

Cabinet

Wednesday 20 November 2019 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 Jackie Drayton	(Cabinet Member for Children & Families)
Councillor Terry Fox	(Cabinet Member for Finance, Resources and Governance)
Councillor Mazher Iqbal	(Cabinet Member for Business and Investment)
Councillor Bob Johnson	(Cabinet Member for Transport and Development)
Councillor Mark Jones	(Cabinet Member for Environment, Streetscene and Climate Change)
Councillor Mary Lea	(Cabinet Member for Culture, Parks and Leisure)
Councillor George Lindars-Hammond	(Cabinet Member for Health and Social Care)
Councillor Abtislam Mohamed	(Cabinet Member for Education and Skills)
Councillor Paul Wood	(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 NOVEMBER 2019**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**

The appendices to agenda items 13 and 14 'Disposal of Land at Smithfield and Cross Smithfield and Disposal of Land at 210 Rockingham Street' are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
- 4. Declarations of Interest** (Pages 1 - 4)

Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting** (Pages 5 - 12)

To approve the minutes of the meeting of the Cabinet held on 9 October 2019.
- 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 13 - 16)

Report of the Executive Director, Resources.
- 9. Joint Commissioning: The Sheffield Response To The NHS Long Term Plan** (Pages 17 - 30)

Report of the Director of Public Health.
- 10. Tackling Inequalities in the City through investing in Grants to the Voluntary and Community Sector 2020-2021** (Pages 31 - 48)

Report of the Executive Director, People Services.
- 11. Month 6 Capital Approvals** (Pages 49 - 74)

Report of the Executive Director, Resources.

- 12. Revenue Budget and Capital Programme Monitoring 2019/20 - as at 30/09/2019** (Pages 75 - 104)
Report of the Executive Director, Resources.
- 13. Disposal of Land at Smithfield and Cross Smithfield** (Pages 105 - 122)
Report of the Executive Director, Place.
- 14. Disposal of Land at 210 Rockingham Street** (Pages 123 - 134)
Report of the Executive Director, Place.

NOTE: The next meeting of Cabinet will be held on Wednesday 18 December 2019 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 9 October 2019

PRESENT: Councillors Julie Dore (Chair), Jackie Drayton, Terry Fox, Mazher Iqbal, Bob Johnson, Mark Jones, Mary Lea, George Lindars-Hammond, Abtissam Mohamed and Paul Wood

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1. APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence.

2. EXCLUSION OF PUBLIC AND PRESS

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

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of the Cabinet held on 18 September were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Public Question in respect of Review of Governance Structure

5.1.1 Sue Kondakor stated that the National Lead of the Centre for Public Scrutiny (CfPS) stated that Sheffield City Council had not been in touch but, at Full Council, the Leader of the Council, Councillor Julie Dore, had stated that they had. Who was right? If Sheffield City Council was right then when will the CfPS be arriving in Sheffield to bring their expertise to lead stakeholder exercises and follow their established methodology in supporting governance change?

5.1.2 Councillor Julie Dore questioned who Ms. Kondakor was referring to when she talked about the National Lead but Ms. Kondakor couldn't confirm who this was. Councillor Dore said she had spoken to the Chair of the CfPS, Sir Bob Kerlake, and he had put Councillor Dore in touch with Jacqui McKinlay, Chief Executive of the CfPS.

5.1.3 Councillor Terry Fox, Cabinet Member for Finance, Resources and Governance, added that the Governance Review would be considered by the Overview and Scrutiny Management Committee who would issue a call for evidence. The Local Government Association, the Its Our City Group, Sheffield 4 Democracy and the Universities would all be asked to give evidence.

5.1.4 The gathering of evidence would take approximately two days and the Committee would be cross-party and the hearings will be webcast. The findings would be reported back to the Full Council meeting to be held on 8 January 2020 and this meeting would also be webcast.

5.1.5 There would also be a separate process of community engagement where local Councillors would be talking to their constituents about their views and this would be fed back. The exact process had not yet been finalised. The referendum would be a 56 day process but the community engagement would take a longer period than that.

5.2 Public Question in respect of Legal Processes

5.2.1 Justin Buxton stated that, at the Cabinet meeting held on 18 September, Councillor Dore had confirmed that she had spoken to Justice Mayells on 5 June 2018. Could she please categorically confirm that she did?

5.2.2 Councillor Dore responded that she had answered this question previously.

(NOTE: At this point in the proceedings, following interruptions by a member of the public, the meeting was adjourned for several minutes whilst the questioner was removed from the meeting).

5.3 Public Question in respect of Right to Buy Properties

5.3.1 Nigel Slack commented that the news of thousands of new Council homes for the City was clearly good news since, with the promise not to simply create massive Council estates on green land, it was hoped that we would be looking at mixed housing throughout the City and the consequent improved neighbourhood vitality that this would bring. Mr Slack did, however, want to raise again the spectre of 'Right to Buy' and what could be done to prevent these new homes from falling prey to speculators?

5.3.2 Mr Slack added that, at the last Cabinet meeting held on 18 September 2019, comment was made, with respect to a compulsory purchase issue, about potentially using different definitions to remove some of this vulnerability. Could the Council expand on that suggestion?

5.3.3 In response, Councillor Paul Wood, Cabinet Member for Neighbourhoods and Community Safety, commented that Right to Buy could in theory be taken off a property but there would need to be a clear definition and social reason why this was being done such as to provide Extra Care Housing or for Special Needs. New properties could get a 15 year exemption on Right to Buy. Government legislation stated that, if the Council bought a property, it could be liable to Right to Buy legislation within one month of that purchase. Councillor Wood would provide further detail to Mr Slack in a written answer.

5.4 Public Question in respect of Tower Block Safety

5.4.1 Nigel Slack stated that it was now nearly two and a half years since the tragedy at

Grenfell Towers in London. Shortly after those events, Mr Slack asked a question of the Council about Sheffield's response and any issues within the City. Only the Hanover Estate was identified as an issue and steps were taken to deal with the potential danger there. It was also commented, at the time, that an investigation would be carried out to discover how the wrong type of cladding had been used in the first place. What was the result of this internal investigation and had there been any consequences for either the contractors involved or any referral to external authorities (e.g. South Yorkshire Police) for action to be taken?

- 5.4.2 Councillor Paul Wood stated that he had not yet seen the Hanover investigation report and had only received a short briefing on this last week. Solicitors wanted to examine this before it was released. Councillor Wood could provide more information when he had it. A fire inspection of tower blocks had been undertaken three weeks ago and the response from the authorities was that every block in Sheffield conformed with the required standard.

6. ITEMS CALLED-IN FOR SCRUTINY

- 6.1 It was noted that there had been no items called-in for Scrutiny since the last meeting of the Cabinet.

7. RETIREMENT OF STAFF

- 7.1 The Executive Director, Resources, submitted a report on Council staff retirements.

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

(a) places on record its appreciation of the valuable service rendered to the City Council by Linda Mappin, Senior Teaching Assistant Level 3, Norfolk Park Special School over a period of 21 years;

(b) extends to her 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 her.

8. MEDIUM TERM FINANCIAL ANALYSIS (MTFA) 2020/21 TO 2023/24

- 8.1 The Executive Director, Resources, submitted a report providing Members with details of the forecast financial position of the Council for the next 4 years and recommending the approach to budgeting and business planning that will be necessary to achieve a balanced budget position over the medium term.

- 8.2 **RESOLVED:** That Cabinet:-

(a) notes the forecast position for the next 4 years;

(b) notes as planning assumptions, core Council Tax increases of 2% per annum and that the actual increases will be set at Full Council each March;

- (c) notes additional flexibility was announced in the recent Spending Review for 2020/21 for a further 2% increase for the Social Care Precept; and that a decision to take this precept at Full Council would result in a balanced budget for 2020/21;
- (d) notes the information contained in the capital sections of the report (paragraphs 30-39) and that decisions relating to the programmes mentioned (in paragraphs 36-39) will be sought in due course; and
- (e) agrees the approach to budgeting and business planning outlined in the report.

8.3 Reasons for Decision

- 8.3.1 To inform Cabinet Members of the latest changes to the Council's medium term forecasts within both revenue and capital budgets, and to provide a strategic framework for the development of budget proposals and the business planning process beyond 2020/21.

8.4 Alternatives Considered and Rejected

- 8.4.1 A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers 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.

9. MONTH 5 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 5 2019/20.

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; and
- (b) approves the making of grants as identified in Appendix 2 of the report in principle on that basis, with the identity of the recipient to be decided in accordance with the Leader's Scheme of Delegation.

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. **RETENDER OF THE SCHOOL CATERING CONTRACT POST AUGUST 2020**

10.1 The Executive Director, People Services, submitted a report seeking approval for procuring a new school catering contract from 1st August 2020 for 5 years ("New School Catering Contract"). The Council will enter into the New School Catering Contract on behalf of the participating schools.

10.2 Members requested that the contract should also include a requirement that there were no deliveries to schools between 8:30am and 9:00am.

10.3 **RESOLVED:** That Cabinet:-

(a) acknowledges that the Council has procured a school catering contract on behalf of schools since 2001; and the existing school catering contract has commenced since August 2011 with 107 schools participating ("Existing School Catering Contract");

(b) acknowledges that the Existing School Catering Contract is due to expire after its extension period by the end of July 2020; and agrees that the Council will continue procuring a school catering contract on behalf of participating schools who have elected to join the school catering service from August 2020 ("Participating Schools");

(c) approves that the Council will re-tender the school catering service from 1 August 2020 to 31 July 2025 ("New School Catering Contract") with an option to extend for a period of 24 months if agreed between the Council and the Contractor and that each period will be at the sole discretion of the Council following consultation with the applicable Schools; and

(d) delegates authority to the Executive Director, People Services, in consultation with the Cabinet Member for Education and Skills, the Director of Finance and Commercial Services and the Director of Legal and

Governance:-

- (i) to approve the procurement strategy of re-tendering the New School Catering Contract from 1st August 2020 to 31st July 2025 in line with this report unless paragraph 5.3 in Schedule 2 of the Leader's Scheme of Delegation applies;
- (ii) to negotiate terms and conditions with the contractor and to award the contract in line with this report unless paragraph 5.3 in Schedule 2 of the Leader's Scheme of Delegation applies;
- (iii) to approve of a risk sharing approach that sees both contractor and the Council (acting on behalf of schools) managing the service jointly and which minimises risks for individual schools;
- (iv) to take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in the report; and
- (v) to advise all Participating Schools under the terms and conditions as he sees fit after consulting with the Director of Legal Services and the Director of Finance and Commercial Services; such agreement shall:
 - allow any Participating Schools to withdraw from their commitment to the New School Catering Contract at the end of year 3 of the contract period; and
 - acknowledge a single contract arrangement:
 - where schools elect to join and agree to pool their respective resources,
 - where schools receive the service that they need when they need it,
 - that is legally binding on all participating schools
 - that is not a series of separate, individual service level agreements

10.3 **Reasons for Decision**

- 10.3.1 The majority of schools wish the Council to procure a catering contract on their behalf. Schools pay for the services of a contractor, a client team and all procurement costs from their individual budgets. There is no specific Council funding in the delivery of the contract.
- 10.3.2 The Council benefits by having public health initiatives built into the specification.
- 10.3.3 All risks associated with large scale catering, both food and finance related, are contained and managed by the contractor and the client team, using expertise from within the Council's Resources teams i.e. legal, commercial and financial.

10.4 **Alternatives Considered and Rejected**

- 10.4.1 There are two alternative options but neither is advantageous to the Council and schools and carries significant risks:

Insource the service – for the Council to be able to manage the service directly there would need to be changes to the structure within the portfolio. This change will need to be agreed with the schools. Statutory responsibility for delivering school meals rests with the governing bodies and they may choose to put alternative arrangements in place. The service has been delivered via private sector education catering specialists for 18 years and the level of training and expertise to manage a city wide service would need to be acquired. As this is a school's contract and not all schools join it, it would be hard to see what benefits there would be to the Council for funding such a change. All the costs of the service are funded by the schools that elect to join it – the Council does not fund any aspect of the service to schools. This option is therefore not recommended.

- 10.4.2 **Not offer a service to schools** – this would effectively mean that schools would have to manage the provision of a catering service directly or procure their own contracts. Both options may detract from their core purpose of teaching and learning. There may be increased costs for schools with this option due to them having to buy in expertise on due diligence checks for food safety, food labelling (e.g. 14 statutory allergens), traceability, as well as managing catering teams, and procurement activities. Smaller primary and special schools would be disproportionately disadvantaged as they do not have the capacity in their administrative teams. This option is therefore not recommended.

11. INTEGRATED COMMUNITY EQUIPMENT SERVICE PROCUREMENT

- 11.1 The Executive Director, People Services, submitted a report seeking approval from Cabinet to commission a redesigned Integrated Community Equipment Service (ICES). In order to do this, approval is also sought from Cabinet to award the Director of Finance and Commercial Services, in consultation with the Director of Legal and Governance and the Head of Commissioning (People Services), the authority to take the necessary steps to award the contract and implement the procurement strategy for the redesigned equipment service, and for the Director of Adult Services (People Services), in consultation with the Director of Finance and Commercial Services, to review and agree the pooled budget arrangements for the new service with the Sheffield Clinical Commissioning Group.

- 11.2 **RESOLVED:** That Cabinet:-

- (a) approves the re-commissioning of the Integrated Community Equipment Service and delegates authority to the Director of Finance and Commercial Services, in consultation with the Director of Legal and Governance and the Head of Commissioning (People Services), to determine the appropriate procurement strategy for the provision for a redesigned Integrated Community Equipment Service;
- (b) delegates authority to the Director of Finance and Commercial Services in consultation with the Director of Legal and Governance and the Head of Commissioning (People Services), to award the contract for the Integrated Community Equipment Service in accordance with the procurement strategy: the award of the contract will follow a procurement exercise and conform to

the Council's Contract Standing Orders (CSOs); and

- (c) delegates authority to the Director of Adult Services (People Services), in consultation with the Director of Finance and Commercial Services, to review and agree the pooled budget arrangements for the new service with the Sheffield Clinical Commissioning Group (CCG) under the Section 75 Agreement; the process for the review will need to be agreed by both parties over the coming month.

11.3 **Reasons for Decision**

11.3.1 The current contract for the supply and loan of equipment to help people live independently ends in June 2020. The Council has a statutory duty to undertake the provision of services proposed in this report and there are significant financial and operational efficiencies from having a joint contract with Health.

