1,088m			£1,120m		

The maturity structure of the debt portfolio was as follows:

	31 st March 2017 Actual	2017/18 Original (Max) Limits	31 st March 2018 Actual
Under 12 months *	20%	20%	19%
12 months & within 24 months	1%	20%	2%
24 months & within 5 years	5%	20%	3%
5 years and within 10 years	7%	40%	9%
10 years and above	67%	100%	67%

* Included in the 'Under 12 month' figure are bank loans which have a "call option" that allows the bank to either re-set the interest rate or allow us to repay the loan every six months. As these loans could be repayable in six months' time, we show them as being due under a year.

The maturity structure of the investment portfolio was as follows:

Investments	2016/7 Actual £000	2017/18 Original Estimate £000	2017/18 Actual £000
Longer than 1 year	0	0	0
Under 1 year	84,666	84,380	90,103
Total	84,666	84,380	90,103

The exposure to fixed and variable rates was as follows:

	31 st March 2017 Actual	2017/18 Original Estimates	31 st March 2018 Actual
Fixed rate debt (inc PFI)	£1,043m	£1,264m	£1,079m
Fixed rate investments	-£8m	-	-£35m
Net fixed rate exposure	£1,035m	£1,264m	£1,044m
Variable rate debt	£130m	£130m	£130m
Variable rate investments	-£77m	-£84m	-£55m
Net variable rate exposure	£53m	£46m	£75m

REQUEST FOR PROJECT FUNDING CUSTOMER RELATIONSHIP MANAGEMENT

Purpose of Report

1. The purpose of this report is to seek approval for a total investment of £745,848 to support the upgrade and purchase of a new Customer Relationship Management (CRM) system as follows:
 - a) £380,672 from the HRA fund (payable in the first two years of the contract) and
 - b) £365,176 from the SCC General Fund over the 5 year term.
2. As Customer Services does not have the budget to fund this investment we are requesting that SCC funding is provided from reserves.

Recommendations

3. Cabinet are recommended to:
 - a) Provide total investment of £745,848 over a 5 year term for the upgrade and purchase of a new CRM system. It is recommended that the initial investment is funded from reserves.
 - b) Delegate authority to Director of Finance and Commercial Services in consultation with the Director of Legal and Governance to:
 - i. Terminate any existing CRM contracts with the existing Council ICT supplier.
 - ii. Purchase the new CRM system via the Council's approved purchasing framework and thereafter enter into a contract for a new CRM by 30 June 2018 for 5 year term.
 - iii. Take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in this report.

Proposal

Business Need

4. Sheffield City Council's Corporate Customer Relationship Management (CRM) System helps us deliver and manage effective customer service across the whole council, via phone, face to face and online channels. We currently use two versions of the system in order to meet the needs of the Housing Service (v6) and wider customer service needs across the Council (v8). In addition to this Customer Services use a third CRM product to manage feedback and complaints from customers – iCasework.
5. Our current platforms do not enable us to exploit advances in CRM technology seen across the market place and which enable a significantly improved customer experience, a single view of the customer, and operational improvements through

integrations with other platforms and forms that would allow us to build the improvement of our self-service options.

Why we need the Project

6. The current CRM delivery model is technically unsupported, outdated and inefficient and with duplication across support costs. As such it exposes the Council to the following risks:
 - a) If we had no CRM we would be operating as in a Business Continuity situation at all times.
 - b) If we had no or insufficient MI/BI we would not be able to:
 - i. Develop the Service further
 - ii. Answer complaints correctly
 - iii. Assure quality and accuracy
 - iv. Analyse customer trends
 - v. Develop the Housing Service
 - vi. Deliver efficiencies
 - vii. Work towards increasing Average Handling Time. When Housing Lagan was introduced a 33% efficiency was made. Without Lagan this efficiency could be reversed resulting in an increase in staff costs.
7. The proposed upgrade option is the best tool to enable us to seamlessly integrate with our new web platform and will provide the basis for fundamental re-design of our services around customer need in a way that meets 21st century expectations of customer service.
8. With customer and process data available via a single interface, timely, informed decisions can be made enabling us to operate with increasing agility. We can then exploit customer insights, differentiate and improve service offers and develop demand management strategies with data-driven outcomes rather than relying on “gut-feel” decisions.

How does this decision contribute?

9. Over the coming months, the Council will set out an ambitious programme of customer focused service transformation in a refocused Customer Experience Programme. The CRM tool will be a fundamental driver in maximising both the ambitions of the Customer Experience Programme and the broader strategic outcomes of the Council set out in the SCC2020 Change Programme. The Links and Dependencies to other strategic aims are summarised below.

Links and Dependencies	Description
SCC2020	The upgrade is recognised as a product that will enable the organisation to more effectively deliver the SCC2020 strategy.
Customer Experience Programme	Operational re-design activity will be underpinned by the design principles embedded in the Customer Experience Programme
Tech2020	The Tech2020 strategy seeks a future state where we have a multi-source approach to procuring and commissioning technology. A direct award for the CRM upgrade supports this direction of travel.
Housing Plus	Housing Plus will require some of the additional capability (mobile working) to fully realise benefits.

10. The desired outcomes of the Customer Experience Programme are that:

- a) We get it right first time for customers, resolving their queries efficiently, responsively, and as quickly as possible – avoiding expensive and frustrating failure demand, leading to reduced operating costs and more satisfied customers
- b) Customers are able to access digitally-enabled, easy-to-use services that are designed around their needs, at a time and using a channel that suits them, where staff and customers can track and complete transactions consistently.
- c) We manage demand more effectively through better sign-posting, information, advice and guidance so that people can help themselves, identifying needs early to prevent situations escalating
- d) Customers are satisfied with their experience of using Council services.

The Preferred Solution

11. The preferred solution is to consolidate the existing CRM platform and upgrade the technology to a solution that meets the needs of the business now and in the future.

The Preferred Option

12. The preferred option is to procure the preferred solution from the existing CRM provider so that we can build on the existing relationship and build a mutually beneficial partnership approach that benefits the wider Sheffield community. The preferred option is commercially underpinned by directly awarding the contract to the provider. In this way we are strategically aligned to the Council's Tech2020 strategy. This option also appears to provide best value in terms of product alignment to

requirements, set up, on-going cost and other indirect costs such as product familiarisation, training and skills transfer.

Consultation

13. Consultation has taken place with all stakeholders, the most significant of these being our Housing Service colleagues, who not only support the project but have agreed to fund 46% of the net project costs.
14. Consultation during development of the Business Case has included colleagues in HR, Legal, Insurance & Risk, Equalities, Trade Unions, Commercial and Democratic Services.
15. The business case was endorsed by the Customer Experience Programme Board on 15th May 2018 to go through to RLT and then for Cabinet Approval
16. Lead Cabinet Members with responsibility for Customer Services and Housing Services have been kept apprised of the project developments and further meetings are planned throughout May/June 2018.

Risk Analysis and Implications of this Decision

Equality of Opportunity Implications

17. An Equalities Impact Assessment has been completed and can be found here – EIA 228 at <https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/My%20EIAs.aspx>

Financial and Commercial Implications

18. The total project cost is forecast to be **£2,341,598** over a 5 year period.
19. However, after realising savings from the current core ICT contract and rationalisation of the iCasework complaints handling system (once these existing contracts are terminated) the net project cost should be reduced to **£745,848** over the term of the contract. On-going costs at the end of the term will be approximately £28k per annum higher than they are presently.
20. 2018/19 implementation costs include: one-off capital costs, project costs, decommissioning costs, new Software as a Service (SaaS) annual support & maintenance costs and new annual SaaS subscription costs – requiring an initial investment funding totalling £633,509.
21. A £190,336 annual investment contribution from the Council's HRA fund payable in the first two years of the contract only, will reduce the upfront (2018/19) investment cost from the SCC General fund from £633,509 to £443,173. However, the overall SCC General Fund investment required over the contract period is £365,176.
22. The cost profile for the term is summarised below.

	18/19 (Jul-Mar)	19/20	20/21	21/22	22/23	23/24 (Apr-Jun)	Total
General Fund Costs/(Savings)	443,173	(166,319)	24,017	24,017	28,555	11,733	365,176
HRA Funding	190,336	190,336	0	0	0	0	380,672
Total Net Project Cost	633,509	24,017	24,017	24,017	28,555	11,733	745,848

23. A Procurement Strategy has been developed and will be signed off by Filip Leonard (Head of Procurement & Supply Chain). It will provide details of the framework and criteria which will be satisfied to ensure compliance with SCC policies and procedures.
24. As regards the source of funding, it is recommended that the investment is provided from reserves.

Legal Implications

25. The Localism Act 2011 provides the Council 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. The power to enter into contract to provide such services and facilities is contained in section 111 of the Local Government Act 1972, which permits a local authority to do anything ancillary to incidental to or conducive to the discharge of any of its functions.
26. A contract for the purchase of a new Customer Relationship Management system as detailed within this report will be put in place, such contractual agreement should be based on the Councils standard contract terms and conditions.
27. The Housing Revenue Account (HRA) is the financial account of the Council as a landlord of Council Housing. Legally any expenditure from this account can only take place involving council housing and includes associated activities in connection with the provision of council housing, in this case customer relationship services. Decision makers need to be satisfied that this is appropriate.
28. Any procurement and award of any contract for services must be made in line with the EU Regulations and the Leaders Scheme of Delegation.

Other Implications

29. Outstanding risks for this project to date are attached as Annex A to this Appendix.

Alternative options considered

30. Other options as detailed below, were considered, but discounted as they left the Council open to reputational and information security risks. These alternative options included:
- Do nothing.
 - Extend the current contract under current core ICT contract.
 - Competitive tender process for an alternative supplier.

Project Scope

31. The suggested scope of the project is as follows:
- a) Consolidate the two existing versions into one, upgrading them from the current version of Lagan/Verint (v6 and v8) to the new v15.4. (or latest version at the time of purchase).
 - b) Revise and modernise the current processes and scripts to improve the customer journey and single view of the customer.
 - c) Review and modernise CRM capabilities to ensure alignment with Tech2020, SCC's Customer Experience Strategy and the new General Data Protection Regulations (GDPR) 2018.
 - d) Replace the need for iCasework (Complaints software) by using new processes within the upgraded version of CRM.

Reasons for Recommendations

32. The benefits of the preferred option described above will be:
- a) A single customer contact record for all online and assisted channels
 - b) Increased mobility and flexibility within the contact centre model enabling improved data quality and ultimately improved service levels
 - c) Improved customer insight to aid planning of future services
 - d) Resolution of business problems around current form functionality
 - e) Improved consistency for customers via all channels
 - f) Ability to utilise online services for all front facing activity
 - g) Resolution of any current operational/technical issues
 - h) The ability to realise other Council projects; e.g. Housing Plus and HR insourcing
 - i) Enhanced Mobile capability
 - j) Reduction in staff frustration at using outdated, inefficient systems leading to a concomitant increase in job satisfaction.

Risk Analysis

33. Outstanding risks for the project to date are summarised below:

Risk	Description	Mitigation	Residual RAG Rating
1. Risk of benefits degradation through core ICT contract	There is a risk that the cashable savings may not be realised in full due to the complexities of the core ICT contract	Confirmation of the realisable savings that will drop out of the contract as a result of the upgrade with Commercial Services and with BCIS has now been received. However, this does not include current supplier business change or management costs. 10% contingency added to assumed cost as detailed above.	Amber
2. Project Delivery could go over budget	Lack of certainty over costs to be incurred by current corporate ICT provider which could impact the benefits profiles negatively.	We have based costs on QTMS provided by the current corporate ICT provider. However these are pending refreshed costs and will be confirmed once the programme is up and running – however, this will be transitioned from the existing ICT supplier. A realistic 10% contingency has also been included to help mitigate risk.	Amber
3. Initial dip in performance	Customer Service KPI's could see an initial drop as a result of becoming accustomed to a new system and new processes	Roll out of an upgraded system will take a two phased approach. An initial lift and shift of existing processes into the new system, which will only require familiarisation training. A second launch	Amber

in January 2019 will see the launch of the new processes, which will be supported by targeted training and staff will be used to test systems to increase familiarity. We will seek some KPI leniency from the relevant Executive Director during this period. Front end telephony messaging, call back opportunities will be used to update customers and mitigate any operational/reputational risks

4. Technical Risks	Integration issues which may affect current integrations with OHMs, PFI. May also affect website activity and possible firewall issues	Verint will work closely with SCC to manage the integrations with OHMS and Confirm (PFI) which will be undertaken as part of the project. Verint has experience of successfully delivering these integrations as part of upgrade projects with other customers. Verint will provide technical information on firewall and network access requirements to SCC as part of project planning.	Amber
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CAPITAL OUTTURN REPORT AS AT 31st MARCH 2018

Expenditure and Delivery

1. The approved capital programme budget for 2017/18 at 31 March 2018 (Month 12) was **£269.8m**.
2. This is a reduction of £23.9m from the last reported position at the end of Month 9. The table below summarises the movements.

	2017/18	2018/19	Future	Total
Month 9 Approved Budget	293.7	196.4	301.9	792.0
Additions	0.1	5.6	0.6	6.3
Variations	12.1	10.5	73.9	96.5
Slippage and Acceleration	-36.0	8.3	27.8	0.0
Month 12 Approved Budget	269.8	220.8	404.2	894.8

3. The key in-year budget changes between Months 9 and 12 relate to:
 - Slippage on the SRQ scheme (£15m), new Academy Schools (£5m), the Whole Family Case Management System (£1.5m), and the Corporate Essential Replacement Programme (£1m).
 - Re-profiling of the Housing Capital Programme (£11m)
 - Inclusion of an addition £10m of costs relating to the Waste Management Project.
4. The overall outturn of expenditure against this approved budget was **£246.5m**. Table 2 (below) summarises the outturn expenditure by service and categorises the variance against budget by various categories.
5. Year-end slippage (as identified in the table below) totalled £27.2m or 10% of the approved Month 12 budget which compares to 11% at 2016/17 outturn.
6. The vast majority of over and underspends identified relate to projects funded by specific grants or the Housing Revenue Account and so the net £2.2m underspend does not release any additional discretionary capital funds. However, overall savings on Leisure Centre and Football Pitches projects has reduced an expected call on Prudential Borrowing by approx. £400k.

Portfolio	Approved Expenditure Budget	Expenditure 31/03/18 (Qtier)	Variance	Slippage	Accelerated Spend	Overspend	UnderSpend	Internal Adjusment	Percentage Year End Slippage
BSR	13,285,000	13,285,000	-	-	-	-	-	-	0%
CITY GROWTH	62,926,100	59,157,091	3,769,010	5,398,737	(1,470,930)	(205,339)	46,540	-	6%
COMMUNITIES	791,609	905,671	(114,062)	-	(113,634)	(429)	-	-	-14%
CORPORATE	39,831,451	39,502,636	328,815	328,815	-	-	-	-	1%
CULTURE	20,990,654	20,010,883	979,770	151,308	(2,036)	(148,038)	977,536	1,000	1%
CYP	35,326,227	31,727,984	3,598,243	6,186,092	(2,321,493)	(504,137)	237,781	-	11%
HIGHWAYS	14,278,870	12,421,213	1,857,657	1,345,332	(7,268)	(359,497)	879,089	-	9%
HOUSING	71,306,561	63,001,365	8,305,196	9,073,300	(1,533,970)	(178,387)	1,455,153	(510,900)	11%
PARKS	2,185,627	841,932	1,343,694	1,290,112	(427)	(1,497)	55,508	(0)	59%
RESOURCES	447,114	66,026	381,088	385,291	-	(4,203)	-	-	86%
T&FM	8,411,177	5,589,875	2,821,302	3,052,758	(166,820)	(23,669)	14,510	(55,477)	34%
GRAND TOTAL	269,780,390	246,509,679	23,270,712	27,211,744	(5,616,577)	(1,425,195)	3,666,117	(565,377)	8%

7. The high percentage of year end slippage against Parks relates mostly to a general allocation of Section 106 resources for projects not yet commenced and so doesn't reflect a delay in projects in progress
8. The high percentage of year end slippage against Resources relates solely to the Moorfoot Lift Replacement project due to extended lead times from overseas suppliers
9. The high percentage of year end slippage against Transport and Facilities Management relates in most part due to block allocations for Health & Safety and Maintenance works that have not been fully utilised but are required to deliver necessary compliance works to the corporate estate.
10. Overall, analysis of slippage indicates that 40% of the £27m slippage at year end is not related to delay in projects in delivery but slippage in allocations for programmes not yet commenced or for land purchases which have been delayed.

11. The 10 projects with highest spend above approved budget with categorisation of the variance and explanatory comments are summarised below:

Scheme Title	Portfolio/Service	Approved Expenditure Budget	Expenditure 31/03/18 (Qtier)	Variance	Accelerated Spend	Overspend	Internal Adjustment	Comments
MERCIA SCHOOL	CYP	12,770,990	14,683,372	(1,912,382)	(1,912,382)	-	-	Acceleration due to additional surveys/monitoring in relation to ground conditions being undertaken.
KITCHEN/BATHRM PLANNED REPLMT	HOUSING	11,529,325	13,058,895	(1,529,570)	(1,529,570)	-	-	The contractor has brought forward future years work and presented a proposal to complete all work by the end of May 2018. The final number of outputs in 2017/18 is 1440, an acceleration of 425 outputs, including 165 vacant properties, on the original planned number of 1015.
SRQ OFFICES	CITY GROWTH	39,008,293	40,479,222	(1,470,930)	(1,470,930)	-	-	Project ahead of schedule
PROGRAMME MANAGEMENT COSTS RTB	HOUSING	-	510,900	(510,900)	-	-	(510,900)	This relates to £1.3k transaction costs relating to Right To Buy Properties - Costs are directly funded from Right To Buy sales at each year end.
SPI INVOLVED CAPITAL	CYP	946,230	1,339,904	(393,674)	(393,674)	-	-	Due to also paying out prior years' accumulated balances to schools before introduction of the new '100% passporing out to schools' policy starts in 2018-19.
HALLAM UNIVERSITY CYCLE ROUTE	HIGHWAYS	512,605	709,364	(196,759)	-	(196,759)	-	Overspend is due to moving costs at YE to SRQ for cycle route element. All expenditure is fully funded from STEP
FRA 16-17 FIRS HILL PMY SCH	CYP	197,400	370,520	(173,120)	-	(173,120)	-	Original Budgets were based on square meterage estimates prior to full design. Outturn costs and future forecasts reflect actual contractor scheme design costs including an uplift for out of hours working. A further £10k costs are forecast for 18/19. Works funded from School Condition Allocation
FRA 16-17 LYDGATE JUNIOR	CYP	-	169,652	(169,652)	-	(169,652)	-	The budget for this scheme forms part of the FRA Works Measured Term Contract Business Unit but was not formally separated out. Outturn costs and future forecasts reflect actual contractor scheme design costs including an uplift for out of hours working. A further £110k costs are forecast for 18/19. Works funded from School Condition Allocation
IRR JUNCTION SCHEMES	HIGHWAYS	127,120	272,307	(145,187)	-	(145,187)	-	Increased costs on scheme design funded from LTP
BROOKHILL AREA IMPROVEMENTS	CITY GROWTH	440,641	577,567	(136,927)	-	(136,927)	-	Increased costs to be met by University Of Sheffield
TOTAL		65,532,603	72,171,703	(6,639,100)	(5,306,556)	(821,644)	(510,900)	

12. The 10 projects with the greatest variance of expenditure below approved budget with categorisation of the variance and explanatory comments are summarised below:

Scheme Title	Portfolio/Service	Approved Expenditure Budget	Expenditure 31/03/18 (Qtier)	Variance	Slippage	UnderSpend	Internal Adjusment	Comments
ASTREA ACADEMY	CYP	9,604,229	6,042,715	3,561,514	3,561,514	-	-	Slippage due to over optimistic cash-flow submitted by the contractor. This has been compounded by the delays caused by service providers. These issues have been rectified. An up to date cash-flow from the contractor has now been received.
SHEFFIELD RETAIL QUARTER 2	CITY GROWTH	7,046,103	3,617,895	3,428,208	3,428,208	-	-	Budget requires review to reflect profile of acquisitions
PITCHED ROOFING & ROOFLINE	HOUSING	20,987,914	18,257,083	2,730,831	2,730,831	-	-	Due to the continued under performance of one of the contractors, the project has underspent. The 2017/18 budget had previously already been reduced by £3.5m due to a combination of poor performance and a higher than required budget. Rather than remove contractor a lower rate of outputs was agreed until 2017/18 commitments have been met. The 2018/19 commitments will then be re-tendered. This has resulted in around 635 fewer outputs in 2017/18. Hence slippage required to allow delivery of these in 18/19
WINDOWS& DOORS PLACEMENT(CHS)	HOUSING	4,871,095	3,387,478	1,483,616	1,483,616	-	-	Disputes over forecast final account with key contractor have resulted in delays to the programme. As a result slippage is required to allow completion of the programme in 2018/19
DISABLED GRANTS	HOUSING/ PEOPLE	4,031,226	2,670,081	1,361,145	1,361,145	-	-	The total expenditure of £2.670m is £0.078m more than the previous year. However, slippage is due to the large increase in grant, which inflated the available budget. The Disabled Facilities Grant funding can be carried forward. Work is ongoing to ensure grant useage is maximised going forward.
GREEN AND OPEN SPACES S106 STRATEGY	PARKS	940,898	-	940,898	940,898	-	-	Overall allocation for works not yet commenced but expected in future years
HEALTH & SAFETY COMPLIANCE	T&FM	845,612	-	845,612	840,547	-	5,065	Historic allocation for compliance works less funding of overspending schemes at Bereavement Services- Crookes and City Rd Crem. Access. Slippage requested for continuation of programme.
MECHANICAL REPLACE BRUNSWICK	CYP	826,550	130,789	695,760	695,760	-	-	Higher than anticipated full cost estimate of works has led to delay in programme as new solution is considered.
MECHANICAL REPLACE MTC TFM	T&FM	688,960	1,181	687,779	676,963	-	10,816	Overspend on individual schemes deducted from new Mechanical Replacement Programme. No overall increase in funding required.
FA PITCH (WESTFIELD)	CULTURE	5,818,285	5,157,531	660,754	73,831	586,923	-	Expected underspend due to sizeable risk/c contingency pot that hasn't been needed. Majority of saving reduces Prudential Borrowing requirement.
TOTAL		55,660,871	39,264,753	16,396,117	15,793,313	586,923	15,881	

Historic Performance Comparison

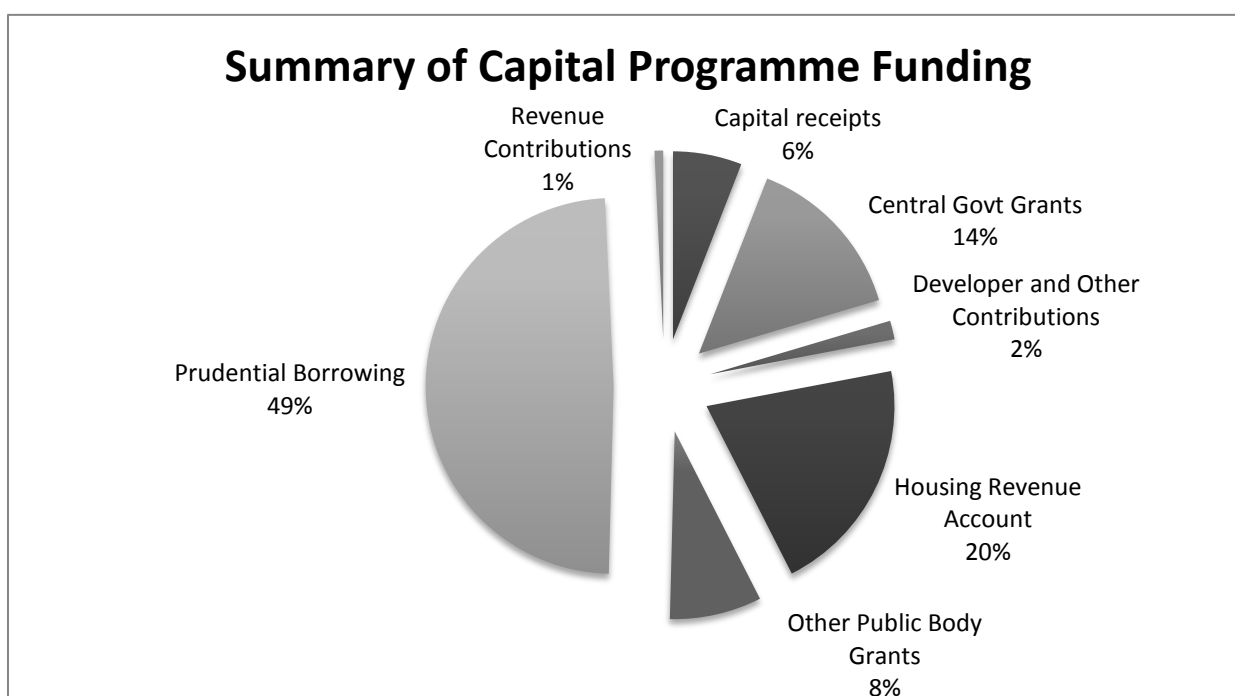
13. Analysis has been undertaken of overall slippage levels (i.e year end slippage plus in year slippage) over the previous 6 years. The results of this are shown below:

Financial year	Delivered	In Year Slippage	Year End Slippage	Total Slippage	Slippage as %age of budget
2012-2013	115.6	44.4	43.3	87.7	43%
2013-2014	116.5	44.6	9.6	54.2	32%
2014-2015	145.3	54.8	18.2	73.0	33%
2015-2016	227.4	37.5	36.9	74.4	25%
2016-2017	215.4	41.5	24.3	65.8	23%
2017-2018	246.5	51.4	21.5	72.9	23%

14. The overall trend is one of improvement since 2012-13 as the percentage of slippage against approved budget has fallen substantially. The trend of falling year end slippage in the past 3 years is also encouraging indicating that corrections to budgets are being captured earlier.
15. While an element of slippage in capital programmes is inevitable, work will continue to improve the accuracy of budget setting and forecasting to reduce this further. Benchmarking with other core cities will be undertaken to establish if Sheffield's level of slippage is comparable.

Funding and Resources

16. The graph below shows the breakdown of resources used to fund the £246.5m capital expenditure in 2017/18:



17. Almost half of capital expenditure has been funded via prudential borrowing (£120m). The major projects funded by this are development of the Sheffield Retail Quarter (where future returns are expected to offset financing costs) and the financing of capital elements of the Streets Ahead Contract which delivers overall revenue savings.
18. Expenditure funded by capital receipts (£12m) is split equally between the essential corporate estate maintenance works and council housing estate management.
19. The majority of the £35.6m funded by Central Govt. grants relates to grants from the Department for Education for the creation of new school places and maintenance of schools' infrastructure.

Key Issues

20. At last year end outturn the Lower Don Valley Flood Defence Project was identified as presenting a potential unfunded overspend position. During the year additional funds were secured from the Environment Agency and Community Infrastructure Levy, this project is now close to completion within a fully funded budget.
21. During the year approval was given to cash flow the schools expansion programme from corporate resources in advance of grant allocations being made from the Department of Education up to a maximum of £22m. Current projections indicate that this will be able to be managed at £2m below this level.

Summary

22. Whilst not improving on a percentage basis overall this year, programme slippage is on a downward trend. Work will continue to improve the accuracy of budget setting and forecasting to ensure a realistic capital programme is in place which will give greater certainty over cash flow and over the outcomes to be delivered for the city.



Author/Lead Officer of Report:
Damian Watkinson,
Finance Manager

Tel: 0114 273 6831

Report of: *Eugene Walker*

Report to: *Cabinet*

Date of Decision: *20th June 2018*

Subject: *Capital Approvals for Month 01 2018/19*

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? ***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 01 2018/19.

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
- Give authorisation to accept the grants as detailed in Appendix 2

**Background Papers:
Appendix 1, Appendix 2**

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: <i>Marianne Betts</i>
	Legal: <i>Sarah Bennett</i>
	Equalities: No
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: <i>Eugene Walker</i>
3	Cabinet Member consulted: <i>Councillor Olivia Blake Cabinet member for Finance and Resources</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: <i>Damian Watkinson</i>
	Job Title: <i>Finance Manager Business partner Capital</i>
Date: 11 June 2018	

MONTH 01 2018/19 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 01 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:

- 6 additions of specific projects to the capital programme creating a net increase of £3.543m;
- 8 variations of specific projects and recognition of allocations in the capital programme creating a net increase of £69k; and
- 4 requests for feasibility for noting only creating a net increase of £93k.

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 in relation to schemes to be delivered and Appendix 2 in relation to grants to be accepted.

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 (and Appendix 2 in relation to grants to be accepted).

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.