Service re-design and re-specification will also:

- Achieve better outcomes and increased value for money
- Deliver against increasing demand on the service
- Future-proof the service in light of proposed changes to legislation, guidance and operational requirements

11.4 **Alternatives Considered and Rejected**

11.4.1 **Do not re-procure:** This option is not recommended because the Council has legal duties to provide equipment to people in need as set out in section 4.3 of the report.

11.4.2 **Extend the contract with the current provider:** It is not possible to extend the contract further, as this would pose a significant risk of legal challenge based upon both the value of the contract and restrictions in the procurement regulations regarding extending contracts.

This option is also not recommended as the Council policy and procedures promote revisiting the market at suitable intervals to ensure we have best value, high quality services. In addition, Commissioners wish to develop the service to achieve a more efficient, effective service, greater value for money and increased impact in the City.



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

Tel: 27 34014

Report of: *Executive Director, Resources*

Report to: *Cabinet*

Date of Decision: *20 November 2019*

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>Portfolio</u>		<u>Years' Service</u>
<u>People</u>		
Alison Anderson	Teacher, Norfolk Park School	33
Sandra Bishop-Wells	Residential Childcare Practitioner, Mather Road Children's Home	29
Denise Lovell	Senior Teaching Assistant Level 3, Pipworth Community Primary School	34
Wendy Shepherd	Supervisory Assistant, Hucklow Primary School	22
David Stokes	Teacher, Ecclesall Primary School	40
John Webber	Teacher, Brightside Nursery Infant School	34
Jo Ullah	Provider Services Worker, Future Options	34
<u>Place</u>		
Graham Caterer	Electrician, Repairs and Maintenance Service	44
Mark Harris	Maintenance Supervisor, City Centre Management and Major Events	41

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Author/Lead Officer of Report: Eleanor Rutter,
Consultant in Public Health

Tel: 07917 240200

Report of: *Greg Fell*

Report to: *Cabinet*

Date of Decision: *9th October 2019*

Subject: *The Sheffield response to the NHS Long Term Plan*

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>Health and Social Care</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Healthier Communities</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of Report:

This report sets out Sheffield City Council's (SCC) support to the ongoing development of arrangements for implementing the priorities in the NHS Long Term Plan (LTP). It describes several key principles that cabinet are asked to endorse then explains how through the various joint arrangements already in place, Sheffield is responding to the challenges set out in that plan. It identifies a number of areas where the LTP's aspirations are considered to be too weak, sets out the council's response to those areas, and describes SCC's aspirations for how the health and care system should work at neighbourhood, city and 'Integrated Care System' (ICS) geographies.

Cabinet is asked to consider and endorse a number of important next steps to ensure overall health and care system sustainability

Recommendations:

- *That Cabinet notes and endorses the council's response to the NHS Long Term Plan, as set out in this report.*
- *That Cabinet endorses the direction of travel set out in the next steps section.*
- *The Cabinet Member for Health and Social Care engages in a dialogue with South Yorkshire and Bassetlaw (SY&B) ICS to ensure that the position set out in this report is given due consideration.*

Background Papers:

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

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>Eugene Walker</i>
	Legal: <i>David Cutting</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>Greg Fell</i>
3	Cabinet Member consulted: <i>George Lindars-Hammond</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>Eleanor Rutter</i>
	Job Title: <i>Consultant in Public Health</i>
Date: <i>30th September 2019</i>	

1. PROPOSAL

- **Background**

In January of 2019, NHS England published the NHS long term plan. Its intention was to deliver system sustainability by shifting the model of care, towards a more preventative one, reducing avoidable demand and inequalities in health, and was associated with a government commitment to increase funding over the five years to 2023/24. Whilst it contained much to be enthusiastic about, it was not broad enough in its scope or ambition to deliver the changes Sheffield needs to deliver fair health, wellbeing and related outcomes in a financially sustainable way.

- **Sheffield City Council response to the NHS Long Term Plan**

- **Principles**

- SCC believes that an effective and sustainable health and care system is one that supports people, as far as possible, to stay healthy and well at home, thus avoiding the need for hospital admission and other forms of acute intervention, whilst still providing the best possible care for those that need it. It is only by the whole system acting in a way that is focused on prevention and improving the wider determinants of health that the best outcomes for Sheffield citizens will be achieved *and* the system stands any chance of being financially sustainable in the current funding climate. Evidence and experience suggests that place based decision-making remains the constant factor that will allow us to maximise our impact. The Council believes that the basic default unit of geography is Sheffield as a place for all NHS and social care provision.
- SCC agrees with the sentiment expressed in the NHS LTP of the primacy of place-based planning. We believe that planning services on behalf of one, geographically based population served by identifiable and accountable organisations – one local authority, one acute hospital trust and one Clinical Commissioning Group (CCG) etc. are key drivers of success. It is imperative that these structures are formed around geographies that reflect how people live their lives – cities and neighbourhoods – rather than artificial and remote boundaries that may have little connection with the reality of the day to day experience of how people access services.
- SCC welcomes NHS England's (NHSE) statement that decisions should

only be taken at ICS level when place-based decision making is not possible - the principle of subsidiarity. There are concerns that historical precedent has seen similar intentions get lost to national decisions being imposed via regional structures. We recognise there is a balance between place based decision making, and decision making or regulatory change that best sits at sub-regional level. SCC suggests that the key question is how a sub-regional structure interfaces most effectively with place based planning.

- We recognise that SY&B is viewed as one of the leading ICSs and welcomes the freedoms and flexibilities this may bring. The narrative set out by the ICS on the principle of subsidiarity and the role of place-based decision-making and leadership by sharing of good practice is welcomed. The ICS can best succeed with the strong support of places and vice versa. It is recognised that Sheffield must not isolate itself from the ICS and lose its ability to influence and shape it, and benefit from decisions made at ICS level. Sheffield has good working relationships with the ICS and intends to build on these.
- Whilst we are not fixed on whether the totality of NHS commissioning MUST be place based and aligned with local authority commissioning, or whether it can be undertaken on a larger geography. We can see merits in the latter. whatever the level of the geography, the commissioning must enable positive and measurable left shift, this should be visible in workforce numbers in different settings, professional practice, and outcomes that reflect a reduced level of acute demand and greater emphasis on community care
- Building on this, whatever the level of commissioning the funding, mechanisms and architecture that drive the system, the input of the regulatory system should actively facilitate this, in a visible way
- NHS commissioning structures have changed many times over recent years and may do so again in the future. Structures such as local government and large hospitals offer stability throughout and as such are well-placed to drive and deliver the change required in local places.
- SCC is concerned that by itself the NHS LTP does not give enough attention to the interdependency of health and social care services or put in place the right financial-management conditions to achieve true system-wide sustainability. It is imperative that commissioning of community-based, preventive services is not artificially separated from that of acute, in-patient services as such an arrangement would result in

a financial perversity whereby one organisation spent money to keep people well while another organisation realised the benefit by way of financial savings from reduced demand.

- SCC believes in the 'Sheffield pound' and that local system leaders should be responsible for ensuring it is spent to deliver the best possible outcomes for the people of Sheffield.
- SCC strongly believes that co-production of plans and services with its citizens is key to achieving resilient communities and services that meet their needs.
- SCC values a strong relationship with NHS commissioning and is pleased to be part of the rapid developments between itself and Sheffield CCG (SCCG), believing that will enable better co-production of transformative solutions using the Sheffield pound. We are concerned that it may be more difficult to build such a successful partnership, sensitive to local need, with a SY&B regional commissioning unit, but would endeavour to do so if necessary
- SCC recognises the future role of the ICS in regulation and funding and intends to support the development of a strong ICS function which is responsive to the needs of the five places in SY&B.
- SCC welcomes assurances that a potential move towards privatisation of the NHS is not the intended direction of travel. SCC believes that the NHS must remain publicly funded, publicly provided and free at the point of delivery, will remain vigilant in that regard and will use its influence to resist any moves towards greater private sector provider involvement in the delivery of NHS clinical care services.
- SCC officers remain in touch with the development of the ICS; members and officers and are involved through both the Joint Commissioning Committee and the Accountable Care Partnership. There is a legitimate role for commissioning at a S Yorkshire level, and conversations continue as to what services that should cover. We remain involved in those and are asserting that a place based model is best oriented to meeting local need. Any proposals for significant service change are always subject to all the required consultation and scrutiny processes regardless of the level of geography a commissioning decision is made for.
- SCC has made a public commitment to ethical commissioning and procurement, including the use of local suppliers wherever possible; this

is now well embedded across the council's supply chains. The council has also had a consistent approach to the insourcing of service delivery over recent years. We will use our influence wherever possible to maintain and share that commitment.

- **Place-based decision-making**
 - **Joint Commissioning**

SCC is strongly committed to place-based decision-making, believes joint commissioning with one, single, shared set of resources across the NHS and social care is the most effective way to bring about financial sustainability and has already established a legally constituted Joint Commissioning Committee (JCC) with Sheffield CCG.

- The development of our approach to commissioning through the JCC will bring the benefits of a single, integrated approach to commissioning, with one voice giving greater clarity and setting the right conditions to ensure that new models of care and the outcomes required by the city are delivered.
- All health and social care commissioners and providers in Sheffield are interdependent. If one organisation were to fail, the impact on the others would be significant. We believe that joint commissioning, with a focus on prevention is the best way to ensure sustainability of the health and care system in Sheffield and all its constituent parts.
- Effective commissioning must involve providers and we believe that place based, partnership working with providers both big and small is critical to success. Commissioning in Sheffield is already aligned to the broader coalition of partners in the Accountable Care Partnership (ACP), which has the programme structures in place to deliver whole system change.
- Joint commissioning allows an alignment of commissioning processes, budgets and staff between SCC and SCCG in order to address more efficiently areas where there has been an historic divergence of approach. By working together the two commissioning organisations can focus on areas where commissioning adds specific value and align with providers who are best qualified to understand the detail of delivery functions.
- Development of the JCC increases democratic accountability and input into the NHS. This will help to improve transparency in organisational

structures as well as deepening the place connection of the NHS.

- Elected members and GPs can be seen to have similar leadership roles in different parts of their communities. By bringing them together, joint commissioning allows them to learn from each other and build on their shared experience.
- A proactive approach to supporting people in order to prevent dependency and action on the wider determinants of health is the normal business of local government. Joint commissioning adds greater weight to the expectation and experience of a shift in the model of care from reactive towards proactive and preventative at all levels of complexity.
- SCC feels the NHS LTP is not bold enough to deliver system sustainability. Long term financial sustainability requires a reduction in demand for health and social care services which will only come about through improved population health and wellbeing which in turn requires action on all levels of the causes of ill-health, namely the wider determinants of health, behavioural responses to those and improved quality of and access to health and social care services. Joint commissioning with well-established local organisations provides the context to enable the cultural and service shifts required.

- **Place-based planning**

Sheffield's place-based planning is strong and has the right conditions (- structures, culture of working, sense of place) to deliver the change Sheffield needs. Transformation planning has taken a place-based approach; this emphasis needs to continue if the necessary balance between national direction and local autonomy is to be maintained, and local communities, patients and the public are to be fully involved in shaping local services.

- Shaping Sheffield is a place-based plan developed and recently refreshed by the seven partners of the Sheffield ACP. It sets out a clear, local response to the commitments in the NHS LTP with maturing relationships and programme structures which are starting to bear fruit. This momentum must not be lost and care must be taken to ensure that the ACP remains responsive to local conditions and is thus able to deliver the change necessary for the people of Sheffield.
- The Shaping Sheffield Plan is rooted within the 2019 Sheffield Health and Wellbeing Strategy which itself reflects needs identified in the

Sheffield Joint Strategic Needs Assessment. The ACP priorities of starting well, prevention, smoking, all age mental health, neighbourhood development and ageing well are directly linked to the Health and Wellbeing Strategy.

- SCC remains committed to the concept that all decisions, including responses to ICS proposals need to be made according to the principles agreed at the Joint Commissioning Committee:
 - A preventive model built into delivery at all levels of complexity
 - Care closer to home or a home via neighbourhood hubs
 - Reduction in health inequalities in Sheffield
 - Person centred commissioning joined up with placement and brokerage
 - Improved people experience
 - Effective and efficient use of resources whilst ensuring safe and effective standards of service
 - Collective management of risks and benefits
 - A democratic voice at the forefront of commissioning

- **Neighbourhoods**

We believe that prevention is most effective when done by (rather than 'to') engaged people and resilient communities and agree with the NHS LTP that neighbourhoods should be the focus for integrated, multi-disciplinary teams to deliver pro-active and preventative care with an increased focus on social prescribing and working across primary care networks and social care services.

- In Sheffield different ways of working are being developed at neighbourhood level where multi-disciplinary teams are 'wrapping care around the person' to ensure that more people
 - are supported to stay well in the community,
 - maintain a greater level of independence,
 - are helped to find solutions to problems,
 - are offered alternatives to hospital admission in a crisis,
 - leave hospital quickly.

- Whilst multi-disciplinary teams are the cornerstone of the delivery plan, they are based in more resilient communities, primary care networks and better integration between primary and community care services.
- The focus of neighbourhood change planning has been on a cohort of people who have more than one long-term health condition, those who are frail and those most at risk of hospital admission. Concurrent change is also happening in the areas of SEND, mental health and children's services.

- **Role of the ICS**

SCC recognises that SY&B is viewed as one of the leading ICSs and welcomes the freedoms and flexibilities this may bring. The narrative set out by the ICS on the principle of subsidiarity and the role of place-based decision-making and leadership by sharing of good practice is welcomed. The ICS can best succeed with the strong support of places and vice versa. Sheffield is keen to influence and shape the ICS, and benefit from decisions made at ICS level. We have good working relationships with the ICS and intend to build on these.

- Sheffield's place-based planning is well developed and has much to be proud of. This success must be built upon and Sheffield must lead by example other places within the SY&B ICS.
- The five places that make up the SY&B ICS are all at different levels of development and have different organisational make-up and commissioning capabilities. The five, individual places must consider what support they require from the ICS; an approach, where each place is required to 'fit in' with a direction of travel set by the ICS, has the potential to be disempowering and lead to sub-optimal solutions for the five very different places.

The overarching strategy

1. There is much to support within the plan. In particular we support the articulation of the broad framework, the overall vision focused on life stages and the focus areas identified. It would be good to see some quantification of targets in places.
2. We recognise that a great deal of what is currently delivered (ie business as usual) is of high quality, is needed and necessary. This reflects the high value we all place on the NHS. There *is* a need to shift business as usual (the left shift) to ensure we develop a more

sustainable health and social care system.

3. We feel there could be a stronger articulation of *how* the left shift will be achieved. There probably is a need for a more coherent narrative that brings it all together: a sense of *why*, and an articulation of what the strategy really is
4. Though we accept this may not be clear, and may be contingent on the implementation plan, we feel there could be a clearer articulation of the question of how the ICS will seek to build the culture, machinery, financial flow, performance system to *really* deliver the strategy. Even if that is contingent on the NHSE technical guidance, we feel there could be a clear articulation of what the ICS expects to happen with regard to this.
5. We note there is a potential for a disconnect between the narrative plan, the financial and technical guidance, and the reality on the ground. We are under the assumption that the key financial ask will be to set out what will be delivered with 3.4% growth in budgets, obviously if that doesn't deliver tangible left shift that would be a missed opportunity.
6. It would help to have some cross referencing to our HWB Strategy. Putting the "broader determinants" aside, ultimately the HWBB is responsible for the local analysis (JSNA, what's the problem, what is the broad set of issues), sets broad strategy (HWBS) and is the body with public accountability expectations ("considers the commissioning intentions of constituent partners"). The HWBB provides the local accountability mechanism, as expected by regulatory bodies and in statute. It would be good so see this clearly referenced.

- **Next steps**

Sheffield has laid the foundation for real change to meet the commitments in the NHS long term plan by way of the JCC, the ACP's Shaping Sheffield plan and the refreshed Health and Wellbeing Strategy. As set out in this report, we do not believe that the LTP is sufficient to achieve the sustainability that the system needs, and nor will it achieve the step change toward prevention that will result in better outcomes for the people of Sheffield.

- Joint commissioning has the ability to be a place based anchor for NHS and Social Care commissioning. We need to develop it further by expanding its scope and working more closely with local providers.

- The Shaping Sheffield plan gives a comprehensive overview of how the ACP intends to approach the challenges set out in the NHS LTP over the next few years. We must continue to work hard alongside our local partners to deliver and develop it further.
- We now need to ensure that individual organisational strategies are even more closely aligned and that there is a clear link between strategy, contracting, budget setting and service changes. In the longer term the SCC budgeting process needs to be aligned with the blended contract arrangements between SCCG and Sheffield Teaching Hospitals NHS Foundation trust, long term commissioning intentions and the business processes of the two organisations need to come together.
- We look forward to further developing relationship with SCCG, building on the positive steps already made through the establishment of the JCC. More work now needs to be done in building relationships at all levels of the two commissioning organisations, including between elected members and clinicians. Closer joint working/integration between the core commissioning teams in SCC and SCCG will be beneficial and lessons should be learned from areas of success. Attention needs to be given to ensure appropriate provider involvement at all stages of the commissioning process.
- Engagement with SY&B ICS needs to ensure there is clarity with regard to the support required by Sheffield in order to assist the ICS's development in the most helpful direction.

2. HOW DOES THIS DECISION CONTRIBUTE ?

3. HAS THERE BEEN ANY CONSULTATION?

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

As a Public Authority, SCC has legal requirements under the Equality Act 2010,

often collectively referred to as the 'general duties to promote equality.' Section 149(1) contains the Public Sector Equality Duty, under which public authorities must, in the exercise of their functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is connected to protected characteristics and prohibited by or under this Act;
- (b) advance equality of opportunity between those who share a relevant protected characteristic and those who do not;
- (c) foster good relations between those who share a relevant protected characteristic and those who do not.

Each of the Public Authorities within the SY&B ICS has individual obligations under the Duty; population profiles differ significantly across the ICS.

SCC's obligations are most effectively served by the continued development of the Sheffield-based structures and knowledge-sharing described in this report – e.g. the Joint Commissioning Committee, the Accountable Care Partnership, the Health & Wellbeing Strategy, the Joint Strategic Needs Assessment. These can better understand, and respond to, people and need at city, neighbourhood and community level.

4.2 Financial and Commercial Implications

There are no direct financial and commercial implications arising from this report. As outlined above in 2.2.1 SCC is working with NHS partners to deliver financial sustainability through joint commissioning of services. This is a key strand of the Councils financial strategy going forward.

4.3 Legal Implications

Section 75 of the National Health Service Act 2006 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 (as amended) set out the basis on which NHS bodies and local authorities can work together and discharge functions. Regulation 10(2) specifically provides that this may include establishment of a joint committee to take responsibility for the management of partnership arrangements including monitoring the arrangements and receiving reports and information on the operation of the arrangements.

It is upon the basis outlined above that the JCC has been constituted and accordingly the Council or the CCG remain the commissioning vehicles for any actual procurement or contracting as a result of the Long Term Plan.

The JCC does not have direct decision making powers delegated to it and all decisions need to be ratified separately via the Council (or in its CCG aspects the CCG's Executive Management Board) in accordance with both the statutory requirements and the Council's constitution – which includes the Contract Standing Orders.

The response to the LTP may have longer term strategic, tactical and operational commissioning implications and accordingly the legal context must be considered if this is to lead to commissioning outcomes. However, the response to the LTP as described in this report – which is for noting and endorsing – does not give rise to immediate legal (commercial) implications.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 To not accept the recommendations in the report.

6. REASONS FOR RECOMMENDATIONS

6.1 Following consultation with the CCG and the Council the attached report is the agreed way forward.

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Author/Lead Officer of Report:
 Lorraine Wood
 Head of Communities
 Tel: 0114 2734508

Report of: *John Macilwraith*

Report to: *Cabinet*

Date of Decision: *20th November 2019*

Subject: Tackling Inequalities in the city through investing in Grants to the Voluntary and Community Sector 2020-2021

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>Neighbourhoods and Community Safety</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Sustainable</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>EIA 635</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<p><i>"The (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></p>		

Purpose of Report:

The report seeks permission to agree a grant aid budget at a value of £1.437m for a period of one financial year (2020-2021) for the purposes outlined in this report.

Extend the majority of existing Grant Aid funding arrangements for 12 months up to 31 March 2021, to allow for a full and thorough review of Voluntary Sector Grant Aid to be undertaken to:

- understand outcomes achieved from Grant Aid funding;
- understand impact on Council priorities of not funding the VCS;
- gain an overview of total Council investment in the VCS.

Recommendations:

Cabinet is asked to agree an extension to the existing Grant Aid Strategy (2017-20) for 12 months from 1st April 2020 to 31st March 2021 as outlined in this report.

1. Approve the Grant Aid budget for the extension period of £1.437m for the financial year 2020-2021 as detailed within this report.
2. Approve the individual grant awards as detailed within this report and delegate Authority for signing the necessary variations to the existing multi-year Grant Agreements to the Head of Communities, where no such authority exists under the LSOD.
3. Agree that the Tackling Inequality Fund be re-launched for applications. Where no such authority exists under the LSOD, delegate authority to Head of Communities and the Lead Cabinet Member for Neighbourhoods and Community Safety to award and manage such grant awards in line with this report.
4. Existing Lunch Clubs be awarded a 12 month extension for 2020/21, subject to a delegated approval of the Head of Communities in line with this report.
5. Extend Lunch Club Development Support for 12 months in line with this report, with a delegated authority to the Head of Communities to manage such Development Support in line with this report, where no such authority exists under the LSOD.
6. Where no existing authority exists under the Leaders Scheme of Delegations, the Head of Communities shall have a delegated authority:
 - (i) to agree the amounts, purposes and recipients of any individual grants awarded in year from the Grant Funds including any additional sums received, returned or unpaid and to carry out such management and award and withdrawal of such funding as necessary and in line with this report.

- (ii) to allocate any other additional sums that may be received in year from other parts of the Council or other partners as part of the Voluntary Sector Grant Aid process to fund local voluntary sector activity.
- (iii) to via the budgets between the stated grant funds if an underspend is identified during the financial year.
- (iv) To make changes to the 'outcomes and delivery' of grants for 2020/21 in line with the objectives of the report.

Background Papers:

- **19.20 Grant Recipients and Values**
- **Lunch Club ICM Paper and Decision**
- **19.20 Lunch Club Grant Recipients and Values**

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>Liz Gough</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>John Macilwraith</i>
3	Cabinet Member consulted: <i>Paul Wood</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>Lorraine Wood</i>
	Job Title: <i>Head of Communities</i>
	Date: <i>25.9.19</i>

Tackling Inequalities through investing in Grants to the Voluntary Sector

1. PROPOSAL:

- 1.1 The proposal is to ensure that the council continues to tackle inequalities in the city through continuing to fund the voluntary sector by extending the current Grant Aid arrangements for a period of one financial year for 2020-21 at the value of £1.437m.
- 1.2 We propose a comprehensive review of Grant Aid during 2020-21 with the following areas included:
1. Reviewing the purpose and priorities of existing grant funding arrangements
 2. Establishing a new strategy for Grant Aid for the city from April 2021.
 3. Formulating new criteria and processes for Grant Aid
 4. Exploring potential for a central grants register in the Council
 5. Adopting an agreed corporate approach to grant giving
 6. Gain an overview of total Council investment in the VCS and the impact to Sheffield citizens
- 1.3 The timetable for this review would be December 2019 to August 2020. It is intended that the new Grant Aid Strategy will be brought to Cabinet for approval in September 2020.

Grant Aid Budget for 2020-21

Grant Aid is made up of 2 funding elements; public health funding and General Funding, totalling £1.461m in 2019-20.

2019-20		
Public Health	General Fund	Total Grant Aid Budget
£911,000	£550,100	£1,461,100

Due to the current pressures on the Public Health budget a reduction of £23,686 to the budget overall is proposed. This means that the total Grant Aid budget proposed for 2020-21 is as follows:

2020-21		
Public Health	General Fund	Total Grant Aid Budget
£887,314	£550,100	£1,437,100

1.4 **Delivering the Grant Aid fund in 2020/21**

Options on how to deliver the Grant Aid fund in 2020/21 have been discussed with the Cabinet Member for Neighbourhoods and Community Safety, with the following being the preferred option:

Reduce all grants funded by Grant Aid

£23,686 reduction would be split across all grants. This would involve amending all grant agreements. For some it is a very small amount, e.g. £228 for New Beginnings project; see Appendix A.

Grant arrangements during the extension period:

- 1.5 It is proposed that all existing Core Service and Infrastructure Grants are extended for 12 months with a 1.621% reduction in funding.

Grant recipients offered an extension will be issued with a variation to their existing multi-year grant agreement outlining the details of the 12 month extension and the terms on which it is offered. This will be issued following Full Council approval of the 2020-21 Council budget in March 2020. In preparation for this, officers and grant recipient organisations will carry out their annual review of the beneficiary outcomes outlined in these grant agreements and agree any necessary changes in early 2020.

It is proposed that the Tackling Inequalities Fund is extended for 12 months with refreshed criteria and is re-opened to applications during the extension period. Currently funded organisations will be eligible to apply for funding again alongside other eligible Voluntary and Community organisations. Re-opening the Fund allows us to consider funding new organisations for priority work and activity in tackling inequality during the extension period.

In relation to the Lunch Club Grant Pot:

- the lunch club support grant is extended for one year subject to mutually agreed revised outcomes based on the needs of lunch clubs to meet the new conditions.
- grant award values to individual clubs and decisions to cease funding to any clubs is made by the Head of Communities in consultation with the Cabinet Member for Neighbourhoods and Community Safety.

2. HOW DOES THIS DECISION CONTRIBUTE?:

- 2.1 The VCF sector is a key partner at a neighbourhood and city level in tackling inequalities in the city. The sector is valued and is quick to identify solutions to numerous challenges, supports communities to develop connections, and promotes inclusivity. To respond to the challenges the city faces requires a range of partners working together, with the people of Sheffield. Many VCF services and activities are complimentary to council delivery and help

to achieve the Corporate Plan deliveries and outcomes.

Grant Aid is the only council budget ring fenced to support citywide activities delivered by the local Voluntary and Community Sector in Sheffield.

The existing Grant Aid strategy, which this report seeks to extend, funds a range of Voluntary and Community Sector organisations in the city which fundamentally contribute to the Priorities of the Council's current Corporate Plan, in particular Tackling Inequalities and Better Health & Wellbeing.

In addition, the allocation of this grant funding contributes to the Fairness Commission's recommendations around –

- Health & Wellbeing for All
- Fair Access to High Quality Jobs and Pay
- Fair Access to Benefits and Credit
- Housing and a Better Environment
- A Safe City
- What Citizens and Communities can do

The extension of the existing arrangements will mean grant funding will continue to be available to support activities and services that will directly benefit a wide range of vulnerable local citizens. Beneficiaries from the Core Service Grants and the Lunch Club Fund include the following groups of vulnerable local people –

- Those in need of advice and advocacy services
- Households in financial need
- Older people including BME Older People
- Homeless people
- Ethnic minority women
- Refugees, asylum seekers and new arrivals
- Mental health / learning disability service users
- Street drinkers

The beneficiaries of the Infrastructure Fund grants are a range of VCF groups in the city. Infrastructure support is vital to a strong, well-managed voluntary sector that can adapt to a changing world. The Council's support for infrastructure organisations enables capacity building across the sector as a whole.

All grant recipients will continue to monitor service use, evidence the positive impact of their work, present their beneficiary outcomes, as well as, providing a diversity profile of their service users. This information will be published in Annual Reports that outline the impact of Grant Aid investment in the city.

The overarching Annual Reports for the Grant Aid Funds in 2018-19 can be viewed at www.sheffield.gov.uk/grants together with all the current Annual Impact Reports submitted by each individual grant recipient demonstrating their impact in the city.

The majority of grants that will be funded by this extension will also:

- Encourage significant opportunities for local people to contribute to the

wellbeing of their communities by engaging in volunteering. They will support organisations providing quality training and the opportunity to gain experience that will enhance volunteers' skills and employability. In 2018-19, Grant Aid grant recipients had a total of 1,690 volunteers contributing 217,274 hours, equivalent to a volunteer dividend of £1,955,462 (using the Real Living Wage)

- Enable local people to engage in active citizenship as trustees and management committee members shaping and guiding the development of these organisations and the services they provide.
- Provide employment opportunities for local people by helping to sustain organisations that employ paid staff. In 2018-19 Grant Aid grant recipients employed a total of 309 staff.

The last 'Sheffield State of the Voluntary and Community Sector 2018' report¹ estimated that the voluntary sector contributes £287 million to the Sheffield economy each year and £90.5m- £125m of this figure is volunteer time. Each year there are 30 million reported contacts with clients, users or beneficiaries.