Finance & Commercial Service - June 2017

Priority / Scheme Name / Variation Type	Value £'000	Procurement
A Economic growth		
New additions		
None		
Variations and reasons for change		
<p>Castlegate Feasibility – Grey to Green II (Budget Increase) The ‘Grey to Green 2’ project aims to make Castlegate and Exchange Street a location for start-ups and new investment, particularly for cutting edge technology and creative businesses as well as creating an appropriate setting for the major hotels and attracting new forms of city centre living. Key interventions will include:</p> <ul style="list-style-type: none"> • Pedestrianisation of Castlegate and narrowing of redundant carriage ways on Exchange Street/Place to create a setting for development plots, public event space, Sustainable Urban Drainage and meadow planting areas to transform the public realm and improve the environment. • Redirect bus routes from Castlegate via Exchange Place and Blonk Street, including a new bus gate at Blonk Bridge. • Extend green and open space corridors with pedestrian and cycle priority to create a gateway to the city centre, particularly for the adjoining hotel cluster and riverside business district. • Create potential development sites from highway land at Exchange Place/Wharf St <p>Initial feasibility work costing £340k has been funded via the Growth Investment Fund. A scheme with a potential total value of c. £4m has been identified which will be dependent on a successful bid to the Sheffield City Region Investment Fund (£2.9m) to realise. Work to reduce costs of in particular by designing out utility diversions is also proposed.</p> <p>In order to meet timescales for delivery required by funders and identify savings it is necessary to proceed with detailed design of the scheme as soon as possible.</p> <p>Approximately £1.3m section 106 funding has been identified as available to contribute towards the scheme of which £962k is already held by SCC. It is proposed that £325k of these funds are used to progress detailed</p>	+325	Amey Hallam Highways via Schedule 7 of Streets Ahead contract.

	design of the scheme.		
B	Transport		
	New additions		
	<p>Early Measures Fund (Feasibility) and Abbeydale Improvements (Detailed Design)</p> <p>The Council was successful in bidding for £1.247m to invest in air quality improvement projects. Initially a feasibility study will be carried out at a cost of £35k in the following areas:-</p> <ul style="list-style-type: none"> • Electric Taxi Trials (£10k) – enabling Sheffield Hackney drivers to trial plug in vehicles • Public Chargers (£20k) – the installation of rapid charging points for public and taxi use • Monitoring & Evaluation (£5k) – assessing the impact of the projects <p>In addition to the above feasibility study, an additional £25k will be used to fund detailed design of a change to the traffic signals at two locations on Abbeydale Road. This is to improve the traffic flow with a view that fewer vehicles stopping at the signals will reduce air pollution. The full cost of this scheme is estimated at £159k as works will include; signing and lining, signal reconfiguration, moving bus stops and new detection equipment.</p>	+60	Feasibility only – in-house
	<p>HGV Weight Restrictions (Feasibility Funding)</p> <p>A report into HGV routing recommended that HGV’s should only use the approved HGV network for through journeys and consideration should be given to introducing restrictions to enforce compliance where voluntary action by HGV drivers is not being adhered to.</p> <p>£12k Local Transport Plan (LTP) is to be used to conduct a feasibility study into introducing 7.5t Environmental Weight Restrictions (EWR’S) to address HGV complaints in four areas:-The Wheel, Twentywell Lane, Psalter Land and Beighton Road.</p> <p>If the full scheme progresses, the total cost of the projects is expected to be £194k.</p>	+12	Feasibility only – in-house
	Variations and reasons for change		
	<p>Local Transport Plan Block Allocation</p> <p>The Local Transport Plan allocation for Sheffield City Council for 2018/19 is £3.179m of which £1.67m is already accounted for within approved schemes and estimated allowance of commuted sums.</p>	+1500	N/A

	To assist with accurate monitoring of the unallocated funding, £1.5m will be added to the Capital Programme as a block allocation from which the funding for future projects will be drawn. This will give greater transparency of the LTP programme.		
C	Quality of life		
	New additions		
	None		
	Variations and reasons for change		
	None		
D	Green and open spaces		
	New additions		
	None		
	Variations and reasons for change		
	<p>Ball Court Improvements Phase 2 & 3 (Budget Increase)</p> <p>This project is investing in 4 ball court sites across Sheffield. 2 are already underway as Phase 1 (Hollow Lane and Frecheville Pond), and now works on Phase 2 Duchess Road, and Phase 3 Richmond Park can be awarded.</p> <p>The original funding for Duchess Road was S106 of £15K and Public Health funding of £40K totalling £55K. As a result of frost damage to the existing tarmac surface over the winter new tarmac is required but wasn't in the original scope of works.</p> <p>Additional funding was required and additional S106 funds were identified as eligible to be used in the Duchess Road area. The use of this agreement was agreed by Ward Councillors 08.12.17 and by Planning Services 30.04.18, and has therefore been added to the project specifically for Phase 2 Duchess Road.</p> <p>Phase 2 costs:</p> <ul style="list-style-type: none"> Court Works £49K (including a small contingency) 	+8	N/A; contract to be awarded this month.

	<ul style="list-style-type: none"> • Landscaping £9K • Fees £5K <p>TOTAL £63K</p> <p>Original S106 £15K + Original Public Health £40K + new S106 £8 = £63K</p> <p>Total cost of project has therefore increased from £151K to £159K</p> <p>N.B. Phase 3 Richmond Park works have come in under budget by £6K. This will be held in contingency for any unforeseen costs. Parks & Countryside may apply to implement further small value improvements at Richmond Park with the remaining monies but will need final costs and seek relevant approvals for this</p> <p>Phase 3 costs:</p> <ul style="list-style-type: none"> • MUGA Works £36K • Fees £3K <p>TOTAL £39K</p> <p>Funding: Public Health £45K, therefore £6K unplanned contingency available.</p>		
E	Housing growth		
	New additions		
	None		
	Variations and reasons for change		
	<p>Asset Enhancement Strategic Sites (Budget Increase)</p> <p>This project is to fund investigations on 6 strategic sites which have been identified as having the development potential to deliver 4600 dwellings. The project supports the Corporate Plan priority to build new homes as it contributes to securing development potential of the sites.</p> <p>The budget has been increased by £33k funded from Revenue Contribution to Capital (RCC) bring the total overall budget to £532k</p>	+33	No change
F	Housing investment		

New additions		
<p>Community Heating - Pipework Renewal, Pedley Lofts</p> <p>SCC has a responsibility to ensure the District Heating network is managed well and to maintain the availability of heat and hot water for residents when they require. This basic requirement is being affected by numerous leaks which result in blocks of properties being cut off from their supply to hot water and heating for periods of hours or days whilst repairs are undertaken. Residents are frequently complaining about the 'poor service' they receive for District Heating on the Pedley estate and there is a risk that residents will lose confidence in the District heating network on the estate.</p> <p>SCC also have a duty to protect residents and stakeholders.</p> <p>There is an opportunity to maintain and improve confidence of the residents by replacing the loft pipework as a project over a short period of time, reduce ongoing repairs costs, management costs and the potential cost of compensation.</p> <p>The scheme is expected to start and finish during 18/19, with costs of:</p> <ul style="list-style-type: none"> • Re-pipe Lofts £212K • Bridge By-pass Valves £24K • Contingency (5%) £12K <p>TOTAL £248K</p> <p>Funded by HRA</p>	<p>+248</p>	<p>SCC Housing Repairs & Maintenance Service</p>
<p>Community Heating - Plant Rooms, Blackwell Court</p> <p>The cost of supplying energy to heat and supply hot water to Bard Street 3 (Blackwell Court Sheltered Scheme) exceeds the income generated on the scheme by a significant amount. The heat energy is currently provided by Veolia.</p> <p>It's recommended that the energy be supplied by a new site based gas boiler plant instead to tackle the high cost of running the District Heating.</p> <p>The annual costs from are £71,500 (including standing charge and energy purchased) whereas the income from residents is £13,000. A large proportion of the difference can be attributed to the annual standing charge of £60,500 which the supplier has been unwilling to renegotiate following changes to requirements in the Bard Street area. Bard Street 1 & 2 moved from District Heating to individual boilers in 2013. Discussions with the District Heating supplier began in 2014 but no progress has been made in reducing the standing charge.</p>	<p>+50</p>	<p>SCC Housing Repairs & Maintenance Service</p>

	<p>However, moving from District heating to a gas plant will increase carbon emissions on this site. The original increase from 11,500kg to 17,250kg was considered too high and so Combined Heat and Power (CHP) and associated works have been added to the scheme to close the gap. Although this has increased the estimated cost of the scheme it is considered to be worthwhile if carbon can be reduced.</p> <p>The scheme is expected to start and finish during 18/19, with costs of:</p> <ul style="list-style-type: none"> • Gas Supply £6K • Gas Boilers £28K • Install CHP £3K • Other Works £5K • Fees £3K • Contingency £5K <p>TOTAL £50K Funded by HRA</p>		
Variations and reasons for change			
	<p>Community Heating Block Allocation (Drawdown from Allocation)</p> <p>This is the holding account for HRA funding on Community Heating.</p> <p>The funding for:</p> <p>Comm Htg - Pipework Renewal, Pedley Lofts (see above)</p> <p>Comm Htg - Plant Rooms, Blackwell Court (see above)</p> <p>has been drawdown from this allocation</p> <p>Block Allocation 18/19 funding available £500,000 - £247,810 Pedley - £50,000 Blackwell Court = 18/19 funding now available £202,190</p>	-297	N/A
	<p>Kitchens & Bathrooms (Accelerated Spend)</p> <p>More was spent in 17/18 on the Kitchen and Bathroom Replacement Programme than budgeted (£1,530k). This was due to accelerated expenditure spend i.e. works being finalised ahead of schedule.</p> <p>As part of the year end close down process the value was deducted from the 18/19 budget. However the</p>	<p>18/19 +1,530</p> <p>19/20 - 1,530</p>	N/A

<p>original budget of £8m will still be required in 18/19 so this budget variation confirms the acceleration of he required funds from the 19/20 budget into 18/19.</p> <p>18/19 budget after slippage £6,514K + add back the accelerate spend of £1,530K = 18/19 budget £8,044K</p> <p>19/20 budget £1,688K – accelerated spend £1,530K = 19/20 budget £158K</p> <p>Funded by HRA</p>		
<p>Empty Property Loans (Re-profile)</p> <p>This scheme to offer small loans to bring long term empty private properties back into use, was scheduled to cover 2 years, £112K in each starting in 17/18. Agreement to go ahead with the scheme is now expected June18 and the 2 years will therefore be 18/19 and 19/20. Therefore £112k slippage into 2019/20 is required.</p> <p>Funded by New Homes Bonus</p>	<p>18/19 - 112</p> <p>19/20 +112</p>	<p>N/A</p>
<p>Stock Increase Programme Block Allocation (Re-profile)</p> <p>This represents the HRA Block Allocation of funding that has been allocated to the Stock Increase Programme but isn't allocated to a specific scheme yet.</p> <p>4 of the schemes funded by this programme underspent in 17/18 but achieved their outputs. This variation is to recognise these savings and note their re-allocation to the Block Allocation for future use.</p> <ul style="list-style-type: none"> • Long Term Empty Purchase & Repair 18/19 £-307K • Long Term Empty Repairs & Refurbishment 18/19 £-229K • General Right To Buy Acquisitions 18/19 £-199K • Council Housing Acquisitions 18/19 £-561K <p>Stock Increase Block Allocation 22/23 £+1,296K</p> <p>Funded by HRA</p>	<p>18/19 - 1,296 4xBUs</p> <p>22/23 +1,296</p>	<p>N/A</p>
<p>Roofs & Externals Block Allocation (Re-profile)</p>	<p>18/19 -</p>	<p>N/A</p>

	<p>Limpsfield Primary School £86,300 Marlcliffe Primary School £64,700 Nether Green Junior School £192,050 Brunswick Primary School £140,600 Bradway Infants School £19,200 Total £1,013,850</p>		
	<p>Fire Risk Assessment (FRA) Works</p> <p>The council receives a School Condition Allocation from the Education and Skills Funding Agency each year to fund major repairs to educational establishments in Sheffield. The allocation is based on the number of schools and their pupil numbers and is influenced by schools moving between responsible bodies i.e. those becoming Academies. The total allocation for 2018/19 for Sheffield is £2.7m.</p> <p>Out of this funding, approximately £0.7m is to be targeted at planned FRA works for 2018-19 and approval is now sought to install suitable fire precautions to a number of schools following Fire Risk Assessment recommendations and to investigate further potential works following lathe & plaster ceiling failures. The proposed works are as follows:</p> <p>Ecclesfield £242,974 Marcliffe £294,105 Lydgate Infant £135,624 Lathe & Plaster Feasibility £28,297 £701,000</p>	<p>+701</p>	<p>Existing Measured Term Contract</p>
	<p>Mossbrook Special School Extension</p> <p>There are currently approximately 5 children with Education, Health and Care Plans that name Mossbrook Primary school as the placement school within their plan. This project will increase the number of places available at Mossbrook Primary Special School through internal remodelling. Mossbrook is a specialist school for children with Autism and Communication and Interaction difficulties. The objective would be to provide accommodation for the capacity to admit an additional 10 pupils from September 2018.</p>	<p>+30</p>	<p>SCC's Corporate Repairs & Maintenance framework</p>

	<p>It is proposed that part of the existing internal and external space within the Old Moss House area of the school is refurbished to create an open space, 2 teaching spaces and a group room.</p> <p>The most recent works cost estimate is £30k.</p> <p>The works will be funded from the Special Provision Capital Fund allocation.</p>		
	<p>Beighton Nursery and Infants Structural Works (Feasibility)</p> <p>Approval is required for £5,950 to undertake full feasibility at Beighton Nursery & Infant School – Support beams to a basement area have corroded and require replacement. The basement area extends under the school car-park and collapse would compromise safe access/egress to the site.</p> <p>The work is to be funded from the People Portfolio School Condition Allocation 2018/2019.</p>	+6	In-House feasibility
	<p>Woodseats Primary School Structural Works (Feasibility)</p> <p>Approval is required for £15,350 to undertake full feasibility at Woodseats Primary School - due to the corrosion of concrete encased floor beams in a number of areas within the school there is progressive damage to the floor structure and as a result stability is being compromised. Works are required to replace the existing floor and provide additional structural support to it.</p> <p>The work is to be funded from the People Portfolio School Condition Allocation 2018/2019.</p>	+15	In-House feasibility
Variations and reasons for change			
	None		
H Essential compliance and maintenance			
New additions			
	None		
Variations and reasons for change			

	None		
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	Scheme name / business unit / summary description of key terms	Funder	Value £'000
A	Economic growth		
	<p>Tinsley Art Project/M1 Gateway</p> <p>British Land has made £250,000 grant monies available to the Council to be spent on exclusively on the Tinsley Art Project.</p> <p>The Council has drafted the terms and conditions of the grant agreement. The grant period lasts for seven years. The agreement has been drafted to give the Council maximum flexibility in order for the money to be spent where it sees fit.</p> <p>The Council will have to return any unspent grant money at the end of the grant period. However, it will not be liable to pay any spent monies which have already been expended on the project.</p> <p>Total Project Cost for one sculpture is currently £1,580,000. Other funding sources are:</p> <p>E.On: £500,000</p> <p>S106 guaranteed monies: £65,000</p> <p>S106: expected £320,000</p> <p>There is currently a project shortfall of £644,438.</p> <p>Use of Grant</p> <p>The grant needs to be shown as ‘restricted funds’ and not be included in general funds. Records shall be kept for at least 3 years following the completion of the project.</p> <p>Legal Implications</p> <p>The Council has the right to accept this grant under the power of general</p>	British Land	250

	competence found in section 1 of the Localism Act 2011.		
B	Transport		
	None		
C	Quality of life		
	None		
D	Green and open spaces		
	None		
E	Housing growth		
	None		
F	Housing investment		
	None		
G	People – capital and growth		
	None		
H	Essential compliance and maintenance		
	None		



Author/Lead Officer of Report:
Mark Gannon, Director Business Change and Information Solutions

Tel: 0114 273 6818

Report of: Executive Director of Resources
Report to: Cabinet
Date of Decision: 20th June 2018
Subject: Technology Strategy and Sourcing Approach

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? Cabinet Member for Finance and Deputy Leader		
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee		
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? 289		
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:-		
Appendices 8 to 13 are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) in that they include information relating to the financial or business affairs of any particular person (including the Council) and the balance of public interest is in the information not being released.		

Purpose of Report:

The report is seeking to gain approval to invest in the implementation of the Technology 2020 Strategy which is required to improve the Council's ICT and bring it up to standard. The report is also seeking approval to commence negotiations with Capita plc to bring the ICT element of the current partnership agreement to a close early and instead bring in-house and/or recommission the ICT services.

Recommendations:

That Cabinet:

- Notes and approves the Technology Strategy and Sourcing Approach (Technology 2020 Strategy) outlined in this report and in particular that:
 - a detailed assessment of which specific elements of the Service are more appropriate to be contracted out, rather than directly delivered by the Council will be undertaken, what the impact of this will be and how that will need to be managed;
 - arrangements will be made to monitor the performance and delivery of the new service arrangements;
 - insourcing and recommissioning will be based on the proposals, principles and assumptions described in Section 1.6 of this report, and taking into account the risks and mitigations as set out;
 - it includes the development of an in-house ICT service;
 - this will necessitate early termination of the ICT and Partnership elements of the Programme Agreement with Capita Business Services Ltd (Capita); and
 - there may be a transfer of staff from Capita into the Council that will require a formal consultation with staff affected and the Trade Unions.