2.2 The allocation of this funding to the voluntary sector to tackle inequalities contributes strongly to the Values, Priorities and Strategic Outcomes of the Council's Corporate Plan 2015-18. In particular -

Values

- Prioritising those with greatest need
- Working with, and within, communities

Priorities

- Tackling inequalities
- In-touch organisation
- Strong neighbourhoods and communities

Outcomes

Specifically 'Tackling Poverty and Increasing Social Justice' but also –

- Health and wellbeing
- Successful children, young people and families
- Housing and neighbourhoods
- Safe and secure

3. HAS THERE BEEN ANY CONSULTATION?:

3.1 Two recent consultations have taken place on Citizen's Space (and by letter to every funded lunch club as they do not all have internet access). The first consultation was an open public consultation regarding the future of Grant Aid, the second was an impact consultation open only to existing Grant recipients.

¹ Sheffield State of the Voluntary and Community Sector 2016: A report on social and economic impact, Sheffield Hallam University

Both consultations closed on Sunday 15th September 2019.

3.2 155 people took part in the public consultation and the results showed overwhelming support for us to continue to have a Grant Aid budget as a means to invest in Sheffield's local voluntary and community sector and that this should continue to be specifically to fund city-wide activity.

3.3

Question	Yes	No	Not Answered
Should the council continue to have a Grant Aid budget as a means to invest in the voluntary and community sector?	153	1	1
Should this budget continue to be ring-fenced specifically for Sheffield's local voluntary and community sector?	148	5	2
Should the council continue to provide grant commitments for more than one year?	151	2	2
Should the Council continue to use the Grant Aid budget specifically to fund city-wide activity?	139	11	4

3.4 The results of the consultation are in line with the decisions set out within this paper of extending most arrangements for one year and conducting a full review of Grant Aid. Further details of both consultations can be found in Appendix B.

3.5 Impact assessments have been completed by all the current Grant Aid recipients, detailing how they would manage or mitigate a grant reduction. Nearly all grant recipients made clear that there would be a significant negative impact if their individual grants were reduced and that mitigation would be difficult.

3.6 A previous consultation with existing recipients was undertaken in March 2019. This consultation emphasised the importance of multi-year agreements to the voluntary sector, the need for working in partnership and the difficulties groups have in managing a reduction year on year.

3.7 In addition to this during 2018 a comprehensive review of grant funding to individual lunch clubs was carried out and signed-off. Implementation of the review of lunch clubs and the lunch club development service will tie into the Grant Aid review.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION:

4.1 Equality of Opportunity Implications

4.1.1 Overall the impact of the proposals will be neutral to low. The decision gives most grant recipients a further year of confirmed funding with a small reduction.

4.1.2 Any groups in receipt of grants that are not extending will be eligible to apply for the re-launched Tackling Inequalities Fund. Although there is a small reduction to

the overall Grant Aid budget in 2020/21 any greater reductions on the Grant Aid budget would have significant negative impact on equalities for a number of vulnerable groups. The criteria for assessing the applications will ensure that people with protected characteristics will not be disadvantaged; and that the application process will be accessible.

4.2 Financial and Commercial Implications

- 4.2.1 The financial implications are a 23,689 reduction in the total budget for 2020/21 to contribute to the pressures in the Public Health budget which is part of the Grant Aid budget in 2020/21.

4.3 Legal Implications

- 4.3.1 The legal power for the Council to establish, administer and make awards from the various grant funds as described in this report is provided by the general power of competence, contained in Section 1 of the Localism Act 2011. The Council must at all times be mindful of the requirements imposed by the public sector equality duty enacted in Section 149 of the Equality Act 2010.

Any existing grant recipients or new recipients must be issued with a revised grant agreements / extensions that contain the relevant Sheffield City Council Terms & Conditions for such awards.

4.4 Other Implications

- 4.4.1 Tackling Inequalities: investing in the Voluntary sector through grant aid tackles many areas of inequality that exist in the city, notably in income, health and opportunity.

5. **ALTERNATIVE OPTIONS CONSIDERED:**

5.1 Make No reduction to the Grant Aid fund

A strong voluntary and community sector is the foundation for a thriving society, and is invaluable in supporting the Council's priority to reduce inequalities across the City of Sheffield, e.g. health, poverty.

5.2 Reduction applied to CAB grant only

Reducing the largest grant, the CAB grant, means only one grant recipient receives a cut in 2020/21. CAB also receives funding from other services within the Council. However, this may lead to a reduced service to a particular community or loss of a post.

6. REASONS FOR RECOMMENDATION:

- 6.1 Extending existing arrangements for a year into 2020/21 allows us to continue to support the valuable work of the VCS, tackling inequalities in Sheffield in the most cost effective way, whilst we undertake a thorough review of the Councils investment in Grant Aid, how we can link to other funding streams and gain a greater understanding of the overall impact to its citizens.
- 6.2 We wish to continue to fund the Voluntary Sector through Grant Aid whilst understanding the financial constraints. We want to show the voluntary sector we value the excellent and wide ranging support they provide to a wide and diverse range of Sheffield residents.
- 6.3 Relaunching the Tackling Inequalities Fund, part of the overall Grant Aid monies, allows us to invite new organisations in the city to bid for funding to allow for innovative support to the City's diverse communities.

Reduce all grants**£24,000 reduction split across all grants**

Expenditure	19/20 Commitments	1.621% reduction to all budgets	20/21 Proposal
Lunch Club Grant Pot	£189,000	£3,064	£185,936
CAB	£841,536	£13,641	£827,895
BEN	£53,146	£862	£52,284
SVP	£54,161	£878	£53,283
SAVTE	£35,880	£582	£35,298
ROSHNI	£35,316	£572	£34,744
VAS New Beginnings	£14,094	£228	£13,866
City of Sanctuary	£38,070	£617	£37,453
Tackling inequalities	£62,300	£1,010	£61,290
VAS	£91,040	£1,476	£89,564
SYFAB	£40,778	£661	£40,117
Allocation tbc	£5,779	£409	£5,370
	£1,461,100	£24,000	£1,437,100

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Tackling Inequalities through Grant Aid Consultation Summary Report

What we did:

Two online consultations have taken place on Citizen's Space (and by letter to every funded lunch club as they do not all have internet access) and were open from August 16th 2019 and 17th September 2019. Paper responses continued to be accepted until the end of September.

The first consultation was an open public consultation regarding the principles on the future of Grant Aid. The consultation sought to find out to what extent people thought that i) the council should continue to have a Grant Aid budget, ii) whether this should be ring fenced for the local voluntary and community sector, iii) whether the Council should continue to make grant commitments for more than one year and iv) whether the budget should continue

The public consultation was promoted via the Web Blogs and Social Media platforms and overall 155 people completed the consultation which was a healthy number of responses.

The second consultation was a closed consultation to existing grant recipients only. This consultation ran concurrently with the wider public consultation and because of this it sought to explore what the impact would be if there was no longer a Grant Aid budget, how the service to clients would change and what the groups could do to mitigate the impact of any cut to the Grant Aid budget. 38 groups responded to the impact consultation.

Findings of the Public Consultation:

There was overwhelming support regarding all aspects of continuing a Grant Aid budget as a means to continue our investment into the local voluntary and community sector. Results are summarised below.

Q1. Should the council continue to have a Grant Aid budget as a means to invest in the voluntary and community sector?

Yes: 153

No: 1

Not Answered: 1

All but 2 respondents agreed that we should continue to have Grant Aid to invest in our voluntary and community sector with many indicating that Grant Aid is good for our city and the benefits far outweigh the costs of the grants given. Reasons for this were numerous but could broadly be broken down into the following;

- The voluntary sector deliver vital services to the most vulnerable people in Sheffield
 - “Voluntary Sector Organisations make a huge and essential contribution to supporting the most vulnerable people in Sheffield”
- Grant Aid goes a long to tackle inequality within the city
 - “Poverty in Sheffield would only increase without a Grant Aid budget. Services are already underfunded thanks to national Government’s austerity agenda. This will only worsen with the uncertainty of Brexit”
 - “The voluntary sector addresses issues like poverty, inequality and homelessness”
- Grant recipients deliver on council priorities and a number of council departments directly benefit from this work.
 - “The work the voluntary and community sector in the city is immense. It helps subsidise many of the activities that the local authority struggles to provide.
 - “The sector supplements and indeed sometimes substitutes the work that the local authority would have to do and saves the authority money”
- Grant Aid fits in with the charitable history of Sheffield and the fabric of our local community
 - “Sheffield City Council have a long history of supporting the sector and should be proud of this fact, and continue the commitment to helping the sector support the community which we are all part of”
 - “It’s good for the local economy and the overall fabric of Sheffield”
- Grant Aid helps organisations to be more sustainable, leverage additional income into the city and make a difference to individuals who need it most
 - “The Grant Aid budget is an essential means for us to draw down much larger sums of money from other grant making trusts to benefit the people of Sheffield”
- The local voluntary and community sector is already facing significant cuts from other funding streams and has faced a 58% cut to the Grant Aid budget in the last decade.
 - “Due to cuts to the budget and austerity cuts many groups have already folded.”
 - “Funding is harder to come by but demand has risen. There is an inverse correlation between demand and the availability of funding”

Q2. Should this budget continue to be ring-fenced specifically for Sheffield’s local voluntary and community sector?

Yes: 148

No: 5

Not Answered: 2

Again the vast majority of respondents believed that the Grant Aid budget should be ring-fenced for Sheffield’s local voluntary sector, ensuring that local people benefit from local organisations. It is clear from the responses that people believe

- Local services develop a detailed knowledge of the needs of local communities

- “They know the local community best and have the intelligence and relationships built up over a long period of times.”
- “Local organisations are a key part of the community infrastructure in the city.”
- **Sheffield residents must benefit from Grant Aid**
 - “By ring-fencing the fund for local groups you are guaranteeing that my council tax will be benefitting those in Sheffield rather than going to national organisations which may be focused elsewhere”
- **It is important to invest in local people**
 - “Not only does Grant Aid support Sheffield people, it employs Sheffield people”
 - “Local organisations working for local people have a unique role and it is appropriate for the local council to support this”
- **Working locally develops strong partnerships and encourages groups to work together to achieve bigger aims**
 - “Organisations have built up their knowledge and specialisms to help people locally.”
 - “Local groups work together to improve things for local people”
- **National organisations can bring benefits but must have a Sheffield base and must work with existing local organisations**
 - “By ring-fencing the fund for local groups you are guaranteeing that my council tax will be benefitting those in Sheffield rather than going to national organisations which may be focused elsewhere”
 - Larger national organisations can deliver excellent outcomes but need to have a local knowledge base and work with existing community groups in the area”

Q3. Should the council continue to provide grant commitments for more than one year?

Yes: 151

No: 2

Not Answered: 2

Again the vast majority of responses indicated that the Council should provide grant commitments for more than one year a number of people questioned the fact that if we can award a 25 year contract to Amey then surely it should be possible to commit to three year agreements with local charities. Generally people felt that multi-year agreements;

- **Demonstrate Sheffield City Council are genuinely committed to the voluntary and community sector**
 - “In order to show genuine commitment to the sector the local authority should offer multi-year grant agreements.”
 - “The three-year strategy has felt like a true partnership between the voluntary sector and the council. Any less than this would feel like a massive step backwards”
- **Provide much needed sustainability and stability to organisations**
 - “3 year grants reduce uncertainty for groups”

- “It gives voluntary organisations a secure income so they can plan their activities with confidence”
- Support groups to be able to plan for the long term which improves practice and improves outcomes for service users
 - “You can’t plan properly if you don’t know whether you’ve got money in the future. Multi-year agreements help with stability and forward planning which improves the service.”
 - “Planning a service is extremely difficult without stability in funding. You’ve hardly started and then it’s time to prepare to pack up or start bidding for the next grant to carry on.”
- Multi-year agreements have a positive impact on staff and volunteers and lead to better recruitment and retention
 - “The longer organisations can plan for the better. Otherwise it wastes huge resources recruiting and training new staff only to see them leave because the funding for their post is not guaranteed.”
 - “Short-term grants don’t secure the best staff and people leave before the end of a funding period because they need more secure work”
- One year grant cycles are inefficient for both the council and for the organisations
 - “In order to show genuine commitment to the sector the local authority should offer multi-year grant agreements.”
 - “3 year grants also reduce the work for the council and the staff & volunteers of the voluntary and community groups”

Q4. Should the council continue to use the Grant Aid budget specifically to fund city-wide activity?

Yes: 139

No: 11

Not Answered: 4

Although a higher number of people disagreed with this than previous questions there was still a very high level of support for Grant Aid being set aside to fund city-wide activity. Many people felt that other funding pots existed on a local level (for example Ward Pots and Local CIL) and that there were few funding options for city-wide groups. Other comments included

- City-wide groups can be more effective, efficient and strategic
 - “A city-wide approach will generally have a wider benefit and a more strategic focus.”
 - “The resources have already been cut and city wide services enable organisations to be more cost effective while providing services to more communities.”
- Local knowledge is the key to successful working for city-wide groups
 - The services needed to meet local problems benefit from people with a local interest and local knowledge. But we are one city and it makes sense to look at the whole picture to see where the needs are greatest or more acute.”

- There needs to be a balance between city-wide funding and local funding, the current structure achieves this balance well
 - “The current model enables both neighbourhood projects and city-wide projects to be supported. Not every issue can be fixed by working locally.”
 - “A thriving city that provides excellent services particularly for the most vulnerable communities needs a combination of local services and city wide services.”
- A city-wide approach often benefits particular communities of interest
 - “Some things are best done at scale across the city, so there is a joined up, coordinated and coherent approach. Otherwise people living in different areas could receive services of varying quality”.
 - Some services should be delivered city-wide such as advice and asylum seekers, other services might be better suited locally such as certain young people’s services.”
- It is important to consider how city-wide funding links with more local funding such as Ward Pots, CIL and PKW.
 - “There are lots of neighbourhood level funding sources available across Sheffield but not many funding sources targeted at citywide organisations who can provide a more consistent service across Sheffield”
 - “You should think about how different funding streams such as CIL and Ward Pots link in with city-wide funding”.

Q5. Do you have any ideas for how Grant Aid could better tackle inequalities across the city?

A large number of responses were received to this question including a range of different answers such as

- Requires strategic response
- Requires greater investment
- Requires longer term investment
- Requires a balance of supporting key organisations who tackle inequality on a city-wide basis and ensuring other groups can access support / apply for grants
- A number of suggestions were made suggesting that all Sheffield City Council grants and contracts asked providers to show how they would tackle inequalities prior to awards being made

All of these responses will feed into the wider grant aid review that is due to take place between December 2019 and August 2020.

Findings of the Impact Consultation:

42 groups responded to the impact consultation, all of the groups in receipt of Core Service Grants, Infrastructure Grants, Tackling Inequality Grants and the Lunch Club Development Grant completed the consultation and 29 funded lunch clubs (approximately 60% of all lunch clubs) did so.

Groups funded through Grant Aid support some of the most vulnerable and marginalised people in Sheffield including asylum seekers, homeless and people with disabilities. Many of the groups who are funded through Grant Aid directly reduce inequalities through their work and it is clear that any reduction in Grant Aid funding would have a significant negative impact on the most vulnerable and marginalised people in Sheffield. Groups reported that a reduction to the Grant Aid funding would result in;

- Significantly reduced services which would mean a large number of vulnerable and marginalised Sheffield citizens would no longer be able to access the support that they rely on.
- Significant reduction in staff hours and including a large number of redundancies (approx. 100 across all organisations)
- Reduction in volunteer hours despite an increasing dependency on volunteers (well over 100 across all organisations)
- Significant financial insecurity that could lead to the closure of one or more organisations
- Because of issues highlighted there would undoubtedly be a negative knock on effect upon the work of a number of council departments.

The information provided by organisations will be used as part of the wider Grant Aid review that will be undertaken between December 2019 and August 2020.

Lunch Clubs were asked how they service they offered would be different without the lunch club grant. Of the 29 who responded, 9 clubs said they would be forced to close, 18 clubs said they would have to make some changes to survive and only 2 clubs said they could continue without any changes. The most common changes that would need to be made are charging members more (15), not offer transport for members (10), not offer as many activities (8), run less frequently (6), have fewer members (5). It is therefore clear that any reduction to the lunch club fund would have a significant negative impact on older people in Sheffield.

Summary of conclusions:

It is clear that Grant Aid has wide support from the people of Sheffield and that people believe that Grant Aid should ring-fenced for Sheffield's local voluntary and community sector delivering city-wide activity. However there are a number of opinions about how we might shape this funding.

Therefore the consultation appears to support the decision to offer a one year extension to the majority of grants whilst also launching a new open application Tackling Inequalities' Grant Fund pending a wider review of Grant Aid and how Sheffield City Council works with the wider voluntary and community sector. All of the information provided within the consultation will be used to form this wider review.



Author/Lead Officer of Report:
Damian Watkinson,
Finance Manager

Tel: 0114 273 6831

Report of: *Eugene Walker*

Report to: *Cabinet*

Date of Decision: *20th November 2019*

Subject: *Capital Approvals for Month 06 2019/20*

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? ***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:-

Purpose of Report:

This report provides details of proposed changes to the Capital Programme as brought forward in Month 06 2019/20.

Recommendations:

- 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 contract
- Approve the making of grants as identified in Appendix 2, where the identity of any recipients is not known or to be confirmed delegated authority be given to The Head of Strategic Transport and Infrastructure to determine grant award in line with the objectives of the Clean Bus Technology Fund project, where no existing authority within the Leaders Scheme of Delegations exists.

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>Tim Hardie</i>
	Legal: <i>Nadine Sime</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>Terry Fox</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>

MONTH 06 2019/20 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 06 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:
- 8 additions of specific projects to the capital programme creating a net increase of £4.234m;
 - 10 variations creating a net increase of £0.480m; and
 - 3 re-profiles of budget with no increase.
- 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 grants to be issued.

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 in relation to schemes to be delivered and Appendix 2 in relation grants to be issued.

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.

Summary: Appendix 1

Capital Programme Group: 30 October 2019

Scheme name / summary description		Value £'000
A	Economic growth	
	New additions	
	None	
	Variations and reasons for change	
Page 53	None	
	Transport	
	New additions	
	<p>Transforming Cities Fund E Bikes</p> <p>Why do we need the project?</p> <p>The topography and ageing population of Sheffield have an impact on mobility particularly around active travel. Sheffield City Council has an ambition to significantly increase the level of cycling across the city. The Government's 'propensity to cycle' tool shows by building infrastructure to international best practice we are likely to achieve a significant increase in cycling. In terms of cycling to work, currently it is estimated, the percentage of people who commute to work by cycle is just under 15%. However, by adding e bikes into the scenario, the figure may rise to 35%.</p> <p>How are we going to achieve it?</p> <p>The Council has received and accepted Transforming Cities Funds to purchase a selection of e bikes to enable a three year e bike loan scheme. The main aim of the scheme is to enable mobility, fill in gaps around Public Transport and allow people to cycle further than they currently do by overcoming the topographical challenges of the city.</p> <p>Under the scheme Sheffield City Council will aim to have in operation a significant number of hybrid type e bikes (circa 185) plus in the region of 15 specialist bikes including those suitable for dedicated operations (Police Community Support Officers, Combined Enforcement Officers etc.), adaptive</p>	+335

bikes suitable for the disabled and the elderly. The total number within the fleet will be a minimum 200.

It is currently envisaged the scheme will be managed by a 3rd party who will fund the on-going costs centred around – but not limited to - storage, distribution, tracking licences and maintenance. The details of this are currently under review and a range of options are being explored. Approval and full acceptance of the scheme following the procurement exercise is conditional to a successful outcome for running the trial.

The anticipated cost of purchasing the bikes is £335k and will be fully funded from Transforming Cities Fund

What are the benefits?

- To get more people cycling
- To provide options to car use
- To improve accessibility in areas with low car ownership, limited public transport
- To improve health
- To reduce congestion

When will the project be completed?

March 2020 for the purchase of the bikes

Funding Source	Transforming Cities Fund	Amount	£335k	Status		Approved	
Procurement		i. 3 models of e bike to be procured via OJEU open procedure.					

Variations and reasons for change

Bramall Lane / Woodhead Road / Cherry Street Road Safety Scheme

+131

Scheme description

The Accident Savings programme is a citywide strategy to reduce actual (and the perception of) road traffic collisions, particularly focused on reducing killed and seriously injured (KSIs) casualties by implementing road safety engineering schemes at sites with the highest injury collision rates in the City.

Previously Cabinet have approved for detailed design works to be undertaken to deliver accident saving measures to reduce road traffic collisions at the junction of Bramall Lane / Woodhead Road by reducing the number of turning manoeuvres at the junctions. Drivers should have less to assimilate before making a decision to turn, hopefully reducing the incidence of emerging and turning collisions.

What has changed?

Following completion of the design works, the proposed works will seek to simplify the junction’s interactions by closing the end of Woodhead Road / Hill Street at the junction with Bramall Lane and introducing a prohibition driving order for motor vehicles. However, a two-way cycle link will be maintained through the physical closure along with available access for coaches of away fans visiting Bramall Lane football stadium. Lockable bollards will be constructed and the coaches will need to be escorted through.

The overall cost of the scheme (including prior year spend) is £293k and is fully funded from Local Transport Plan (LTP). The 2019-20 budget will be increased by £131k and the estimated scheme completion is date is March 2020.

	<p>Variation type: -</p> <ul style="list-style-type: none"> [budget increase] 	
Page 55	<p>Funding Local Transport Plan</p>	
	<p>Procurement Previously Approved</p>	
	<p>Nether Edge Transport Study</p> <p>Scheme description</p> <p>This project was originally approved in 2018 to undertake a study to identify options for more cycling capacity in the City Centre with the scope of the study around Sharrow Vale, Highfield and Nether Edge areas, funded from Local Transport Plan.</p> <p>What has changed?</p> <p>The works are now to be undertaken by the recently approved Transforming Cities Nether Edge Wedge project and therefore the original project is being removed from the Council's Capital Programme.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [budget decrease] 	-36
	<p>Funding Local Transport Plan</p>	
	<p>Procurement Previously Approved</p>	
	<p>Oughtibridge Road Safety Scheme</p> <p>Scheme description</p> <p>Sheffield City Council has a statutory duty under the Road Traffic Act 1988 to promote road safety. This project links into the Accident Savings Programme and forms part of the Council's Citywide Accident Saving Programme to reduce actual and perception of road traffic collisions by implementing road safety engineering schemes at sites with high injury collision rates in the City.</p> <p>The project was approved in July 2018 to address the collision rate on Bridge Hill, Oughtibridge by closing Bridge Hill to through traffic at a cost of £82k.</p> <p>What has changed?</p> <p>Due to a delay with the design of the scheme, construction will now be completed in 2020-21. As a result, £23k of funding will be moved into 2019-20.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [slippage] 	<p>2019-20 -23 2020-21 +23</p>

	Funding	Local Transport Plan	
	Procurement	Previously Approved	
Page 56	Parking Pay & Display		41
	Scheme description		
	<p>This project was originally approved in 2018 to remove 291 existing parking meters and replace with 193 new machines as the old machines had reliability issues with and the Council were unable to procure replacement parts.</p> <p>The new machines were to enable real-time, wireless communication with the service's back-office systems and support cashless payment methods.</p>		
	What has changed?		
<p>The project has now concluded and has overspent on the approved budget by £41k.</p> <p>During the course of the project delivery, further reductions were identified to the proposed number of pay & display machines, which inevitably would reduce future revenue / maintenance costs. This change however did result in additional works on a number of machines which increased the estimated costs.</p> <p>The budget increase will be funded from Revenue Contribution to Capital from the Parking Services budget.</p>			
Variation type: -			
<ul style="list-style-type: none"> [budget increase] 			
	Funding	Revenue Contribution to Capital	
	Procurement	Previously Approved	
	Clean Bus Technology		2019-20
	Scheme description		-1800
	<p>The Government's Joint Air Quality Unit has previously awarded the Council £4,947k through the Clean Bus Technology Fund to improve the emissions of Sheffield buses in order to improve Sheffield air quality.</p>		2020-21
	<p>The funding is being used to retrofit approximately 283 buses with Selective Catalytic Reduction Technology (SCRT) which will reduce emissions of buses selected for having frequent services on routes with high pollution, bringing them up to Euro 6 standard. Some buses will also be fitted with 'e-Fan' technology, to ensure there is no increase in CO2 emissions associated with increased weight and backpressure of the SCRT system, and also that there is no overall negative affect on vehicle reliability through increased complexity.</p>		+1800

Selection is to be based on buses which operated on high frequency services in Sheffield on routes where air quality levels set out by the EU are being breached.

The procurement and re-fit will be undertaken by bus operators, with signed agreements in place defining the terms and reporting requirement of the grant and the Council will retrospectively 'passport' the grant to the bus companies on production of proof of completed works

What has changed?

The number of buses previously reported to be retrofitted by Stagecoach was 85 (phase 2) however following a review, it was established a number of the buses did not meet the required standard and therefore the number to be retro-fitted by Stagecoach has been reduced to 58 (phase 2).

Sheffield City Council will now re-open the bid to allow other bus operators to apply for the grant. The table below shows the amount of funding now available for additional retrofits (shown as TBC). See Appendix 2 for terms on which grant will be issued.

	Phase 1		Phase 2		Total	
	No of Buses	Cost	No of Buses	Cost	No of Buses	Cost
First	93	1,510,000	60	1,200,000	153	2,710,000
Stagecoach	30	436,800	45	810,000	75	1,246,800
TBC			55	990,000	55	990,000
	123	1,946,800	160	3,000,000	283	4,946,800

During the course of the scheme there have been a number of minor issues with the procurement aspects of the retrofits which has resulted in delays to the delivery of the programme, as a result, the grant award has been extended to July 2020.

As a result of the above changes and issues, £1.8m of the project funding will be slipped into 2020-21.

Variation type: -

- [scope]
- [slippage]

Funding	Clean Bus Technology Fund
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Procurement	N / A, funding will be passed to eligible bus operators.
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Streets Ahead Opportunities

Scheme description

This scheme is a rolling programme of works which follows the completion of the Streets Ahead Core Investment Period and is to provide small scale measures within residential zone areas and also aims to deliver small scale requests the Council receives each year

There are in excess of 2000 small scheme requests from members of the public to carry out works such as handrail installations, community 'H'

+46

	<p>markings, bollard installations, new signs and markings. Requests are individually assessed and installation is instructed for those that are of benefit to more than just one individual.</p> <p>What has changed?</p> <p>£46k of Local Transport funding is to be added to the current approved budget, resulting in a total budget for 2019-20 of £99.4k for the continuation of the programme of works for 2019-20. The commuted sum for 19-20 is estimated at £20k.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [budget increase] 					
	<table border="1"> <tr> <td>Funding</td> <td>Local Transport Programme</td> </tr> <tr> <td>Procurement</td> <td>Amey Hallam Highways Ltd under Schedule 7 of the Streets Ahead PFI contract</td> </tr> </table>	Funding	Local Transport Programme	Procurement	Amey Hallam Highways Ltd under Schedule 7 of the Streets Ahead PFI contract	
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Procurement	Amey Hallam Highways Ltd under Schedule 7 of the Streets Ahead PFI contract					
C	Quality of life					
	New additions					
Page 58	None					
	Variations and reasons for change					
	None					
D	Green and open spaces					
	New additions					
	None					
	Variations and reasons for change					
	<p>Burngreave PH Improvements</p> <p>Scheme description</p> <p>Wensley Street Playground, Nottingham Cliff Recreation Ground and Denholme Close Playground have play facilities which are outdated, unfit, or removed pieces of equipment which provide limited play and agility opportunities for local children. They also attract anti-social behaviour (including drug use), which is currently preventing them being used fully by the local community. Nottingham Cliff and Denholme Close are also in close proximity to the new Astrea Academy. Improvements are required to ensure pupils can safely use these sites</p>	+10				