- To the extent not covered by existing delegations grants delegated authority to the Executive Director of Resources in consultation with the Cabinet Member for Finance, the Director of BCIS, the Director of Commercial Services and the Director of Legal and Governance as necessary to:
 - approve the procurement strategies and contract awards for the various procurements required to deliver the Technology 2020 Strategy;
 - utilise the appropriate contractual mechanisms to give notice to Capita to terminate the ICT service and Partnership elements of the Programme Agreement; and
 - take such other steps as he feels necessary to achieve the outcomes in this report.

- Gives its approval for the budget required to cover the costs of delivering the Technology 2020 Strategy including the one-off implementation and set-up costs, as set out in the financial implications of this report.

- Requests that a further report is presented to Cabinet if the underlying strategy for the future of the Service as outlined in this report cannot be achieved.

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: Paul Schofield
		Legal: David Hollis
		Equalities: Michelle Hawley
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Eugene Walker
3	Cabinet Member consulted:	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.	
	Lead Officer Name: Mark Gannon	Director Job Title: Director of Business Change and Information Solutions
	Date: 11 th June 2018	

1. PROPOSAL

1.1 Strategic Context

1.1.1 Sheffield City Council has come through several years of significant change over which we have had little control in terms of the scale and nature of that change. This has had a big impact on the Council's budgets and we continue to face major challenges including demand growth in social care and increasing expectations from our citizens and businesses for a style, look and nature of service that is driven by the best experiences in other areas of their lives.

1.1.2 We are moving into a new era of increased collaboration, a requirement to be flexible and adaptable, to be ICT and digitally enabled with a workforce that understands how to use technology to deliver the best services possible.

1.1.3 The Council is currently embarking on a programme of change projects that are focused on improving our capability and capacity in a number of key areas. These include:

- Improvement and Recovery Plans for Adults, Children's and Inclusion which will ensure that we can meet the demand challenges in these areas, deliver good quality care and do so with financial sustainability;
- A Place Change Programme focused on improving a range of 'place-based' services so citizen experiences are better;
- A Customer Experience Programme that is fundamentally changing how we design and deliver end-to-end services, based on citizen engagement and exploitation of digital tools; and
- A Workforce Strategy that is based on developing a workforce that can thrive in the digital era.

These change programmes rely on us having a modern ICT infrastructure to support their delivery as efficiently and effectively as possible. For some of these programmes, this is a pre-requisite.

1.1.4 Effective ICT is a fundamental tool that every modern organisation needs, be it for working collaboratively with partners, supporting new and more efficient ways of working or making services more accessible to citizens. As well as enabling the delivery of better public services, effective ICT can release savings by increasing productivity, removing complexity and improving efficiency.

1.1.5 There are also a number of key drivers that are shaping our thinking on the technology environment we need:

- *National drivers:* The changing shape of the UK public sector and wider economy are driving us to change how we deliver our services and work with others – technology is key to this shift;

- *Changing markets:* Technology markets are constantly changing and the Council needs to be fully engaged with the market and understand how to exploit new types of technology and provision and drive cost and delivery value;
- *Increasing scope of change:* The Council is moving into a period of fundamental change which requires modern technology to support it;
- *Rising staff (and citizen) expectations:* Expectations on what good technology looks like are heightened as most people now use technology in their private lives. This includes staff and citizens; and
- *Staff demands:* Allied to this, council staff need and are asking for the right tools to enable them to be efficient, agile and responsive.

1.1.6 Having a modern ICT environment that enables staff to be productive, and enables the kind of customer experience that can meet these demands and expectations will be essential to helping the Council address our challenges into the future so we can deliver the best outcomes for the people of Sheffield. The current ICT environment does not meet these expectations and has not kept pace with the needs of staff or the needs of our citizens.

1.2 Current Delivery of ICT Services

1.2.1 The Capita Partnership Agreement commenced in 2009, under which Capita is responsible for the delivery of various Council services until January 2022. In 2016, Capita and the Council agreed to insource the Customer Contact Centre and in 2017, the Human Resources Service was insourced. The Council's ICT services are currently delivered under this agreement, which also includes the provision of Revenues and Benefits and some Financial Business Transactions. The contract budget for these services in 2018/19 is £20m; the detail is shown in Table 1.

Table 1: Contract Budget for Capita Services 2018/19

Service	Contract Budget £'000
ICT Services	11,082
Revenues and Benefits	6,036
Financial Business Transactions	339
Partnership Management	2,570
Total	20,027

1.2.2 The scope of the ICT Services provided by Capita is as follows:

- Hardware supply (desktops & laptops);
- Software (implementation and support);
- System maintenance and access including database administration;
- Managed Print Services;
- Networking including - Local Area Network, Wide Area Network, Wi-

- Fi and Internet Service Provision;
- Data Storage;
- Telephone Communication (landline, mobile and contact centre);
- Systems and Internet Security;
- Help Desk Service; and
- Backup and recovery.

1.2.3 The services are currently divided into 5 'Towers'. These are groupings of services:

- *Datacentre* – covering support and management of the Council's services hosted in West Malling and the Town Hall, along with some infrastructure-as-a-service provision from Capita, network and telephony support and maintenance;
- *Application* – support and maintenance along with database management;
- *Backend Services* – provision of integration technologies for exchange of information between Council applications including file transfer and interface management;
- *Service Desk* – dealing with incident, change and problem management across the ICT estate;
- *Desktop* – providing implementation and ongoing support for end user computing devices such as laptops, PCs, tablets and mobile devices. This area also covers third party vendor management and the full range of service management disciplines such as business continuity, capacity management and security.

1.2.4 Our current model of delivering ICT services via a single supplier has had some challenges:

- The Council has encountered service issues, most notably, a prolonged period in 2017 when none of the Council's ICT services were available due to a failure of Capita's West Malling Data Centre – this also affected other Capita customers;
- Issues with achieving value for money on ICT changes through the partnership agreement remain unresolved, although we have been testing the market in a number of areas where these opportunities arise;
- The Council has not benefitted from the innovation that we would have expected from a company with the breadth of Capita;
- There continues to be limited ability to influence 3rd party ICT suppliers in order to enhance and shape Council strategy; and
- Change takes longer to achieve due to complex organisational arrangements within Capita.

1.2.5 An independent assessment undertaken in April 2017 showed that across most parts of the current ICT operation, we are in the lower quartiles for the maturity of the technology, pointing to a need to make big changes in our ICT environment. These big changes form the core of our Technology 2020 Strategy.

1.3 Technology 2020 Strategy and Sourcing Approach

1.3.1 The Technology 2020 Strategy is included in Appendix 1. It is about creating the step change we require in our ICT environment to enable us to deliver on the programme of change activity set out earlier. At the same time, it is about us becoming a digitally-enabled organisation that is agile and adaptable enough to respond to whatever future changes the Council faces.

1.3.2 Our Technology 2020 Strategy is fundamental to delivering a digitally-enabled council and sets out an ambitious set of plans to significantly enhance our technological capabilities. Our strategy is based on delivering this through a multi-vendor model, which we think increases innovation, reduces risk and enables suppliers of different sizes to engage with us.

1.3.3 Our vision for Technology 2020 is as follows;

- We will give all staff and Members the technology, skills and information appropriate to their role, enabling them to focus on doing their job as effectively and efficiently as possible;
- Staff and Members will have the latest (and regularly updated) laptops or desktops as part of a refresh programme and access to the latest Microsoft productivity and communication tools so they can work flexibly;
- They will be able to access systems and information from wherever they are within an IT environment that is always connected, available and with effective business continuity built in as standard; and
- They will be provided with the skills and confidence to use these tools and the Council will be working towards joining up information and data so this is easier to find, use and share.

1.3.4 Our strategy is to focus on 2020 as a staging point rather than an end point and to ensure that we have the foundations in place by then to enable the Council to respond to whatever challenges and opportunities may emerge. It is about building the right capability and capacity to enable us to do this.

1.3.5 Technology 2020 is built on seven strategic themes which will ensure we are covering all the aspects needed to deliver a sustainable technology environment:

- *Collaboration* – we will be focusing on how we use technology to work with others and providing the right tools, skills and environment to maximise this;
- *Mobility* – we will give people the tools to enable them to work in a flexible and agile way whether in remote locations or on the road;
- *Sustainability* – we want to build a technology environment that is socially, economically and environmentally sustainable;
- *Resilience* – making sure that our technology is designed to provide

continuity by default will be a key aim of the strategy;

- *Optimisation* – ensuring that we make the most of what we have and exploit new investments will ensure that we are using our investment as wisely as possible; and
- *Sourcing* – building a multi-vendor approach that encourages innovation and competition and reduces risk will drive how we deliver the strategy.

1.3.6 We have been developing Technology 2020 with staff and Members over the last 6 months and have a draft delivery plan in place for this which is included in Appendix 2. It has been essential to work collaboratively on coming up with this strategy to make sure that it fully reflects the needs of the whole organisation now and into the medium term.

1.3.7 The delivery plan shows that a significant amount of procurement activity will be happening over the next year to put the foundations in place for the delivery of Technology 2020. The key investments will be:

- Purchase of a Microsoft Enterprise Agreement so the Council has access to the latest software versions and range of other benefits, plus the ability to get new versions without additional cost as they become available;
- Migration of our existing server estate from West Malling to a mixture of Microsoft Azure, Application Providers (i.e. Software-as-a-Service) and the Town Hall so our data is more reliable and more accessible;
- Migration of our current Microsoft Exchange email from on premise to online as a prerequisite for moving to full Office 365;
- Implementation of Microsoft Skype for Business to enable officers and Members to work more flexibly and enable us to decommission our current telephony;
- Implementation of Direct Access to enable officers and Members to log on to the network remotely and much more easily;
- Implementation of new telephony for the contact centre, built on the Microsoft Skype for Business platform to bring additional benefits such as the ability to create a virtual contact centre in the event of an emergency;
- Commencement of a device refresh programme so that we can replace old and poorly performing laptops and desktops with updated equipment. This will have a big impact on staff productivity – the current ICT environment creates issues for staff in being able to be as efficient as they want to be;
- Implementation of Office 365 to enable officers and Members to work more flexibly and collaborate more effectively; and
- Strengthening ICT business continuity arrangements by default so that we understand our recovery needs and have arrangements in place to deliver in the event of an emergency.

1.3.8 The ICT supply market has, for some considerable time, been awaiting an opportunity to support and trade with Sheffield City Council. A recent

ICT supplier day was very well attended and the supply chain is anticipating engagement with immediate effect. The market is stable, responsive, innovative and communicative. Opportunities have been identified to engage and support local and smaller organisations to work in consortia and engage in a potential future supply chain. Many of these local companies attended the supplier day.

1.3.9 Following the review of the Council's ICT services, and in line with the Technology 2020 Strategy, comprehensive commercial options are being appraised to determine and inform the make or buy decision. The routes to market will demonstrate the most economically advantageous outcomes for the Council. Where a third party supply is identified as the best value option, the overarching procurement strategy will detail the route to market and will include calling off from frameworks and running formal open tenders via Yortender.

1.3.10 Tendering activity will be governed in accordance with the Council's Contract Standing Orders and within the Public Contract Regulations 2015. The Council has set out its Ethical Procurement Framework. It is our clear commitment to maximise the Council's ability to use its discretion to apply ethical standards to behaviour throughout its supply chain and using the money we spend to increase the social value and benefits for local people and businesses. We expect that that IT supply chain will share our desire to create a city economy that works for all by paying their taxes, respecting workers' rights and equal opportunities, and invest in the talent of their employees through good training and healthy, safe working conditions.

1.4 **Funding Requirements**

1.4.1 There are two components to the funding required to deliver Technology 2020:

- The first is the establishment of an ongoing technology refresh fund to enable us to implement a rolling equipment refresh scheme which will enable us to fund the replacement of equipment on a 4 year cyclical basis. The exact cycle will be defined and agreed as part of the detailed assessment prior to implementation; and
- The second is investment in the core building blocks needed to bring our ICT environment up to standard, which are primarily the things listed in 1.3.7. There will be front loading of this investment to enable us to deliver some significant benefits in the first 12 months of the strategy.

1.5 **Implications of the Sourcing Approach**

1.5.1 We have a clear strategy to deliver Technology 2020 through a multi-vendor model, which we think increases innovation, reduces risk and enables suppliers of different sizes to engage with us.

1.5.2 As already outlined earlier in this report, the Council has had a

partnership agreement with Capita since 2009, which is due to end in 2022; there is also a break point in 2020. Under this partnership agreement, Capita deliver ICT on our behalf. In order to deliver the scale and pace of change we require, we need to be a more nimble, agile and responsive ICT-enabled organisation. We also need the support of partners from both public and private sectors that are also nimble, agile and responsive and share our strategic aims.

- 1.5.3 The Council recognises that relying on a single supplier to deliver all of its ICT services and equipment does not encourage competition or bring new innovation and can increase cost risks through reliance on that single supplier. A strategy of engaging with multiple suppliers provides a better balance of value for money and risk management for the people of Sheffield. This has been our stated strategy in relation to ICT services, for the past 12 months.
- 1.5.4 In response to the challenges of working with a single supplier, this has meant that whilst Capita may still run some of our ICT services, we are also engaging with the wider supplier market, including local suppliers, to understand what is available and to commission services, where they are required, from a wider pool of suppliers.
- 1.5.5 It is also clear that the market for large outsourced arrangements in the public sector, particularly local government, is changing. Many public sector organisations are moving away from these kinds of contract, as are a number of the traditional suppliers of them.
- 1.5.6 During 2017, officers and Members shaped the Technology 2020 Strategy and what was needed to deliver it. They also explored aspects of our relationship with Capita. Through this process, it became increasingly clear that in order to deliver the Technology 2020 Strategy at the pace we require, the current model of ICT delivery by Capita was no longer tenable. Some of the challenges with this agreement are described earlier in this report but the fundamental challenge with the current model is that it is unable to facilitate the change we need at the pace we need within the financial envelope that we know is possible. A detailed options analysis was undertaken to inform a recommendation.

1.6 **Options Analysis**

1.6.1 Long List

An initial long listing of potential delivery options was undertaken. The following options were considered through a SWOT analysis to judge their viability and produce a shortlist of realistic change options. The options that were shortlisted and those not taken forward for detailed analysis are outlined in the following list and detailed in Appendix 3.

Short listed

1. 'Do nothing' and allow the contract to run until 2022;
2. Insource all ICT services with the Council providing them directly;

3. Recommission all ICT services externally from other suppliers and retain the same contract management model; and
4. Insource some services and recommission others but retain control of all aspects.

Not shortlisted

5. Recommission a new single supplier for all ICT services – discounted as this would provide no significant benefits over current arrangements;
6. Renegotiate existing arrangements with the current provider – discounted as the Council has already been attempting to do this and there is limited scope for improvement and savings on current arrangements;
7. Enter into a shared service with local partners – discounted as there is no specific demand from other partners and this would be complex and risky to establish if there was;
8. Create a mutual organisation to deliver the ICT services – discounted as would introduce large risk for critical IT services to be delivered by a new organisation with few if any comparator models elsewhere;
9. Set up an Arm's Length Management Organisation – discounted as this would be lengthy to establish and would not enable the Council to have the level of direct control it requires;
10. Decommissioning the Service in whole or in part – discounted as ICT services are critical and it would not be possible to eliminate ICT services and the Council to still operate effectively;
11. Transfer some or all responsibilities to the community, trust, charity, service user group or other body (Including Social Enterprises) - discounted as would introduce large risk for critical IT services to be delivered by a new organisation with few if any comparator models elsewhere;
12. Create a public-private partnership, through a strategic contract or joint venture company – discounted as this would essentially be recreating a similar arrangement to what is currently in place and would, therefore, not deliver any significant benefits.