	<p>What has changed? The Phase 1c Final Business Case focuses on the planned outputs of shrub clearance and new plants at Nottingham Cliff Recreation Ground, entrance improvements at Denholme Close, but also additional works / costs to install basketball and goal ends in the MUGA following the addition of Parks Investment funding (PIF), and a contribution from the Astrea Academy budget. Wensley TARA has also secured extra funding for bins and additional fencing, which is being added to the project at this stage.</p> <p>Contingency has always been built in and has now increased slightly due to the Denholme Close entrance costs coming in less than expected. If it isn't needed for unforeseen issues to achieve the Project Outputs it will be used for new signage across the sites, providing a map of Burngreave's green spaces for new arrivals, or further clearance work at Denholme Close.</p> <p>Variation type: - Budget Increase / Change of Scope (goal ends, bins, and fencing)</p> <p>Costs</p> <table border="0"> <tr> <td>Fees</td> <td>£1.0K + £0.0K =</td> <td>£1.0K</td> </tr> <tr> <td>Contingency</td> <td>£1.2K + £1.4K =</td> <td>£2.6K</td> </tr> <tr> <td>Denholme Close costs</td> <td>£26.9K - £1.4K =</td> <td>£25.5K</td> </tr> <tr> <td>Wensley Street costs</td> <td>£43.2K + £1.9K =</td> <td>£45.1K</td> </tr> <tr> <td>Nottingham Cliff costs</td> <td>£29.8K + £7.9K =</td> <td>£37.7K</td> </tr> <tr> <td>Total Costs</td> <td>£102.1K + £9.8K =</td> <td>£111.9K</td> </tr> </table> <p>Budget</p> <table border="0"> <tr> <td>18/19 Actuals</td> <td>£3.5K</td> </tr> <tr> <td>Current 19/20 budget</td> <td>£98.6K + £9.8K = £108.4K</td> </tr> <tr> <td>Total Project Budget</td> <td>£102.1K + £9.8K = £111.9K</td> </tr> </table>	Fees	£1.0K + £0.0K =	£1.0K	Contingency	£1.2K + £1.4K =	£2.6K	Denholme Close costs	£26.9K - £1.4K =	£25.5K	Wensley Street costs	£43.2K + £1.9K =	£45.1K	Nottingham Cliff costs	£29.8K + £7.9K =	£37.7K	Total Costs	£102.1K + £9.8K =	£111.9K	18/19 Actuals	£3.5K	Current 19/20 budget	£98.6K + £9.8K = £108.4K	Total Project Budget	£102.1K + £9.8K = £111.9K	
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	<p>Matthews Lane Cricket Pavilion / Norton Woodseats Cricket Club</p> <p>Scheme description Matthews Lane is a quality site for outdoor sport but has been unused due to high leasing cost and has been subject to anti-social behaviour. The upkeep and maintenance of the site is a financial burden to SCC.</p> <p>As a result of the loss of cricket facilities at the Sheffield Hallam University (SHU) site on Warminster Road, Norton Woodseats Cricket Club (NWCC) has been based at Graves Park. The topography of the park is not suitable for higher level play restricting the activities of the club and threatening their</p>	+388																								

future.

SCC has planning and Sport England obligations to replace the lost SHU facility. Matthews Lane is the only feasible site in the city and is close to Graves Park. It is also in the catchment area previously served by SHU site. The project will improve the site and the overall quality and sustainability of the green space.

What has changed?

The scheme is now at Outline Business Case. An options appraisal including cost, programme, and procurement considerations has been completed together with a feasibility study on the preferred option. Consultation has also been undertaken and once plans are finalised a Final Business Case will be brought with the aim to deliver the project in the Winter / Spring of 2020. Key works will include the delivery of a pavilion, store, scoreboard and car park including : Clubroom, Cleaner’s store, Umpire’s changing room with shower and WC, two other changing rooms with showers, plant room, three WCs, accessible WC, kitchen, bar, food and drink store, external equipment store and scoreboard, parking.

To achieve the required outputs more funding has also been secured.

Variation type: - Budget Increase from feasibility budget

Costs

Feasibility etc. £31.1K
 Other Fees £38.7K
 Construction £341.0K
Contingency £9.9K
 Total Costs £420.7K

Budget

Current 19/20 budget £31.2K + £1K = £32.2K
Current 20/21 budget £0.0K + £388.5K = £388.5K
 Total budget £31.2K + £388.5K = £420.7K

Funding

S106 Agreement 1356 £234.2K (SHU site loss compensation specific for this purpose)
 S106 Agreement 1237 £71.0K (Approved by Lead Member and Exec Director Place)
 Sport England Grant £75.0K (To be paid to SCC by Norton Woodseats Cricket Club (NWCC) agreed by Sport England)
NWCC Contribution £40.5K (Letter of confirmation received)
 Total £420.7K

Funding

See Funding section above

Procurement

Detailed design and build of the new facility will be procured by a closed competitive tender procedure with suitability assessment.

Page 61	Parks Section 106 (S106) Programme		2019-20
	Scheme description Block allocation for the S106 Parks Programme approved S106 funding		-517
	What has changed? A review of the funding not drawn down yet from this Programme has taken place allowing the budget to be re-profiled in line with the updated expected delivery timescales. There have been delays to some of the Programme, including staffing/resource issues and the need for additional funding to move projects forward.		2020-21 +303
	Variation type: Re-profile		2021-22 +214
Budget Current 19/20 budget £549.7K - £516.6K = £33.1K re-profiled budget Current 20/21 budget £151.8K + £303.2K = £455.0K re-profiled budget Current 21/22 budget £0.0K + £213.4K = £213.4K re-profiled budget Total budget £701.5K + £0K = £701.5K			
Sites / Projects slipped to 21/22 Steel City and Further Site Former Bannerdale Centre Site Phase 2 Arbourthorne Playing Fields Athelstan School			
Funding	S106 (already Cabinet approved)		
Procurement	As previously approved		
E	Housing growth		
	New additions		
	None		
	Variations and reasons for change		
	New Build Council Housing Phase 4a – Older Persons Independent Living (OPIL) Adlington		+7,214
	Scheme description To improve the quality and choice of accommodation for people Older People through new purpose-built accommodation by delivering:		

- 84 x 1 bed apartments
- 30 x 2 bed apartments
- 18 x 2 bed bungalows
- Community /shared accommodation including a café, residents lounge/function space and access to therapy spaces
- Office accommodation
- Private gardens offering a range of experiences
- Off street parking

To be delivered as an integrated model for Learning Disabilities (LD) and Older Persons Independent Living (OPIL), it will support the business plan for the Adult Social Care budget by providing more cost-effective, purpose-built schemes- and increase the proportion of the Council's housing stock that is not eligible for Right to Buy.

What has changed?

The scope and objectives of the scheme remain the same but the costs have increased due to:

- Extended programme/Inflation
- Market returns are above anticipated
- Catering equipment provision
- Assistive technology requirements exceed original allowances
- Planning requirements

The next step is to explore potential value engineering options (in the region of £500k across phases 4a and 4b) with the Client Team and United Living prior to re-issue of the contract award.

Variation type: - Budget Increase / Re-profile

Budget

Previous Yrs Actuals	£361K	
Current 19/20 Budget	£8,269K - £7,911K =	£358K
Current 20/21 Budget	£5,131K + £6,735K =	£11,866K
Current 21/22 Budget	£1,359K + £8,390K =	£9,749K
Total Current Budget	£15,120K + £7,214K =	£22,334K

Costs

Fees	£174K
Construction	£21,527K
Contingency	£633K
TOTAL	£22,334K

Funding

Current 1-4-1 Receipts	£4,536K + £2,164K =	£6,700K
Current HRA Funding	£10,584K + £5,050K =	£15,634K

	TOTAL	£15,120K + £7,214K = £22,334K																							
	Funding	1-4-1 Receipts 30% + HRA 70%; drawdown from Q0087 £7,214K (£2,164K + £5,050K)																							
	Procurement	As previously approved																							
Page 63	New Build Council Housing Phase 4b – Learning Disabilities (LD) Adlington		+242																						
	<p>Scheme description To improve the quality and choice of accommodation for people with learning disabilities (LD) through new purpose-built accommodation by delivering a discrete 8 unit apartment block integrated within the main Adlington Road OPIL scheme which includes shared accommodation, office accommodation, and private enclosed garden/outdoor spaces and off road parking.</p> <p>To be delivered as an integrated model for LD and OPIL it will support the business plan for the Adult Social Care budget by providing more cost-effective, purpose-built schemes, and increase the proportion of the Council’s housing stock that is not eligible for Right to Buy.</p> <p>What has changed? The scope and objectives of the scheme remain the same but the costs have increased due to:</p> <ul style="list-style-type: none"> ○ Extended programme/Inflation ○ Market returns are above anticipated ○ Catering equipment provision ○ Assistive technology requirements exceed original allowances ○ Planning requirements <p>The next step is to explore potential value engineering options (in the region of £500k across phases 4a and 4b) with the Client Team and United Living prior to re-issue of the contract award.</p> <p>Variation type: - Budget Increase / Re-profile</p> <p>Budget</p> <table> <tr> <td>Previous Yrs Actuals</td> <td>£159K</td> <td></td> </tr> <tr> <td>Current 19/20 Budget</td> <td>£664K - £609K =</td> <td>£55K</td> </tr> <tr> <td>Current 20/21 Budget</td> <td>£153K + £504K =</td> <td>£657K</td> </tr> <tr> <td>Current 21/22 Budget</td> <td>£144K + £347K =</td> <td>£491K</td> </tr> <tr> <td>Total Current Budget</td> <td>£1,120K + £242K =</td> <td>£1,362K</td> </tr> </table> <p>Costs</p> <table> <tr> <td>Fees</td> <td>£64K</td> </tr> <tr> <td>Construction</td> <td>£1,265K</td> </tr> <tr> <td>Contingency</td> <td>£33K</td> </tr> <tr> <td>TOTAL</td> <td>£1,362K</td> </tr> </table>		Previous Yrs Actuals	£159K		Current 19/20 Budget	£664K - £609K =	£55K	Current 20/21 Budget	£153K + £504K =	£657K	Current 21/22 Budget	£144K + £347K =	£491K	Total Current Budget	£1,120K + £242K =	£1,362K	Fees	£64K	Construction	£1,265K	Contingency	£33K	TOTAL	£1,362K
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	Funding Current Winterbourne £250K Current 1-4-1 Receipts £336K + £73K = £409K <u>Current HRA Funding £534K + £169K = £703K</u> TOTAL £1,120K + £242K = £1,362K		
	Funding	1-4-1 Receipts 30% + Winterbourne + HRA; drawdown 1-4-1 and HRA from Q0087 (£73K + £169K)	
	Procurement	As previously approved	
Page 64	Council Housing Stock Increase Programme		-7,456
	Scheme description Housing Revenue Account block allocation for the Council Housing Stock Increase Programme.		
	What has changed? Both Adlington New Build schemes have been re-worked (see entries above) and therefore need more budget to achieve the outputs / objectives. This increase in budget will be taken from here.		
	Variation type: - Budget Decrease		
	Budget Current 1-4-1 Receipts held £2,757K - £2,237K = £520K <u>Current HRA funding held £6,432K - £5,219K = £1,213K</u> TOTAL Funding 19-24 £9,189K - £7,456K = £1,733K		
	Funding	HRA	
	Procurement	N / A	
F	Housing investment		
	New additions		
	Adamfield Tower Block Emergency Re-Roofing Why do we need the project? Following a major roof leak at the Adamfield tower block in Netherthorpe the advice from SCC's Capital Delivery Service Architect is that the replacement of the existing roofing system is now urgently required to any prevent further penetration.		+100

	<p>How are we going to achieve it? Removal of the existing Polyisocyanurate insulation and felt covering followed by installation of new 2mm AA British Standard Fire Class felt over tapered mineral wool insulation.</p> <p>What are the benefits? Further damage to the fabric of the building will be prevented and the risk of decanting tenants mitigated.</p> <p>When will the project be completed? Updated from August19 to December19, design solution only recently agreed.</p> <p>Costs/Funding Are expected to be £100K funding for which will be taken from the contingency on the Hanover Tower Block budget, see entry in Variations section below.</p>											
	<table border="1"> <tr> <td data-bbox="168 534 320 630">Funding Source</td> <td data-bbox="320 534 553 630">HRA</td> </tr> </table>	Funding Source	HRA	<table border="1"> <tr> <td data-bbox="553 534 692 630">Amount</td> <td data-bbox="692 534 943 630">£100K</td> </tr> </table>	Amount	£100K	<table border="1"> <tr> <td data-bbox="943 534 1066 630">Status</td> <td data-bbox="1066 534 1547 630">Needing Cabinet Approval</td> </tr> </table>	Status	Needing Cabinet Approval	<table border="1"> <tr> <td data-bbox="1547 534 1749 630">Approved</td> <td data-bbox="1749 534 1998 630">Homes Board June 2019</td> </tr> </table>	Approved	Homes Board June 2019
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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 65</p>	<p>External Wall Insulation Package 2 – Airey Homes FEASIBILITY</p> <p>Why do we need the project? The period between the First and Second World War witnessed the development of various types of housing systems based on pre-cast concrete and in-situ concrete, timber, steel and occasionally cast iron construction.</p> <p>While most systems were intended to provide permanent, long term housing a few were intended only as emergency or temporary solutions. In practise the dwellings did not prove any cheaper to build or maintain as a traditional built house. The problems of carbonation and the presence of detrimental chloride levels in reinforced concrete houses led to certain concrete housing systems being designated defective under the 1984 housing defects legislation which was then incorporated into the housing act of 1985. These included the Airey Type constructions.</p> <p>By the 1980s some fundamental problems affecting structural stability and durability began to emerge because of either carbonation or the presence of chlorides in the concrete which resulted in the corrosion of the steel reinforcements and subsequently cracking and spalling of the concrete. The SCC HRA housing stock currently contains 167 Airey properties that have been identified across different areas: Beighton, Hackenthorpe, Halfway, Lane End, Main St/Blacksmith Lane & Wharncliffe Side. There is now a need to address the structural condition of these properties.</p> <p>How are we going to achieve it? Initial stage of feasibility to understand whether objective of completing essential structural repairs to a PRC Licensed repair standard can be completed to (BRE licence/certification) for a budget of £50k (or less) is realistic.</p> <p>Market analysis and high-level cost estimate – Interim Feasibility Report:</p> <ul style="list-style-type: none"> • Research market for completed programmes of work aligned to objectives (completed essential structural repairs to a PRC Licensed repair standard including BRE licence/certification) 				<p>+0</p>							

	<ul style="list-style-type: none"> • Assessment of proposed systems, and preliminary analysis of requirements for Sheffield Airey properties • Development of budget estimate for Sheffield Airey properties <p>Costs CDS Fees £2K Consultant Fees £3K TOTAL £5K</p> <p>Current 19/20 budget being held in the BU £50K so no addition to the Capital Programme.</p>									
	<table border="1"> <tr> <td data-bbox="168 411 320 598">Funding Source</td> <td data-bbox="320 411 553 598">HRA £50K already in BU</td> <td data-bbox="553 411 692 598">Amount</td> <td data-bbox="692 411 943 598">£5K</td> <td data-bbox="943 411 1070 598">Status</td> <td data-bbox="1070 411 1547 598">Original Business Case for all 4 packages approved December17. A budget has been held on this BU ever since, although it has been reduced over time</td> <td data-bbox="1547 411 1749 598">Approved</td> <td data-bbox="1749 411 1998 598">Housing Investment PG Members by email</td> </tr> </table>	Funding Source	HRA £50K already in BU	Amount	£5K	Status	Original Business Case for all 4 packages approved December17. A budget has been held on this BU ever since, although it has been reduced over time	Approved	Housing Investment PG Members by email	
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	<p>Procurement i. Consultant will be procured via the Capital Delivery Partner framework.</p>									
Page 66	Variations and reasons for change									
	<p>Hanover Tower Block</p> <p>Scheme description Following the removal of the original cladding on the Hanover Tower Block (as a precaution following the Government’s test on cladding) there was an urgent need to install new, solid metal cladding to replace the panels which have been removed.</p> <p>During the works to replace the cladding on the Hanover Tower Block, the lead contractor discovered that the existing roofing insulation was saturated and needs to be replaced as quickly as possible to stop any further ingress and ensure the recladding programme is not disrupted. This was added to the scheme and approved by CPG in March19, reducing the contingency by £100K.</p> <p>What has changed? Nothing has changed at Hanover but there is now a requirement to do works on the Adamfield Tower Block roof (see entry in the Additions section) and it has been agreed to add these works to the Hanover Roofing contract, and therefore again reduce the contingency on the Hanover scheme by another £100K to fund it.</p> <p>The Hanover scheme is mostly funded by grant but £290K of HRA was put into the scheme at the beginning which can be used to cover both roofing works</p> <p>Variation type: Budget Decrease</p> <p>Budget Previous Yrs Actuals £1,306K</p>	-100								

	<p>Current 19/20 Budget £2,444K - £100K = £2,344K Total amended Budget £3,750K - £100K = £3,650K</p> <p>Current Contingency £398K - £100K = £298K</p>	
	<p>Funding Homes England Grant £3,460K + HRA of £290K (£100K Hanover Roof + £100K Adamfield Roof leaving £90K for Cladding)</p>	
	<p>Procurement N/A, see Adamfield Tower Block entry in the Additions section</p>	
G	People – capital and growth	
	New additions	
Page 67	<p>Intake Primary School (Mechanical Works)</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> What is the problem we are trying to address? Health and safety requirements have identified issues with flow and return temperatures for domestic hot water to particular areas of the school premises which require works to be carried out. Why do we need to address it now and implications of not doing it now? Required to meet statutory compliance standards. <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> By installing two hot water cylinders and modifying the current control panel to enable the Infants and Junior blocks to be controlled independently of each other in times and temperature control. What is the proposed solution / recommended option? Install two smaller capacity cylinders that, due to their reduced height, will fit within the existing plant room and give independent storage for the Junior Block and the Infant / Kitchen Blocks, also ensuring that the existing short circuit of the hot water circulation system through the Junior Block cannot occur. This will require modification to the current control panel to enable the two blocks to be controlled independently of each other in times and temperature control <p>What are the benefits?</p> <ul style="list-style-type: none"> Objectives: Domestic Hot Water provision throughout the school. Outputs: Two new cylinders, increased capacity and accurate flow return temperatures. Benefits: Mitigation of issues identified in LRA and provision of suitable flow and return temperatures to Domestic Hot Water. 	+14

When will the project be completed?							
29/06/2020							
Funding Source	DfE Condition Allocation	Amount	Additional £13,836 for main works, (following £6,386 feasibility)	Status	Funding allocation received	Approved	
Procurement		i. Detailed design will be completed in-house by the Capital Delivery Service. ii. Works will be delivered in-house by the Corporate Repairs and Maintenance team.					
Shooters Grove Primary School – Electrical Works							
Why do we need the project?							
A full rewire of the school is recommended for the following reasons:							
<ul style="list-style-type: none"> • Most of the wiring systems have not been renewed since installation over 40 years ago; • The condition of the installation is best described as poor-fair overall (July 2019); • Existing supply is close to capacity and there are additional demands already known: <ul style="list-style-type: none"> ○ Phase 2 accessibility improvements – these include 1no. platform lift and 1 no. new hygiene room to serve the KS2 accommodation and are required at the latest by 1st September 2022 ○ Replacement of 1 gas cooker by 1 electric cooker in the kitchen – this cannot proceed until the electrical supply to the kitchen is upgraded. • What is the problem we are trying to address? <ul style="list-style-type: none"> ○ The School has raised concerns regarding safety risks from their electrical services which are perceived to be outdated and inadequate for present needs, especially as known further demands would be placed on the incoming supply by the addition of 1 new electric cooker for the kitchen and 2 platform lifts serving accessibility needs • Why do we need to address it now? <ul style="list-style-type: none"> ○ The main electrical installation is over 40 years old and the existing supply is not distributed efficiently around the building. Any further increase in demand is likely to exceed the supply. There are also safety risks from overloading existing services and an over-reliance in School on extension cables and multi-way sockets which also cause fire and tripping hazards. • What are the implications of not doing it now? <ul style="list-style-type: none"> ○ The School continues to risk overloading existing services and rely on extension cables. As the installation ages further its condition can be expected to deteriorate further, thereby increasing the risks. 							
How are we going to achieve it?							
<ul style="list-style-type: none"> • Adapt existing electrical services to keep them running safely during installation of the new ones; • Upgrade the electrical supply; 							
							+687

Page 69	<ul style="list-style-type: none"> • Install all new electrical services, remove existing redundant ones and make good. • Proposed solution / recommended option: design a scheme to address the re-wiring requirements, incorporating a new supply from off the street and an extension to house new equipment for extra incoming supply. <p>What are the benefits?</p> <ul style="list-style-type: none"> • Objective and Scope: Complete re-wiring of the School to create an electrical supply, installation and systems which are fit for purpose now and for the foreseeable future; this excludes the fire alarm system which is of recent installation date, and also excludes any new appliances. • Outputs: New/upgraded electrical supply services, switchgear, cabinets, distribution system, new/upgraded lighting, upgraded security alarm and lightning protection, integration with existing fire alarm, external CCTV and specialist control systems. • Benefits: An electrical installation that is fit for purpose now and can accommodate future demand for a reasonable number of years ahead. <p>When will the project be completed?</p> <p>To make best use of the summer holiday period and reduce disruption during term time it is suggested that works commence in the late Spring Bank Holiday week, after SATs, giving a target completion date of: 30/11/2020.</p>							
	Funding Source	DfE Condition Allocation	Amount	£687,000	Status	Funding allocation received	Approved	
	Procurement		Electrical contractor to be procured via a competitive tender procedure with PQQ.					
	<p>Care Leavers' Accommodation</p> <p>The Local Authority has a Corporate Parenting responsibility to provide suitable local accommodation for looked after children and care leavers. Part of this accommodation is to compromise Trainer flats for care leavers to practice and learn to be independent. As part of this strategy a property is to be purchased and converted into 8 x single occupancy flats for care leavers. This approval represents the purchase cost of the property. The conversion of the property will be the subject of a separate approval.</p>							
Funding Source	Corporate Investment Fund	Amount	£395k	Status		Approved		
Procurement		N/A Property purchase						
Variations and reasons for change								
None								
H	Essential compliance and maintenance							

New additions																	
<p>City Road Crematorium – Replacement of cremation equipment</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> The 3 existing cremators at City Road Crematorium are over 25 years old, persistently failing emission tests, difficult (and increasingly expensive) to maintain and not meeting future environmental regulations The ongoing failures in emissions testing has already led to formal suspension of two of the cremators within the last few years due to significant breaches The threat of permanent suspension of use due to non-compliance with emissions regulations is becoming increasingly likely and requires urgent remedial works (as proposed) in order to avoid this <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> Total replacement of the crematorium equipment, including cremators, mercury abatement equipment, filtration plant including blast coolers. The scheme also comprises a small modular extension to form a new office space, minor changes to the layout of the crematorium building to enable more effective operations within the building, refurbishment to affected areas of the existing building. etc. <p>The number of cremators and location of equipment varies between manufacturers so delivering a process that satisfies the client and end user will be a function of the procurement process based on a rigid output specification and approval of submissions during the tender process.</p> <p>What are the benefits?</p> <p>Compliance with Environmental Regulations and the ability to continue offering a cremation service at City Road location for bereaved families.</p> <p>When will the project be completed?</p> <p>October 2020</p> <p>The revenue impact of the required borrowing would be a cost of £231k p.a. over an expected 15 year life.</p> <table border="1"> <thead> <tr> <th>Funding Source</th> <th>Prudential Borrowing</th> <th>Amount</th> <th>Status</th> <th>Approved</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>2,478,000</td> <td></td> <td></td> </tr> </tbody> </table> <p>Procurement</p> <p>i. Contractor designed procurement by mini-competition via the YORbuild2 framework or by restricted procedure with PQQ.</p>							Funding Source	Prudential Borrowing	Amount	Status	Approved			2,478,000			+2,478
Funding Source	Prudential Borrowing	Amount	Status	Approved													
		2,478,000															
<p>Bolehill Park Pavilion Reinstatement</p> <p>Why do we need the project?</p> <ul style="list-style-type: none"> Bolehill recreation ground had an adequate pavilion which was demolished following an arson attack. <p>The loss of the pavilion has had a major effect on the community, in particular the bowls club who have lost their well-used, fit for purpose accommodation.</p>							+225										

- Why do we need to address it now?
 - Following the arson attack the community is without any means to deliver recreational welfare facilities.
 - In the interim period to help support the bowling club through the bowls season SCC have procured a temporary welfare cabin. This unit was hired from a contractor for a seasonal cost of circa £7k per annum. This is obviously non sustainable year on year and a permanent solution should be sought.
 - The loss of the pavilion has had a major effect on the community in particular the bowls club who have lost their well-used, fit for purpose accommodation.
- Implications of not doing it now:
 - Loss of community facility (bowls club)
 - Reduced community cohesion
 - Negative reputational impact for the Council

How are we going to achieve it?

- Proposed solution / recommended option: the new building will be smaller in size than the previous building and will be designed to reduce the risk of an arson attack. This will also be relocated to a more suitable location within the grounds of the bowling greens.

What are the benefits?

- Objectives:
 - To enable bowls and other activities to continue at bole hills recreation ground;
 - Provide modular accommodation that is safe, secure and EA (Equality Act 2010) compliant. :
- Outputs: New pavilion, to include toilet, kitchen, meeting space and lockers, on the site of the former pavilion including meeting room and welfare facilities.
- Benefits:
 - Bowls and other activities can continue
 - Provision of community facility
 - Most visible location and therefore less likely to be vandalised
 - Better vehicular access for servicing and maintenance

When will the project be completed?

31/05/2020

Funding	SCC Insurance Fund	Amount	Additional £224,919 for main	Status	Budget in place and (Claim Ref	Approved	Agreed by Insurance Dept.
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	Source	(contribution)		works, (following £9,161 feasibility)		N7FP000001)		24/10/2019	
	Procurement		i. Design and build of the new pavilion via a closed competitive tender procedure. ii. Surveys via competitive quotes.						
	Variations and reasons for change								
	None								
I	Heart of the City II								
	New additions								
	None								
	Variations and reasons for change								
	None								

	Scheme name / summary description of key terms	Recipient	Value £'000
A	Economic growth		
	None		
B	Transport		
	<p>Clean Bus Technology Fund</p> <ul style="list-style-type: none"> - The aim of the funding is to address air quality concerns across the city by reducing NO2 emissions, particularly at locations close to busy traffic roads / routes. The Recipients shall retrofit a number of public buses in 2018/19 with Selective Catalytic Reduction Technology (SCRT). The Recipients are responsible for sourcing and arranging the retrofit of their vehicles with accredited technology and have identified such technology and with routes / services will provide the maximum impact / reduction of harmful emissions. - The Recipients are responsible for on-going maintenance and repair of the technology. - The Recipients will be responsible for monitoring and reporting. SCC will agree the exact monitoring requirements required from the Recipients and these will be included within schedules to the agreement. The monitoring and reporting requirements imposed upon the Recipients will ensure that there is in turn compliance by SCC of requirements imposed by central government. - Although not required by central government – the Council have requested that monitoring of the ‘impact’ of the retrofits is carried out for a period of 5 years. - Such grant funds will only be paid following evidence of actual spend by the Recipient of the retrofit technology. <p>SCC are able in certain circumstances to require the grant to be repaid, such claw</p>	TBC	Up to 990

	back may be enforced where the Recipient fails to comply with the Agreement.		
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		
I	Heart of the City II		
	None		



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 November 2019*

Subject: *Revenue and Capital Budget Monitoring 2019/20 –
As at 30th September 2019*


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 as at the end of Month 6, 2019/20.</i></p>
<p>Recommendations:</p> <p>1. Cabinet are asked to:</p> <p>(a) Note the updated information and management actions provided by this report and the attached appendices on the 2019/20 Revenue Budget Outturn.</p> <p>(b) In relation to the Capital Programme, note the forecast Outturn position</p>

described in **Appendix 2**.

- (c) Note the review of the Treasury Management Strategy and prudential indicators in **Appendix 4**.
- (d) Consider for approval the requests in the Sheffield City Trust section of this report relating to operational subsidy funding and additional grant financing to support capital maintenance. Also consider for approval the request for approval of funding for the Council's own additional costs for developing a long term leisure strategy

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>David Hollis</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 Terry Fox 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: 12 th November 2019	

1. PROPOSAL

- 1.1 This report provides the outturn monitoring statement on the City Councils Revenue and Capital Budget for 2019/20.

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 2019/20, and it does not make any further recommendations that 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 that are not dealt with within relevant sections.