1.6.2 Recommended Option

The recommended option is to take back direct control of the ICT services and insource some elements and recommission some elements using the multi-vendor approach to benefit from innovation, greater transparency of costs and greater flexibility with terms and conditions. Some elements of the ICT service, such as the datacentre, are critical to the Council's overall service delivery and so are considered too high risk to insource and attempt to directly deliver, given the limited operational experience the Council has in such technical areas and the high cost of provision. Table 2 lists the potential advantages and disadvantages of this option.

Table 2: Advantages and Disadvantages of the Recommended Option

Advantages	Disadvantages
Flexibility to make quick decision on different elements of service delivery.	Synergies between service areas may be lost.
Operating costs savings from best value supplier for each option.	Economies of scale across the current contract could be lost.
Specialist providers deliver where SCC lack capability.	A greater level of contractual management will be required in a multi-vendor model.
Greater innovation from new variety of suppliers' ideas.	Increase in Supply Chain and contract management required.
Sufficient contractors in the market, providing competition to secure value for money through procurement.	
Can build in contractual & performance guarantees through negotiation.	
Operational management experience included as an evaluation criteria.	

This option is expected to deliver the best value for money to deliver current ICT services, with around a £1.6m reduction in ICT service spending and an additional £1.5m reduction in partnership cost savings. It increases the exit costs by approximately £1.6m above the do nothing option to cover exit costs; this estimate is based on currently available information and will be subject to contract negotiation.

1.6.3 The current partnership agreement has a break clause in 2020 which would enable the Council to end the contract then and avoid the full impact of the termination costs and some of the exist costs. We have considered this option and discounted it because it would prevent us from making progress with our Technology 2020 Strategy in the required timescales. It would also mean that we would be continuing to pay for the ICT Service at the contractual rate for at least another year and we would miss the opportunity to take the savings earlier. Making a decision now would also impact the assessment of the remaining services (see paragraph 1.10).

1.6.4 The commissioning preferences for each of the ICT Towers in line with this recommended option are as follows:

- *Applications* – This will be brought in-house and the Council will be responsible for managing 3rd party contracts and the delivery of application support;
- *Datacentre* – The management of the datacentre will be

commissioned externally. We have already commenced migration to Microsoft Azure and we will have some applications and data hosted in Azure, by other providers in their own data centres and in the Town Hall. We will procure a partner to help manage our Datacentre Tower;

- *End User Computing* – This is the build, deployment, refresh, repair and decommissioning of equipment such as laptops and desktops. We will commission an external partner to deliver this;
- *Service Desk* – This is the part of the service that has most direct contact with users. This will be brought in-house and the Council will run this;
- *Network* – We are already a member of the Yorkshire and Humber Public Services Network and can commission network connectivity via that framework. We will procure a partner to help us manage our network; and
- *Service Integration and Management (SIAM)* – The Council will manage this in-house. This is a ‘wrap’ provided by the Council’s new ICT function to ensure that the multi-vendor approach works effectively and accountabilities between suppliers are well managed.

1.6.5 This recommended option will require a new operating model for the delivery of the ICT service. The responsibility for this sits within the Business Change and Information Solutions service; however, this is currently configured based on managing a single outsourced contract. If this recommendation is accepted, work will be undertaken to put in place a new ICT service delivery model. We have already started work on this. Existing Capita staff for transferring services could be subject to TUPE and would form part of the new operating model. This high level functional model for the new ICT service is in Appendix 4.

1.6.6 Governance for a transition project has been established and has been undertaking detailed planning so that if the recommendation is approved, we can mobilise very quickly. We have developed a high level transition plan (see Appendix 5). The plan is subject to refinement once we enter into formal discussions with Capita. Our current target is to have responsibility for all ICT services back under the Council’s control, as per this recommended option, between December 2018 and March 2019.

1.6.7 Our strategy will be based on:

- *Transition* – move ICT services back under the Council’s direct control and recommission the replacement services where they are required. At the same time, we will be procuring the new solutions as part of Technology 2020;
- *Stabilisation* – deal with any issues that we discover post-transition, put in place the initial ICT operating model and agree the priority areas for transformation; and
- *Transformation* – we will start the work of optimising and developing the ICT service, planning for our long-term operating model and exploiting the new solutions we have procured under Technology

2020.

1.6.8 There are some risks with the recommended option. These are included in Appendix 7. The primary risks and their mitigations are:

- *Service delivery disruption* – If service delivery is disrupted due to service failure by any provider or uncoordinated delivery between multiple vendors then broader service delivery could be disrupted across the council. To mitigate this, SIAM principles will be used to coordinate the different functions within an ICT multi-vendor model. The initial operating model will be focused on prioritising service continuity rather with transformational improvements aimed for after transfer, as outlined in the previous paragraph.
- *Information accuracy and availability* – If the Council does not receive timely and accurate provision of information from Capita, including TUPE Employee Liability Information and Due Diligence Information, then the decisions taken to setup transferring services may not reflect the way they need to operate and this could lead to service delivery disruption for BCIS and other council services. To mitigate this, we will liaise with Capita at an early stage regarding information requirements, timescales and verification processes and ensure adequate HR resource are available.
- *Access to ICT delivery staff* – If the project team and relevant services do not have access to employees to undertake meaningful consultation and gain a deep understanding of operational delivery then the tools and processes setup for the point of transfer may not be appropriate for effective delivery. To mitigate this, we will liaise with Capita at an early stage and agree consultation timescales. We will check contract documentation for responsibilities /requirements on exit and include staff access as an element of overall exit negotiations.
- *Third Party TUPE challenge* – If 3rd party suppliers claim TUPE applies for any of their staff, because they believe they are mostly or wholly assigned to this contract, then more staff may transfer to the Council than are needed to run the service. To mitigate this, we will seek legal advice at an early stage after any claim to assess TUPE rights and assess the service staffing needs.
- *Financial impact not fully visible* – If we discover, through the negotiation with Capita, that our cost model has underestimated costs this may impact the overall financial case for the recommended option. To mitigate this, we have based our modelling on conservative estimates and used actuals from previous impact assessments.

1.7 **Financial Impact of the Recommended Option**

1.7.1 Detailed financial modelling has been undertaken on the recommended option. In order to protect the Council's negotiating position and not prejudice the delivery of the benefits in this proposal, this information is included in the closed Appendices of the report

because it is commercially sensitive.

1.7.2 This strategy aims to generate full year savings of over £3m per annum on the current ICT budget from 2019/20 onwards. After paying back the one-off upfront investment costs, there should be a 0.7m per annum benefit to the Council’s Revenue Budget from 2022/23.

1.7.3 This is a long term investment which aims to bring the Council’s ICT up to modern standards. The strategy will require an investment of up to £25.8m over the next six years. The investment comprises two parts:

- An initial investment of £8.4m in one-off costs over three years to deliver the project and transition from the existing arrangements to the new sourcing strategy; and
- £17.4m over six years to address the problems created by the out dated infrastructure and software described above at 1.2 in this report.

The anticipated investment and savings profile is outlined in the following table.

Table 3: Anticipated Investment and Savings Profile

Funding Table	Total	2018/19	2019/20	2020/21	2021/22	2022/23	2023/4
	£m	£m	£m	£m	£m	£m	£m
Costs							
Core Investment	17.4	2.6	4.6	2.8	2.5	2.4	2.5
Delivery & Transition Costs	8.4	1.6	6.8				
	25.8	4.2	11.4	2.8	2.5	2.4	2.5
Funded by							
Annual Contract Savings	-16.6	-0.7	-3.1	-3.1	-3.2	-3.2	-3.3
Existing Revenue Budgets	-1.2	-0.6	-0.6				
Existing money set aside	-9.4	-2.9	-7.7	0.3	0.7	0.1	0.1
Contribution to Revenue Budget	-1.4	0	0	0	0	-0.7	-0.7

1.7.4 The one off costs include the cost of a project team to deliver the change quickly in order to realise the benefits as soon as possible. Adoption of this strategy will require a fundamental change in the way the Council manages its ICT and this will require proper investment in a transition team to ensure the changes are brought in successfully. For example, instead of dealing with one single supplier for all ICT needs, the Council will need to increase its procurement team to deal with multiple suppliers. There will need to be some upfront increase in resource to make this happen successfully in the short project delivery timescale.

1.7.5 The report above has already described the qualitative benefits from the change in strategy. It will also produce direct financial benefits of

over £3m per annum in a full year. These savings will be used to repay the initial one-off up-front investment and ultimately contribute approximately £0.7m saving to reduce Council's Revenue Budget from 2022/23. There will also be indirect benefits through increased productivity of Council staff because the current inefficiencies experienced by service users will be reduced.

- 1.7.6 The overall funding of the project will come from three sources:
- The anticipated £16.6m of savings from introducing the revised strategy;
 - Existing revenue budgets; and
 - Money prudently set aside in reserves, enabling the Council to mitigate the consequences of a future contract expiry.
- 1.7.7 The adoption of the proposed strategy does carry some financial risk for the Council because of the uncertainty relating to:
- Project delivery and transition costs which will be dependent on the stance taken by the existing supplier. This may affect the delivery timescale and any extension will increase the project delivery costs;
 - the cost of the revised sourcing strategy which is subject to the outcome of the tender exercises; and
 - the cost of TUPE obligations which are yet to be identified.

1.8 **HR Impact of the Recommended Option**

- 1.8.1 At this stage, it is not possible to provide a complete assessment on all HR implications that could result from the proposals in this paper. However, the immediate apparent implications include TUPE.
- 1.8.2 TUPE could possibly apply if staff that currently work on the Capita contract for the Council were transferred to the Council's employment. These staff may include ex-Council employees who have transferred multiple times as the service has been provided by different organisations.
- 1.8.3 Although TUPE could apply, the proper assessment of whether TUPE will apply and which staff would be in scope of TUPE will require employee information from Capita that the Council does not have access to at this stage. If TUPE does apply, the Council will need to have sufficient time in the implementation period to make an assessment of the implications of this and undertake meaningful consultation on the transfer in accordance with the TUPE Regulations 2006 (Amended).
- 1.8.4 Staff working within the Capita ICT service are understood to already be paid above the foundation living wage.

1.9 Other Options Considered

1.9.1 Three other options were shortlisted for detailed analysis:

- 'Do nothing' and allow the contract to run until 2022.
- Insource all ICT services with the Council providing them directly.
- Recommission all ICT services externally from other suppliers and retain the same contract management model.

1.9.2 Do nothing option

This is the default option that other options are compared to. The delivery of ICT services would continue in the current manner and therefore no benefits would be realised.

Advantages	Disadvantages
Focussed contract management with one relationship to manage	Less control over service delivery
Business Continuity across all parts of service delivery	Limited ability to address current service delivery issues
No implementation cost	No financial savings to fund technology investment
No additional commercial or service cost or effort	Limited innovation
Provider has operational management experience	Limited transparency
Greater resilience as part of a larger organisation	Contractual barriers constrain flexible delivery
	Difficult to address and resolve issues with supply chain

1.9.3 This option would not generate any savings and termination costs of £4.5m would be due at the end of the contract for decommissioning and transfer activity.

1.9.4 Insource all ICT services with the Council providing them directly

This option would transfer all ICT services to be directly operated by the Council. An ICT supply chain would still be needed for any activities that could not be practically done by the Council e.g. manufacturing laptops.

Advantages	Disadvantages
Full control of service delivery	Significant risk to service delivery from lack of technical knowledge and experience
Easier to focus services around the Council's priorities	Recruiting and retaining specialist staff difficult for the Council

Enables integration and better partnership working with other Council services	Significant time and resources required to manage the transfer
Some budget savings versus current contract	Large implementation costs
More control and flexibility in managing the services	Culture change for TUPEd staff could disrupt service delivery
Faster and simpler governance arrangements	Limited resource flexibility to deal with peaks in demand
Greater transparency of operations to assure compliance	Short term disruption during transition activities
Greater flexibility to adopt and implement innovation and change	Staff costs may increase following any future move to Council pay structure

1.9.5 This is forecast to generate operating cost savings of £14.9m, with one off costs of £6.4m to implement, largely due to the costs for the Council to construct and implement its own datacentre. This would result in a £8.4m net savings at the end of the 6 year period.

1.9.6 Recommission all ICT services externally from other suppliers and retain the same contract management model

This option would recommission all ICT services from multiple third party providers. This would follow the Council's multi-vendor approach for ICT services and separately procure specialist organisations for each element of delivery.

Advantages	Disadvantages
Flexibility to make quick decision on different elements of service delivery	Synergies between service areas may be lost
Operating costs savings from best value supplier for each option	Economies of scale across the current contract could be lost
Specialist providers have greater capability	Some contractual constraints would be expected
Greater innovation from new variety of suppliers' ideas	Increase in Supply Chain and contract management required

Good operational management experience	
----------------------------------------	--

1.9.7 This is forecast to generate operating cost savings of £11.9m, with one off costs of £4.6m to implement, resulting in a £7.2m net savings at the end of the 6 year period.

1.10 Impact on the Remaining Services

1.10.1 As described earlier in this report, there are two other services provided by Capita under the current agreement. The largest of these is the *Revenues and Benefits Service* which provides the largest customer service of any part of the Council, comprising the administration and operation of the Council's Council Tax, Business Rates and Benefits services. These services include housing benefit and council tax support to over 50,000 residents, council tax billing and collection to over 240,000 households and business rates billing and collection to over 17,000 businesses.

1.10.2 In providing these services our aim is to:

- Help support some of our most vulnerable residents through housing benefit and council tax support;
- Demonstrate our commitment to customer service;
- Maximise two crucial sources of income through council tax and business rates; and
- Contribute to the Council's priorities of tackling poverty and increasing social justice.

Our challenge is to deliver these objectives in a way that is responsive to the challenges of welfare reform, including the introduction of Universal Credit, as well as providing support to our residents and businesses at a time of economic uncertainty.

1.10.3 The other service provided by Capita is *Financial Business Transactions Services* which provide a crucial role in ensuring that the council meets its responsibilities for paying its suppliers and other creditors. Through modern and efficient processes, its objectives are to ensure that payments are made quickly and accurately and to provide prompt and appropriate responses to creditor or service enquiries.

1.10.4 In deciding on the strategic priorities for the Revenues and Benefits Service, there is a key link with our ongoing work on responding to welfare reform, including the replacement of Housing Benefit for those of working age with Universal Credit. The outcome of this review will shape the future service requirements of Revenues and Benefits. Fully understanding the best service operating model, how this will impact on the customer journey and the commercial and financial implications of a

particular approach in relation to these is a complex task.

- 1.10.5 Further detailed work therefore needs to be completed to understand the best overall solution for the delivery of the Revenues and Benefits and Financial Business Transactions services. A detailed options appraisal is currently being undertaken, including financial modelling of the various alternatives. This will enable the cost impact to be weighed against the strategic pros and cons of the different operating models.
- 1.10.6 A further report will be brought back to Cabinet during 2018 when this work has been completed, setting out further detail on the options and their implications and the recommended course of action.

HOW DOES THIS DECISION CONTRIBUTE?

The Council's current Corporate Plan contains five priorities that capture the organisation's ambitions for Sheffield. These proposals support the priorities in the following ways:

- **An in-touch organisation:** Having modern and efficient ICT will help the Council to make the best use of information and improve business intelligence to enable it to deliver better services to the people of Sheffield. It will help staff to be more agile in responding to the needs of customers and to be more efficient in how those needs are met.
- **Strong economy:** Diversifying the ICT supply chain should have a positive impact on Sheffield's economy. We will be procuring more, and smaller, lots so this should increase the opportunities for smaller, local business to compete. We will apply our Ethical Procurement principles throughout.
- **Thriving neighbourhoods and communities:** Implementing Technology 2020 will lead to a significant increase in the digital skills of our workforce which will benefit the communities our staff live and work in. From a service delivery perspective, this will also increase our staff skills in identifying opportunities to provide digitally-enabled services which will benefit neighbourhoods and communities.
- **Better health and wellbeing:** Improved ICT will enable us to collect and use data better to influence decisions on health and wellbeing. It will also create the platform for the Council to innovate in wearables and other digital tools for personal health and wellbeing.
- **Tackling inequalities:** Opportunities to increase the number of Apprenticeships that are offered as part of the new ICT supply chain arrangements will be explored.

HAS THERE BEEN ANY CONSULTATION?

There has been ongoing consultation on the development of the Technology 2020 Strategy including staff, Members and Trade Unions. A

staff reference group has been established to provide ongoing informal consultation on the implementation of the Strategy.

RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

The risks associated with the recommendations in this report are outlined Appendix 7.

Equality of Opportunity Implications

A full Equalities Impact Assessment (EIA) has been undertaken to assess the potential impact of the recommendations in this report in terms of equal opportunities. The following is a summary of the findings.

There will be staffing implications as a result of the TUPE transfer of Capita staff into the Council. However, there is not expected to be any disproportionate impact on staff with a particular protected characteristic.

The Council has a wide range of policies and procedures already in place to support employees reduce potential inequalities in the workplace. Access to these policies and procedures will be available to all transferred staff to support their integration into the Council.

There is a small risk that some transferring staff may not be fully included in the consultation process due to their characteristics - in particular those staff on pregnancy / maternity / paternity leave, or those absent from work due to illness or disability. Managers will be expected to ensure that these staff are involved wherever possible in consultation arrangements in a manner appropriate to their needs.

It will also be important to ensure that staff transferring into the Council are given an appropriate induction to the Council so that they are aware of the support offered to staff with protected characteristics.

There is not expected to be any negative impact on customers as a result of these proposals, as the Service largely will deliver positive changes and improvements in the longer-term. The service will initially carry on delivering the same service to customers as it does at the moment, and any proposals to change this service will be developed in partnership with customers and will take account their diverse needs.

The EIA has assessed the overall impact of the project as 'low', and a copy of the full EIA document is attached in Appendix 6.

Financial and Commercial Implications

The financial and commercial implications are outlined in the report at Section 1.7.

Legal Implications

There are no direct legal implications from this report other than that in reaching the decisions cabinet will need to have regard to the Public Sector Equality Duty under the Equality Act 2010.

The implementation of the proposals and decisions under the delegations will pick up any necessary legal implications at that stage and these will include the following;

- Best Value Duty to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness” as well as the published guidance;
- Public Services (Social Value) Act 2012;
- The Public Contracts Regulations 2015 the Regulations) – Many of the procurements will be caught by EU procurement law as codified in the Regulations and will need to be compliant. The Capita Programme Agreement provides provision for the termination of services but the operation of this will still need to be compliant, in particular with Regulation 72 in respect of modifications and the requirement they must not change the economic balance of the contract in favour of the contractor in a manner which was not provided for in the initial contract; and
- Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended.

Other Implications

Any other implications are outlined in the report.

ALTERNATIVE OPTIONS CONSIDERED

For Technology 2020, the Strategy and investments outlined in the report are the minimum required to provide the level of ICT service that the Council requires.

Very detailed work was undertaken on the alternative options relating to the provision of the ICT services which included a long listing and a shortlisting exercise. The considered options and the outcomes of the work are included in the report at Section 1.9.

REASONS FOR RECOMMENDATIONS

The detailed rationale for the recommendations is set out in the report. For Technology 2020, it is essential to invest in the Council’s ICT infrastructure to prevent the Council falling further behind and to enable us to provide the technology that can enable staff to be productive and

help deliver positive outcomes for the people of Sheffield.

In order to deliver Technology 2020, the Council needs to be in control of the ICT services, which is why the recommendation is to end the ICT part of the Capita contract earlier than anticipated. Doing this will give the Council direct control over the ICT and will enable the Council to implement Technology 2020 more quickly and more cost-effectively.

Technology 2020

Digitally enabling the Council.



Context



'Technology 2020' is the 'brand name' for our strategy to support the delivery of a digitally-enabled Council through the exploitation of existing and new technology. It is one of three strategies that will collectively make up our Digital Strategy.



Drivers



- **National drivers:** The changing shape of the UK public sector and wider economy are driving us to change how we deliver our services and work with others and technology is key to this shift.
- **Changing markets:** Technology markets are constantly changing and the Council needs to be fully engaged with the market and understand how to exploit new types of technology and provision and drive cost and delivery value.
- **Increasing scope of change:** The Council is moving into a period of fundamental change which requires modern, flexible technology to support it.
- **Rising staff (and customer) expectations:** Expectations on what good technology looks like are heightened as most people now use technology in their private lives. This includes staff and customers.
- **Staff demands:** Allied to this, council staff need and are asking for the right tools to enable them to be efficient, agile and responsive.

Vision



- We will give all staff and Members the technology, skills and information appropriate to their role, enabling them to focus on doing their job as effectively and efficiently as possible.
- Staff and Members will have the latest (and regularly updated) laptops as part of a refresh programme and access to the latest Microsoft productivity and communication tools so they can work flexibly.
- They will be able to access systems and information from wherever they are within an IT environment that is always connected, available and with effective business continuity built in as standard.
- They will be provided with the skills and confidence to use these tools and the Council will be working towards joining up information and data so this is easier to find, use and share.

Design Principles



These principles are key in ensuring that this strategy can be delivered and achieve the desired outcomes:

- Design for a predictable total cost of ownership
- Re-use, buy then build (as a last resort)
- Rationalise where appropriate
- Open standards and enterprise applications by default
- Cloud by default
- Always be in mainstream support and think about product lifecycle
- Think about data and information
- Build security and resilience
- Deliver business solutions not technical solutions
- Allow no exceptions

Strategic Themes



This strategy is built on seven key strategic themes which will ensure we are covering all the aspects needed to deliver a sustainable technology environment.

- **Collaboration** – focusing on how we use technology to work with others;
- **Mobility** – using tools to enable us to work in a flexible and agile way;
- **Sustainability** – building a technology environment that is socially, economically and environmentally sustainable;
- **Resilience** – making sure that our technology is designed to provide continuity by default;
- **Optimisation** – ensuring that we make the most of what we have and exploit new investments; and
- **Sourcing** – building a multi-vendor approach that encourages innovation and competition to drive value to us.

Collaboration:

What We Will Do



- We will provide the tools to enable staff across the organisation need to work effectively and securely with colleagues both internally and elsewhere.
- We will roll out Skype for Business which will allow staff to communicate with colleagues more easily.
- We will give all staff and Members Office 365 to enable them to collaborate more easily and to access their productivity tools and key documents from anywhere.
- Collaboration with partners will be carried out through Yorkshire and Humber Public Services Network (YHPSN) including access to GCSx, and the Health and Social Care Network (HCN)
- Information security is a key part of any decision to provide tools to support collaborative working and we will equip staff with training to enable them to collaborate securely and safely.

Collaboration:

Postcard From The Future



“ My team operates over such a broad area, it's not easy for us to come together in the office on daily basis. One simple thing we now do is a weekly group Skype call to cover off any issues the team might have. This is so easy to do now and works much better than email ping pong or long calls. I also use this with staff individually; my OT's can share photographs or even a video of customer's accommodation to discuss options for equipment and adaptations. We work closely with and share an Equipment provider with Health.

“ Up until recently my team had log on to multiple systems to raise equipment orders. The new changes mean that when my OT's require Equipment as part of a support plan, all they need to do is add the equipment detail on our system, this then starts process with our equipment provider with no double keying.

Mobility:

What We Will Do



- We will provide remote, flexible and mobile working tools to support staff to carry out their roles.
- We will review the way staff access the SCC network to ensure that they have the most appropriate method of access for their role.
- We will seek to remove the dependency between a user and a device, giving them access to information and systems where and when they need it.
- Focus will move to securing information and data rather than locking devices, allowing users to benefit from functionality.
- BYOD – Bring Your Own Device capabilities will be provided for those that require this facility.
- GovRoam will be implemented to support mobile working across the public sector.
- We will improve Wi-Fi coverage in Council buildings to support agile working.

Mobility:

Postcard From The Future



“ As part of a small specialist team of health and safety professional our areas of work often bring us into direct conflict with business owners, since having the tracking system on our devices and the ability to immediately alert the authorities when threats of violence occur it makes me feel protected when working alone and demonstrates the organisations commitment to my safety. We also have body worn video surveillance equipment, which not only helps with prosecutions but has lowered the number of violent incident just by its presence.

“ I regularly work at Health sites, I use their Wi-Fi to connect to council services, just like been in a council building. This was big problem a few years ago but the new solutions were put in place that has made it easy to work on Health sites.

Sustainability:

What We Will Do



- Environmental impact will become a formal part of technology selection process.
- We will favour infrastructure free 'As a Service' approaches to ensure maximum efficiency of our architecture.
- Utility and commoditised ICT solutions will be the first choice.
- We will adopt an enterprise-wide view of technology – supporting business capabilities rather than focusing just on systems.
- Whole life cycle costs will be well understood and managed to avoid legacy issues preventing business change and transformation.
- Commercial models for procurement will be reviewed and alternative revenue based predictable financing will be included in the MTFP.

Sustainability:

Postcard From The Future



“ We now have a good handle on the costs of our technology and there are no more ‘surprises’ where we need to find money that we hadn’t previously budgeted for. We also have greater confidence that we are getting good value for money. We now have a much smoother investment profile in IT rather than the spikes in investment that we used to have because we didn’t keep the infrastructure up-to-date on an ongoing basis.

“ We have a much better handle on the energy usage of our IT infrastructure and can make better decisions because we have good consumption data. This means that we can be confident that we are providing technology that is good for the environment and can focus on specific areas of our IT where we are not performing well. Previously, we just weren’t able to do this.

Resilience:

What We Will Do



- We will have a clear Business Continuity and Disaster Recovery plan for all IT services.
- We will ensure that our underlying infrastructure is resilient and work with colleagues to ensure that it meets the organisation's business continuity needs.
- We will ensure that we have backup arrangements in place which facilitate recovery and continuity in line with the Council's resilience plan.
- We will provide the Council with the ability to continue its own business in times of disaster or emergency.
- We will make our services more mobile and less reliant on geographical locations or specific sites.
- We will use the technology available to the Council to support local communities in times of greatest need.

Resilience:

Postcard From The Future



“ We generally don't have any downtime anymore which means we can now spend more of our time worrying about 'keeping the lights' on and instead focus on doing more innovative stuff. We've managed to free up costly data storage space which is now being used as an Innovation Space for engaging with startups. Because we have utility IT services, we are now more able to align our IT with the continuity needs of the Council which was previously very hard and very expensive.

“ Our new tablet devices allow us to access crucial information on the move about the business owners and any previous interactions we have had with them, allowing us to easily identify business owners in the event of a disaster, this is far better than the multiple systems we used to have to access to try to confirm identities in the past.

Optimisation:

What We Will Do



- We will implement continuous improvements to our core infrastructure.
- We will simplify and standardise the applications we have available and get better value from them.
- Our order of preference will be to reuse, buy or rent and only develop as a last resort.
- We will identify opportunities for providing applications on a shared and hosted basis in all project appraisals.
- We will ensure that we have a technology forward plan in place and a clear funding strategy.
- We will understand our assets and ensure we are getting best value from them.
- We will ensure we have structures and process in place to manage change and transition effectively.
- We will deploy cloud based services wherever possible.

Optimisation:

Postcard From The Future



“ We now have a consolidated customer experience platform which enables us to worry less about knitting systems together and focus more on dealing with vulnerable customers. Because it is hosted in the cloud, we have been able to allow customer service operatives to work from anywhere with a good Internet connection. This has improved staff morale and overall productivity.

“ We used to have to worry about upgrading our social care system which was really expensive and very complicated. Because of the way this is now provisioned, it just kind of happens without anyone really having to do anything – at least that’s how it feels for us. The reliability of the system allows us to see more children and ensure they are safe.

Sourcing:

What We Will Do



- We will proactively develop a multi-vendor approach.
- We will design services based on outcomes required.
- We will understand and engage with potential suppliers/providers.
- We will manage contracts with service providers to assure outcomes and benefits.
- We will integrate different services to ensure a coherent overall ICT service for the Council.
- We will market test services to ensure we continue to achieve value for money.
- Systems will be open to allow potential integration, based on our integration strategy.
- Services will be defined on an outcome-based approach rather than specifying inputs.

Sourcing:

Postcard From The Future



“ We have a multi-vendor approach to procuring and commissioning our technology. This means that we are always getting the latest innovations rather than ending up having to make massive upgrade decisions because we haven't kept up-to-date with key systems. Our new approach means we are also able to engage more often with local, innovative technology companies whereas before we didn't do this as much as we would have wanted.

“ Rather than developing separate apps for licensing, traffic enforcement and other areas, we now consume common components that are in place across the Council. This means we get technology improvements more quickly and it is done as part of a more consistent approach for the whole organisation. It's also cheaper for us and means we can do more for customers.

Governance



We will implement governance to ensure that the roll out of this IT Strategy and its further developments are fully owned by the organisation. This cannot just be seen as something owned by IT. It is key that we adopt a **One Council** approach to the development of our technology environment. This will involve two main parts:

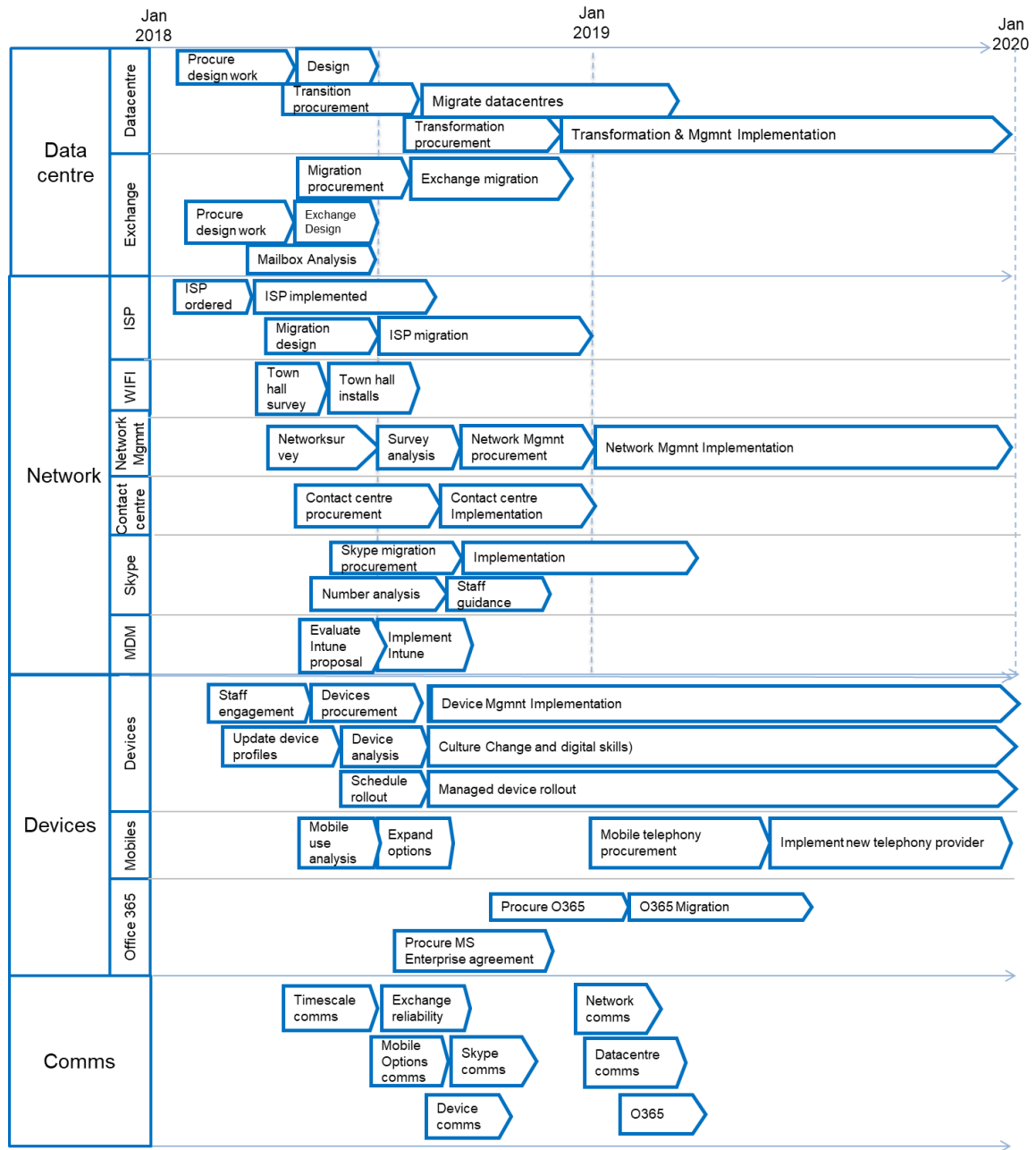
- **Technology 2020 Strategy Board** – corporate board to oversee the strategy and make recommendations and approvals on future direction and investments. This will be Chaired by the Director of BCIS and will have organisational-wide representation; and
- **Technical Design Authority** – this is described in the following pages but will be crucial in maintaining the integrity of the Council’s technology environment.

Key Projects



Strategy Theme	Project
Optimising	Datacentre transformation and migration to Microsoft Azure or alternative hosting services.
Optimising	Upgrade Enterprise Agreement to add software assurance to support migration to the Microsoft cloud product set.
Collaboration	SharePoint upgrade and migration to O365
Collaboration and Mobility	Migration from Microsoft Exchange to Microsoft hosted Office365.
Collaboration and Mobility	Replacing existing Avaya telephony platform with Microsoft Skype for Business.
Mobility	End user computing refresh including upgrade from Windows 7 to Windows 10.
Mobility	Replace existing remote access with Microsoft Direct Access.
Collaboration	YHPSN new network and connection to HCN.

Appendix 2: Technology 2020 Delivery Plan (DRAFT)



‘Do nothing’

Strengths	Weaknesses
<ul style="list-style-type: none"> • Lower procurement effort and expense needed • Less ongoing contract management with one single contract • Running costs of this option are known already • No, or very little, additional cost in terms of procurement or implementation. • There would be complete service continuity, and the experience which Capita has of working with the Council and with our tenants would be retained. • No Equal Pay risk to the Council • Council Tax Single Persons Discount and Home Owners Single Person Discount Benefits guarantees in current contract • Staffing levels are responsive and flexible 	<ul style="list-style-type: none"> • Less control over the Service, less flexibility, and much more distant links to corporate objectives. • Limited ability to address issues with current service delivery and limited opportunity to improve the service • More difficult to generate any revenue savings. • Fewer / reduced opportunities for integration with other Council Services, and for a more joined-up approach. • Likely to be less transparent than direct delivery • perceived disconnect between SCC strategy and partners delivery objectives • contractual and supply incentives not aligned to SCC priorities
Opportunities	Threats
<ul style="list-style-type: none"> • Likely to avoid service disruption through transition and change 	<ul style="list-style-type: none"> • Capita may serve notice if more services are procured outside the contract due to services dissatisfaction with current arrangements

Insource all ICT services, with the Council providing them directly.

Strengths	Weaknesses
<ul style="list-style-type: none"> • More control, flexibility and accountability for the Council in managing the Service, • Enables the service to be fully integrated into the Council and to work in close partnership with other relevant key Council Services. • Would make it easier to structure the Service around the Council's priorities. • Greater democratic control and oversight of delivery. • Reduction in partnership costs 	<ul style="list-style-type: none"> • Significant time and resources needed to manage the transfer • Lack of technical knowledge and experience within the Council to manage specialist services within the contract • Difficulty in recruiting and retaining specialist staff within the council's pay & reward structure • Potential negative Financial impact for R&B • Limited flexibility within the R&B resource • Managing potential system changes R&B • Short term disruption during transition activities • Limited operational management experience in some areas • Largest volume of change activity and resource required to manage a major change
Opportunities	Threats
<ul style="list-style-type: none"> • Could generate sustainable year-on-year revenue savings, • Longer-term opportunities to reduce duplication, join-up procurement with other Council services and increase efficiency within the Service. • Could directly link the service into the Council governance, enabling internal and external customers to more easily have direct influence on how the Service is shaped and delivered in the future • potential to run the Service as an externally-trading Council function in the future – for example processing Council tax payments on behalf of other authorities • Would likely have greatest impact on local economy, as jobs would be Sheffield based • Opportunity to review and maximise operating model e.g. joining up debt collection activities • Opportunity to align with SCC strategies for e.g. in relation to Business Rate growth • Could reshape service delivery to meet changing needs and priorities • Option to cross skill staff for greater flexibility and resilience 	<ul style="list-style-type: none"> • Potential financial impact of transfer to SCC pay scales and terms and conditions • Moving the current Capita workforce into the Council may impact on staff motivation and so lead to reduced productivity and reduced customer satisfaction. • If at the point of transfer staff resource levels do not match service demand there could be significant budget implications for the Council in terms of potential redundancy costs or key specialist employees do no transfer • More vulnerability to the impact of market forces, meaning increased uncertainty regarding the cost of support services, equipment • Possible delays and increased costs • The shift in culture for TUPEd staff could cause disruption and may mean more work to support staff to adopt the council's culture

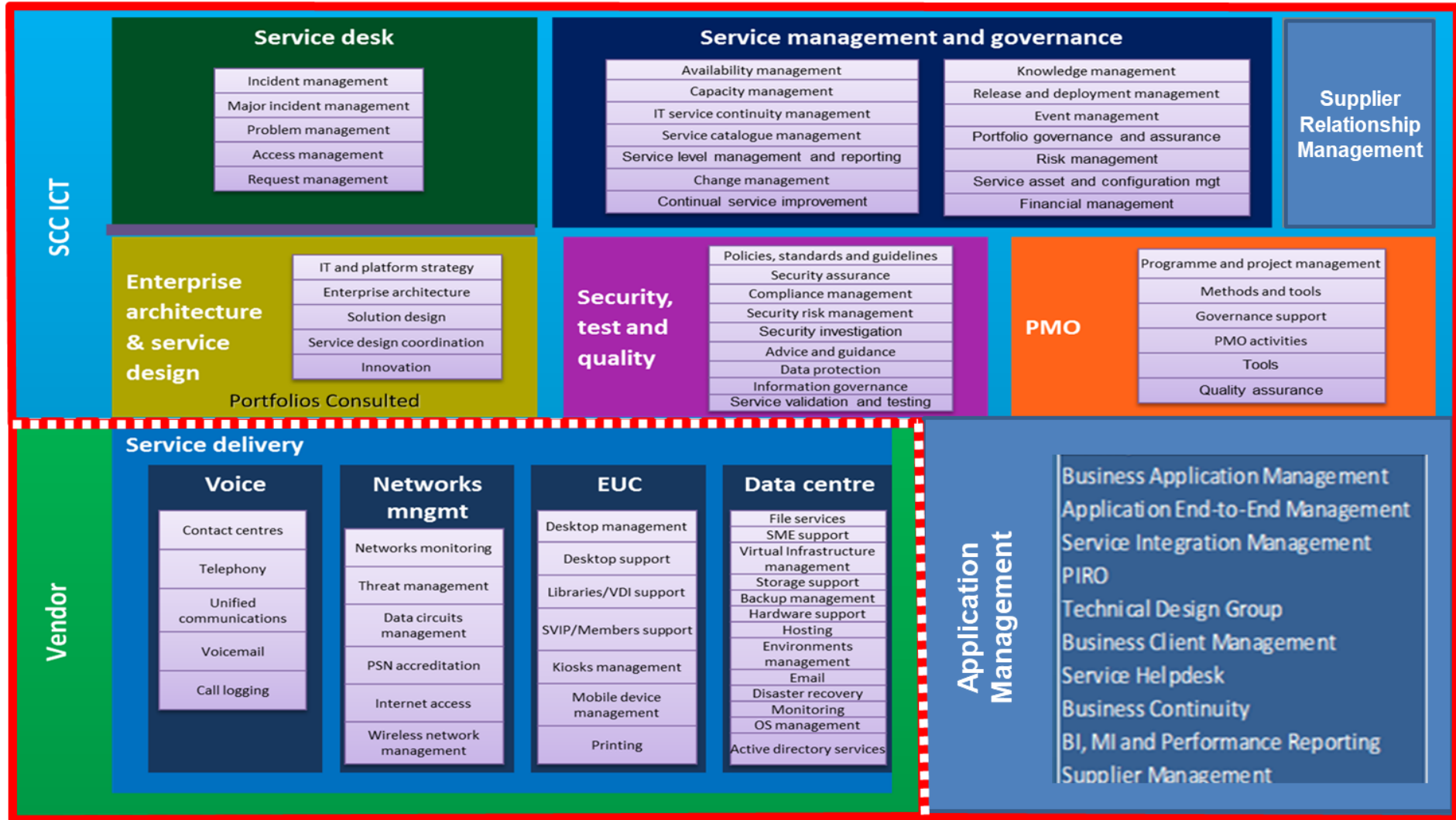
Recommission all ICT services externally from other suppliers and retain the same contract management model.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Specialist providers can deliver each element of the service to improve quality • More flexible delivery with different suppliers • Greater innovation from new suppliers' ideas • Good operational management experience from suppliers • Flexibility to use resource across supplier organisations to cover peaks in demand. • Greater resilience as through using larger providers of these services • Implementation costs largely covered by new providers (though likely priced into bids) 	<ul style="list-style-type: none"> • More contract management activity needed for a greater volume of contracts • Greater client effort needed to coordinate activities • Some contractual constraints would be expected • Procurement activity would require some resource costs • Large amount of procurement and supplier on boarding needed • Overhead costs would remain (profit elements)
Opportunities	Threats
<ul style="list-style-type: none"> • Improved performance from specialist providers • Stronger local economy supply chains • Potential cost savings • Could restate contractual requirements to reduce constraints around change and flexibility 	<ul style="list-style-type: none"> • Cross subsidies and synergies between service blocks may be lost, however services blocks with strong links can be kept together • Risk of loss of local knowledge or expertise if staff don't transfer • Potential service disruption from coordination of multiple new services • Potential drop in performance during exit to current arrangements

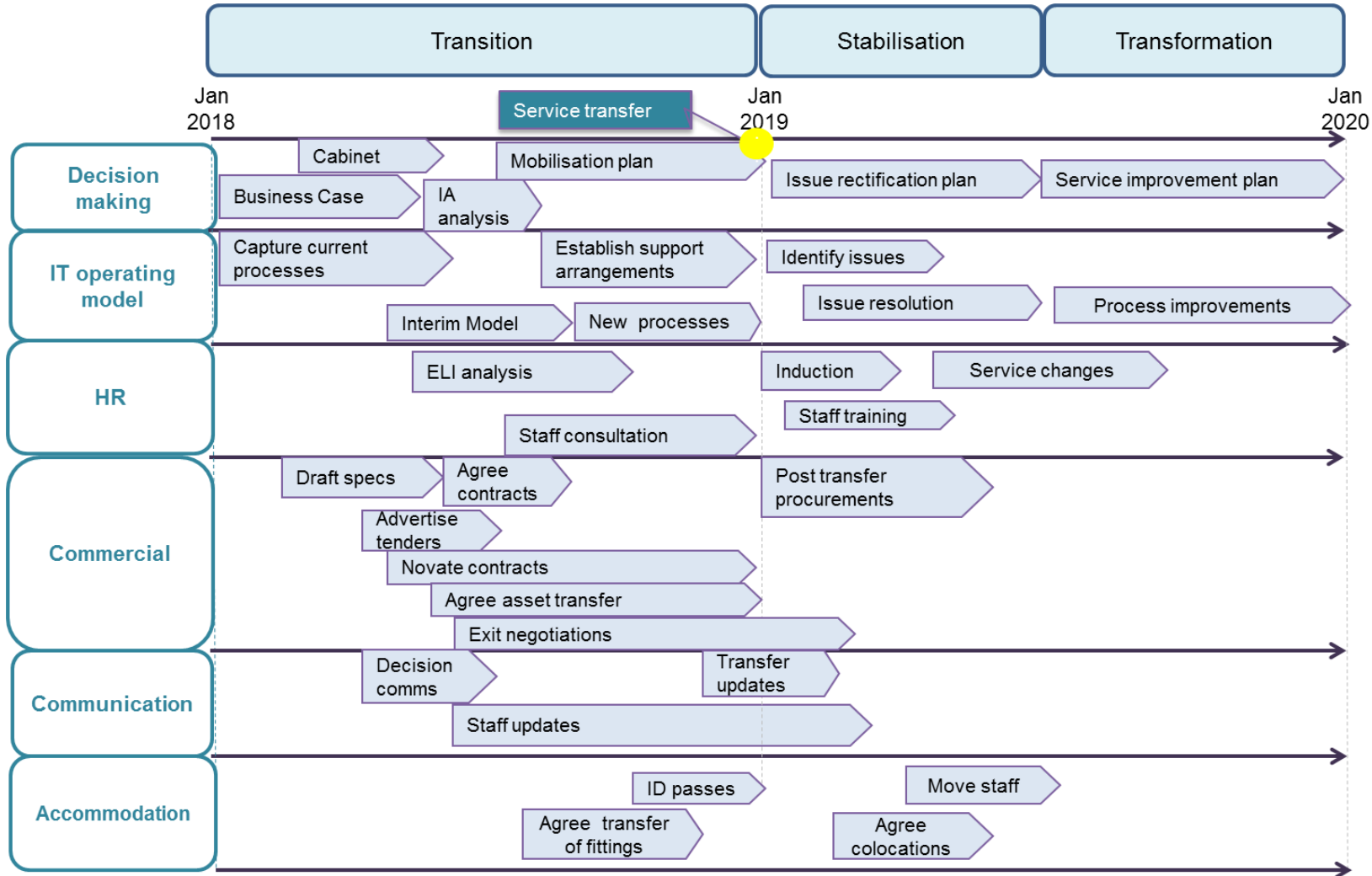
Insource some services and recommission others but retain control of all aspects.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Flexibility to make quick decisions on different elements of service delivery • Sustainable cost savings, primarily from the profit elements • Services which SCC does not have experience in delivering can be procured from specialist providers. • Greater delivery flexibility • Improved service integration, enabling greater quality, innovation and user satisfaction • Greater innovation from new suppliers' ideas • Greater resilience for datacentre and end user computing as part of a larger provider of these services 	<ul style="list-style-type: none"> • Ongoing contract management needed for a greater volume of contracts • Implementation of increased supply chain • Cost to change and implementing new services and mobilising contracts • Not all profit would go to SCC • Introduces cross organisation dependencies • Prevents cross skilling across service areas • Only partial transparency for the Council to perform assurance and compliance activities
Opportunities	Threats
<ul style="list-style-type: none"> • Improved performance and governance • Stronger local economy supply chains • Increased revenue from Council resources 	<ul style="list-style-type: none"> • Cross subsidies and synergies between service blocks may be lost, however services blocks with strong links can be kept together • Risk of loss of local knowledge or expertise if staff don't transfer • Risk of employment issues and additional liabilities for the Council from 3rd party TUPE challenge. • Potential decrease in performance due to fragmentation of service delivery

Appendix 4: ICT Functional Model (DRAFT)



Appendix 5: High Level Transition Plan for Recommended Option



EIAs - Tech 2020 strategy Page 1 of 9

Equality Impact Assessment » EIAs: Tech 2020 strategy 1 Like It | Tags & Notes

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Equality Impact Assessment and Consultation

Approved

Approved by Hawley Michelle

Equality Impact Assessment

Introductory Information

Reference number
289

Proposal type
 Budget Project

Project name
Tech 2020 strategy

Decision Type

Type of decision

- Cabinet
- Cabinet Committee (e.g. Cabinet Highways Committee)
- Leader
- Individual Cabinet Member
- Executive Director/Director
- Officer Decisions (Non-Key)
- Council (e.g. Budget and Housing Revenue Account)
- Regulatory Committees (e.g. Licensing Committee)

Lead Cabinet Member
Blake Olivia (LAB CLLR)

Entered on Q Tier
 Yes No

Year(s)

EIA date
17/05/2018

EIA lead
Hawley Michelle

EIA contact
Markham Rob (NCC)

Lead officer
Gannon Mark (CEX)

Lead Corporate Plan priority
An In-Touch Organisation

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Portfolio, Service and Team**Cross Portfolio**

Yes No

Portfolio**Resources****Resources service(s)**

- Business Change and Information Solutions
 Finance and Commercial Services

Resources team(s)**Is the EIA joint with another organisation (eg NHS)?**

No Yes

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

The overarching purpose of this strategy is to create a step-change in our technology environment that enables the flexible, sustainable, digital transformation of the Council's business. This will be built on a deep understanding of and engagement with customers, both internally and externally, improving the overall experience of customers who access our services. Our technology will move from doing the basics or 'keeping the lights on' to enabling real business innovation by adding value to every part of the organisation. We will proactively engage with the supplier market to build a multi-vendor model, helping drive greater value to the Council. This change is expected to require changes to the council's internal structures and operations as well as changes in the ICT supply chain.

Impact

Under the [Public Sector Equality Duty](#) we have to pay due regard to the need to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity
- foster good relations

More information is available on the [Council website](#) including the [Community Knowledge Profiles](#).

Note the EIA should describe impact before any action/mitigation. If there are both negatives and positives, please outline these - positives will be part of any mitigation. The action plan should detail any mitigation.

Overview

Overview (describe how the proposal helps to meet the Public Sector Duty outlined above), Supporting Evidence (Please detail all your evidence used to support the EIA)

The proposals will be managed to include detailed consultation with affected staff and regular communications to keep people informed of changes and their impact.

Impacts

Proposal has an impact on

Health

Does the Proposal have a significant impact on health and well-being (including effects on the wider determinants of health)?

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/display.aspx...> 01/06/2018

Yes No

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The transfer of staff in the ICT supply chain between employers could be a cause of concern and uncertainty for staff both working in the ICT supply chain and within potentially affected services like BCIS.

These concerns could negatively impact on the mental and physical health of affected staff in both areas and they may also be concerned over how their new employer will support them with any health issues.

Affected staff within the ICT supply chain and potentially affected Council services will be consulted with to understand and identify any concerns they have around service transfers and the impact this may have on them and their health. This will include explaining to them the policies and support mechanisms that the Council offer to support them with any health issues and will identify any reasonable adjustments the Council will put in place ahead of them transferring to the council.

The impact on employees who are away from work on sickness absence may be negative and again will be managed by including them in communications.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers

Yes No

Comprehensive Health Impact Assessment being complete

Yes No

Please attach health impact assessment as a supporting document below.

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

Yes No

Health Lead

Age

Staff Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

There are a minority of BCIS staff under the age of 35 (22%) and over the age of 56 (9%). The age profile of staff in the current ICT supply chain is unknown. For Capita staff transferring, they would join a workforce with a different age distribution and may experience difficulties integrating because of this. If any transferring staff have a more diverse age profile then this will increase the age diversity of the BCIS service, which existing staff may benefit from. If they do not then as part of service continuity planning the age profiles of staff and opportunities to bring in staff with a more diverse age range will be addressed.

Some Capita staff have already experienced a previous TUPE process from previous transfers. These changes may cause concerns for Capita staff, regarding places of work and line management.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers Yes No**Disability****Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

10% of BCIS staff report that they consider themselves disabled. The proportion of staff in the ICT supply chain that consider themselves disabled is not currently known, if this is higher than BCIS then disabled staff transferring from Capita will join a service that has a lower proportion of disabled staff and so could be concerned over how well they will be supported by the Council.

Consultation with staff transferring to SCC will enable staff to raise and discuss concerns and to highlight any reasonable adjustments required to support staff in their work for staff that consider themselves to have a disability and these would be set up and applied following the standard SCC procedures. The Council is a member of the 'Two Ticks' scheme providing support and development opportunities for disabled people. Potentially affected staff that consider themselves to be disabled will still be able to access support and these will be considered as part of changes to how people work.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers Yes No

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Race**Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

14% of BCIS staff are from a BME background, the ethnicity of the supply chain staff is unknown. If the Capita workforce that may transfer to SCC have a greater ethnic diversity in their staff then any ethnic minority members of their staff would transfer to be part of a less ethnically diverse workforce and this may cause concern around how this may impact how they are treated.

This representation of BME staff in the BCIS workforce will need to be considered further once staff transfer. The TUPE process should not result in any negative impact on individual members of staff as a result of their equality profile. Any changes identified as a part of the TUPE process will be subject to full consultation.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options

Customers Yes No**Sex****Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

The existing BCIS service has an even split of male and female staff. The split of male and female staff in the ICT supply chain is unknown. If there are a greater proportion of male staff in the Capita workforce than in the BCIS service then female staff working in BCIS would experience a shift in the makeup of their service once Capita staff transfer in. This may cause them concern on what possible impact this may have on workplace culture and how they are treated.

If there is an under representation of female staff in the Capita workforce and options to reduce this disparity would need to be considered further if staff transfer to ensure there is not a disproportionate impact on women.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers Yes No

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Sexual Orientation**Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

12% of BCIS staff report themselves as LGBT, with 8% unknown. There is not a more detailed breakdown available to identify the sexual orientation with this group. The proportion of staff within the Capita ICT service that identify as LGBT is unknown. If there are a greater proportion of staff in the Capita workforce that identify as LGBT compared to the BCIS workforce then these staff could experience a shift in the makeup of their service once they transfer. This may cause them concern on what possible impact this may have on workplace culture and how they are treated.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks

Customers Yes No**Transgender****Staff** Yes No**Impact** Positive Neutral Negative**Level** None Low Medium High**Details of impact**

12% of BCIS staff report themselves as LGBT, with 8% unknown. There is not a more detailed breakdown available to identify which of these identify as transgender. The proportion of staff in the ICT supply chain that report as LGBT is unknown. If there are a greater proportion of staff in the Capita workforce that identify as transgender compared to the BCIS workforce then these staff could experience a shift in the makeup of their service once they transfer. This may cause them concern on what possible impact this may have on workplace culture and how they are treated, though the Council has been recognised by Stonewall as an employer that promotes equality and diversity.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks

Customers Yes No**Poverty & Financial Inclusion**

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Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

5% of BCIS staff earn below £20,000. There is limited visibility of the IT supply chains current wage structure, however historic information suggests this issue is expected to affect very few staff as the majority are understood to be paid above Foundation living wage at this point.

Any staff that would transfer into the Council would be paid at least the Foundation living wage and any staff that move to new suppliers would also be expected to be paid Foundation Living Wage as part of the terms of ethical procurement used to setup new suppliers.

Furthermore any staff that transfer to the Council would be eligible to join the Local Government Pension Scheme and likely receive an increase in employer pension contributions. Any staff that transfer to new suppliers may also have this opportunity if the Council can negotiate with suppliers to obtain admitted bodies status with the South Yorkshire Pensions Authority.

Customers

Yes No

Supporting Documentation**Cumulative impact****Proposal has a cumulative impact**

Yes No

Proposal has geographical impact across Sheffield

Yes No

Local Partnership Area(s) impacted

All Specific

Action Plan and Supporting Evidence**Action plan**

Full consultation and communication with staff is paramount requiring managers and supervisors to remain open and honest with the staff. The idea of the change to SCC may be seen as negative by some staff. This impact and expectation from staff will be managed via thorough induction, consultation and induction for those that transfer.

Any changes identified as a part of any TUPE process will be subject to full consultation. Some of the changes may result in a positive impact where the SCC 'offer' as part of the transfer provides additional benefits. Any staff transferring into the service will be covered by the Council's 'Dignity and Respect at Work' policy or a transferred Capita equivalent policy, providing support for the resolution of any equality issues.

The TUPE process should not result in any negative impact on individual members of staff as a result of their equality profile. Any changes identified as a part of the TUPE process will be subject to full consultation.

All staff will be made aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

This EIA will be reviewed once further staff demographic information is known.

Supporting Evidence (Please detail all your evidence used to support the EIA)

BCIS demographic information supplied by HR.
2015 contract restatement information on Capita pay structures

Consultation

Consultation required

Yes No

Consultation start date

03/09/2018

Consultation end date

30/12/2018

Details of consultation

As part of the TUPE transfer of staff the Council will consult on any changes. This will include a series of consultation meetings with Trade unions, affected Capita staff and potentially affected SCC staff. There will also be one to one consultations with individual staff.

Are Staff who may be affected by these proposals aware of them

Yes No

Are Customers who may be affected by these proposals aware of them

Yes No

If you have said no to either please say why

The proposal is not yet public, but will be communicated to the staff ahead of the cabinet decision. The customers of the service are also council staff so will be communicated to at the same time.

Summary of overall impact

Summary of overall impact

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/display.aspx...> 01/06/2018

There will be significant staffing implications as a result of the TUPE transfer of Capita staff into the Council. There is not expected to be any disproportionate impact on staff with a particular protected characteristic however the Council has a wide range of policies and procedures already in place to support employees reduce potential inequalities in the workplace. Access to these policies and procedures will be available to all transferred staff to support their integration into the Council. There is a small risk that some transferring staff may not be fully included in the consultation process due to their characteristics - in particular those staff on pregnancy/maternity/paternity leave or those absent from work due to illness or disability. This risk is covered in the action plan and managers will be expected to ensure that these staff are involved wherever possible in consultation arrangements in a manner appropriate to their needs. It is important to ensure that staff transferring into the Council are given an appropriate induction to the Council so that they are aware of the support offered to staff with protected characteristics. This is also captured in the action plan attached to this EIA.

There is not expected to be any negative impact on customers as a result of these proposals and the intention is that the service will deliver positive service changes over the longer-term. The service will initially carry on delivering the same service to customers as it does at the moment. Proposals to change this service will be developed in partnership with customers and will take account of their diverse needs. The aim of bringing the ICT service back into the Council is to improve the overall service to customers and enable future changes in technology.

Summary of evidence**Changes made as a result of the EIA**

The current action plan is based on the standard TUPE process. This will be amended once further information on transferring staff is obtained and this EIA reviewed.

Escalation plan**Is there a high impact in any area?**

Yes No

Overall risk rating after any mitigations have been put in place

High Medium Low None

Review date**Review date**

03/09/2018

If a review date is specified, it will appear in the 'Upcoming Reviews' view when the EIA review is within 30 days.

Approved

Appendix 7: Risk Assessment

Risk Description	Risk Owner	Before Mitigation			Risk Controls / Mitigation	After Mitigation		
		Probability	Impact	Level - RAG		Residual Probability	Residual Impact	Residual Risk RAG
<i>Service delivery disruption</i> – If service delivery is disrupted due to service failure by any provider or uncoordinated delivery between multiple vendors then broader service delivery could be disrupted across the council.	Mike Weston	Likely	High	Red	Reduce - SIAM principles will be used to coordinate the different functions within an ICT multi-vendor model. The initial operating model will be focused on prioritising service continuity rather with transformational improvements aimed for after transfer.	Likely	Marginal	Amber
<i>Information accuracy and availability</i> – If the Council does not receive timely and accurate provision of information from Capita, including TUPE Employee Liability Information and Due Diligence Information, then the decisions taken to setup transferring services may not reflect the way they need to operate and this could lead to service delivery disruption for BCIS and other council services.	Mark Gannon	Likely	Moderate	Amber	Reduce - Liaise with Capita at an early stage regarding information requirements, timescales and verification processes and ensure adequate resources are available. Requests for information to be under contract exit arrangements and options to maintain a cooperative relationship between both parties will be considered as part of negotiations. Fall-back – additional resource to be available to identify and rectify issues during and after service transfer.	Possible	Marginal	Amber

<i>Access to ICT delivery staff</i> – If the project team and relevant services do not have access to employees to undertake meaningful consultation and gain a deep understanding of operational delivery then the tools and processes setup for the point of transfer may not be appropriate for effective delivery.	Mike Weston	Likely	Moderate	Amber	Reduce – discussion between both parties through transition governance arrangements will manage requests for access to staff. We will check contract documentation for responsibilities /requirements on exit and include staff access as an element of overall exit negotiations. This will include assessment of the impact on service delivery to ensure that disruption is minimised. TUPE consultation activity will be agreed in advance at an early stage including consultation timescales.	Unlikely	Marginal	Green
<i>Third Party TUPE challenge</i> – If 3rd party suppliers claim TUPE applies for any of their staff, because they believe they are mostly or wholly assigned to this contract, then more staff may transfer to the Council than are needed to run the service.	Linsey Linton	Possible	Marginal	Amber	Reduce – The Council will seek legal advice at an early stage after any claim to assess TUPE rights and assess the service staffing needs.	Unlikely	Marginal	Green
<i>Financial impact not fully visible</i> – If we discover, through the negotiation with Capita, that our cost model has underestimated costs this may impact the overall financial case for the recommended option.	Paul Schofield	Possible	High	Amber	Reduce – Cost modelling has been based on conservative estimates and wherever possible evidence of actual costs have been used to test modelling assumptions e.g. from previous impact assessments.	Unlikely	Moderate	Amber

<p><i>3rd party application novation</i> - If 3rd Party Vendors are unable to novate contracts in the required timescales, due to contractual complexity or resourcing, then control of the contract for applications and relationships with their suppliers would not be transferred by the point the ICT service transfers to continue the support delivered for other services.</p>	<p>Mike Weston</p>	<p>Possible</p>	<p>High</p>	<p>Amber</p>	<p>Identify critical applications and engage with suppliers at earliest opportunity to share timescales and plan necessary contractual activities. Ensure Capita have novatable arrangements in place before transfer. Fall-back - If necessary discuss contingency arrangements as part of the exit negotiations.</p>	<p>Unlikely</p>	<p>Moderate</p>	<p>Amber</p>
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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