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 30th September 2019

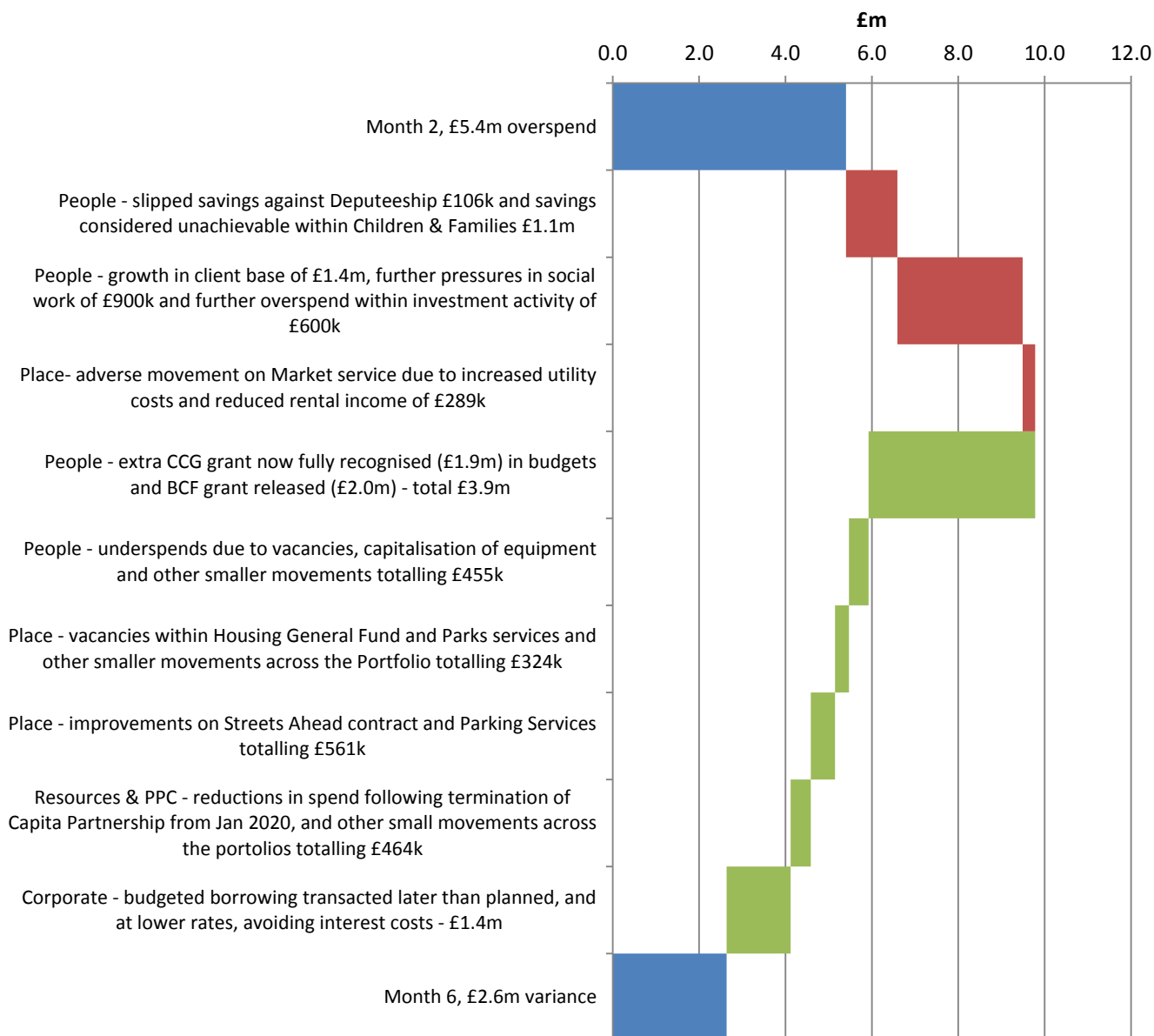
Report author: Dave Phillips, Head of Strategic Finance

Purpose of the Report

1. This report describes the budget monitoring position on the City Council’s Revenue Budget and Capital Programme as at Month 6.

Summary

2. The Council’s revenue budget is currently forecast to be overspent by £2.6m.
3. The below graph summarises the early movements toward this forecast outcome from the Month 2 position reported to Cabinet in July¹.

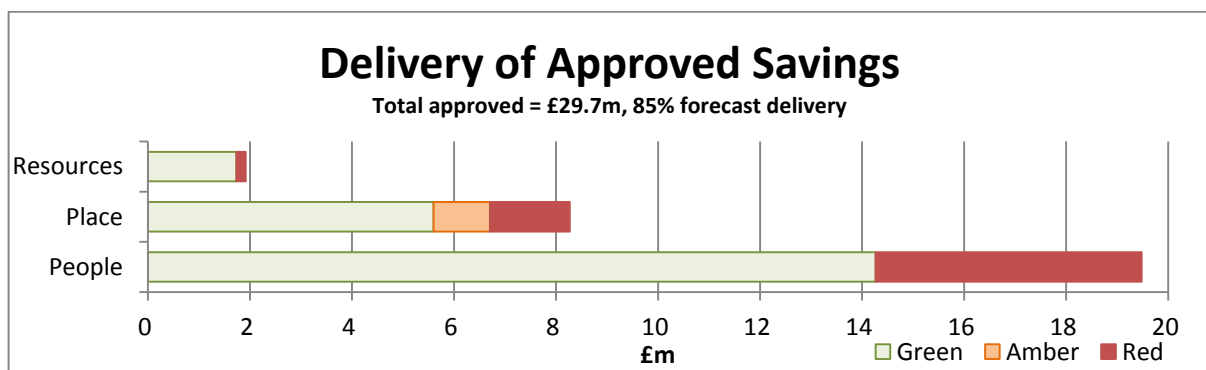


¹ [Item 12, Cabinet](#), 17th July 2019.

4. It should be noted that this position represents the worst case scenario. Almost the entirety of the overspend is within Social Care budgets, reflecting nation-wide and much publicised demand and cost pressures within that sector. The authority has made a significant investment in social care services within its 2019/20 Budget, and this investment is reflected in a much reduced forecast overspend compared to this time last year (a £14.2m overspend was forecast at Month 6 18/19). We expect this position will improve further over the course of the rest of this year, as measures to control demand and spending have further effects.

Savings Monitoring

5. The 2019/20 Budget approved £29.7m of savings within Portfolios. These savings are monitored by Business Partner Teams within Finance and Commercial Services to assess their prospects of delivery.
6. The below graph displays the amount of savings proposals categorised using the traffic light approach with the following parameters – Green (no more than 10% or £50k at risk of non-delivery), Amber (no more than 25% or £500k at risk) and Red (less than 75% deliverable, or more than £500k at risk).



7. The overall amount of savings considered at risk of non-delivery in the above is £4.3m, representing 15% of the original approved amount. This amount has worsened by 3% from 12%, representing £838k of additional risk of non-delivery since Month 2. At Month 6, work is ongoing to secure the delivery of challenging savings and to identify other mitigations.

Dedicated Schools Grant (DSG)

8. At Month 6, the Council is forecasting a £1.5m overspend on DSG budgets. The key reasons for the £1.5m overspend are a forecast £1.3m overspend relating to SEND placements, reflecting higher costs and demands for these placements. The movement from month 2 is an increase in the overspend of £400k, mainly due to an increase in the number of Independent Specialist Provision (ISP) placements and cost increases on an individual placement.

Public Health

9. Public Health services are funded by Public Health Grant – any variances to budgeted expenditure will be managed by adjusting the drawdown of grant income to match, therefore

Public Health variances will be nil in terms of net expenditure and therefore do not impact the above reported position. The Public Health reserve will be utilised in case of any overspend at year end – there is forecast to be no General Fund impact this year. This table demonstrates the variances to budget before the application of grant income.

Public Health	Forecast Outturn	Full Year Budget	Forecast Variance	Movement from Month 2	Variance Mth 2	Diff Mth 6 to Mth 2
People	27,861	27,390	471	↔	495	(24)
Place	2,830	2,872	(42)	↓	76	(118)
Director of Public Health	1,771	1,916	(145)	↔	(105)	(40)
Total	32,462	32,178	284	↓	466	(182)

10. The key reason for this position is additional costs relating to the sexual health services in Children's Public Health, relating to late commencement of the new contract (and services commissioned on the old basis in the interim), later implementation of improved delivery methods and the costs of the eventual contract. This results in a £471k overspend.
11. This is offset partly by underspends against employees (£23k in Place and £42k in DPH), contracts (£24k in Place) and supplies and services (£99k in DPH).

Housing Revenue Account

12. The HRA income and expenditure account provides a budgeted contribution towards funding the HRA capital investment programme of £3.3m. As at Month 6 there is an adverse variance of £72k from this budgeted position.

Housing Revenue Account (excluding Community Heating)	Forecast Outturn	Full Year Budget	Forecast Variance	Movement from Month 2	Variance Mth 2	Diff Mth 6 to Mth 2
1. Net Income - Dwellings	(139,087)	(138,761)	(327)	↓	632	(959)
2. Other Income	(6,353)	(6,311)	(42)	↔	(6)	(36)
3. Tenant Services incl. Repairs & Maintenance	89,696	89,240	456	↓	557	(101)
4. Depreciation	39,284	39,284	(0)	↔	0	(0)
5. Interest on borrowing	13,250	13,265	(15)	↔	0	(15)
6. Contribution to Capital Programme	3,210	3,282	(72)	↑	(1,183)	1,111
Total	0	0	0	↔	-	0

13. The main factors influencing the outturn position are lower than budgeted rental income and an overall net increase in repairs and running costs. The position on the account will be monitored throughout the year.
14. There is also an improvement within Community Heating of £75k, reflecting lower than expected usage due to milder weather.

Sheffield City Trust

15. Further to the recent report to the Economic and Environmental Wellbeing Scrutiny Committee², investments are needed into Sheffield City Trust (SCT) to keep the facilities open.
16. The Council and SCT have been working to reduce the subsidies paid to support SCT's operations. This was based on both market intelligence from national benchmarking and

SCC's own recent experience. In 2018 a 6 year business plan was received from SCT that proposed to move to a zero subsidy by 19/20. This relied heavily on plans to grow their income base over the first 2 years. This proposal was agreed, but is not being achieved by SCT, with deficits over the last few years averaging £2.8m (excluding SCC subsidy) and it is expected to continue at this level.

17. Competition from low cost operators and the Leeds Arena entering the market in recent years has also impacted SCT's financial position and contributed to this budget deficit of £2.8m. This means that more cash is being spent running the facilities (staff salaries, utilities etc) than is received (entrance and membership fees etc) and will ultimately drain SCT's bank balance if no subsidies exist to fill the gap.
18. This report recommends that up to £2.8m of subsidy is made available to SCT this financial year. The subsidy will be by way of grant funding under the existing contractual arrangements. Under the shortfall agreement for the Major Sports Facilities the Council is obliged to grant fund any net loss, and there is a fixed sum grant for City Hall. Under the other arrangements there is no obligation to provide funding outside of what has been agreed as part of annual business planning, and the balance of this funding is a revision to that agreement.
19. There is a significant essential maintenance requirement across the facilities that SCT operate, but there is no need to make any decisions on addressing all of this requirement at this stage. However, around £3.5m of maintenance and health and safety work is required over the next 18 months to keep the facilities open to the public. The works and amounts have been verified by the Council's Officers, working closely with SCT.
20. This report recommends that a grant of up to £3.5m is made to SCT in 2019/20, as part of the ongoing efforts to assist SCT to maintain public access to SCT-run facilities.
21. SCT is also exposed to significant cash flow fluctuations, in particular as monies are received for events and then paid over to promoters. The ongoing revenue challenges have reduced SCTs cash reserves, meaning that there are times when their cash flow position becomes difficult. Consequently the Council approved and paid over £1m earlier in 2019/20, as a loan rather than a grant. Officers are working with SCT on their financial position, and it is possible that further requests for cash flow support may be received in the future.
22. In addition to these investments, this report requests approval for the Council's own costs (including consultancy support) that are being incurred to develop a long term leisure strategy. These costs are estimated at up to £250k for 2019/20. A further estimate for 2020/21 and beyond will be included in the 2020/21 Budget Book.
23. This funding is considered to be within the powers of the Council to fund not for profit organisations providing leisure facilities. It is also considered compliant for the purposes of State Aid.

Collection Fund

24. As at Month 6, the local share of the Collection Fund income stream is forecast to have an overall in-year surplus of £1.0m, made up of a £0.2m surplus on Council Tax and a £0.8m surplus on Business Rates. This position is discussed in more detail within **Appendix 1**.

Capital Summary

25. The approved capital programme budget for 2019/20 at 31 September 2019 was £175.2m. The overall outturn of expenditure against this approved budget is forecast to be £151.3m, representing a variance of £23.9m. Further monitoring of the Capital Programme is reported in **Appendix 2**.

Corporate Risk Register

26. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. **Appendix 3** to this report details significant changes to that document.

Treasury Management Review

27. The Council's 2019/20 Revenue Budget included the Treasury Management Strategy, covering the Council's capital finance requirements and investment strategy. **Appendix 4** to this report contains a summary of the Treasury Management position for the period to 30th September 2019, publication of prudential and Treasury Management indicators and the potential implications for revenue budgets.

Implications of this Report

Financial implications

28. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2019/20, and it does not make any further recommendations that have additional financial implications for the City Council.

Equal opportunities implications

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

Legal implications

30. There are no specific legal implications arising from the recommendations in this report that are not dealt with within the relevant section.

Property implications

31. There are no other property implications arising from the recommendations in this report this report.

Recommendations

32. Cabinet are asked to:
- (a) Note the updated information and management actions provided by this report and the attached appendices on the 2019/20 Revenue Budget Outturn.
 - (b) In relation to the Capital Programme, note the forecast Outturn position described in **Appendix 2**.
 - (c) Note the review of the Treasury Management Strategy and prudential indicators in **Appendix 4**.
 - (d) Consider for approval the requests in the Sheffield City Trust section of this report relating to operational subsidy funding, and additional grant financing to support capital maintenance. Also consider for approval the request for approval of funding for the Council's own additional costs for developing a long term leisure strategy.

Reasons for Recommendations

33. To record formally changes to the Revenue Budget and the Capital Programme.

Alternative options considered

34. 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.

Collection Fund Monitoring

As at 30th September 2019

Summary

1. In 2019/20 approximately £315.6m of SCC net expenditure is forecast to be financed directly through locally collected taxation. This taxation is initially collected by the Council and credited to the Collection Fund.
2. As at the end of May, the local share of the Collection Fund Income Stream is forecasting an overall in-year surplus of £1.0m made up of a £0.2m surplus on Council Tax and a £0.8m surplus on Business Rates. Due to Collection Fund accounting regulations, this surplus is not available for in-year use and will be fed into the budget process for 2020/21.

Income Stream (all figures £m)	Budget 19/20	Billed to Date	Forecast Year End Position	Variance
Council Tax	(216.3)	(169.4)	(216.5)	(0.2)
Business Rates Locally Retained	(99.3)	(127.5)	(100.1)	(0.8)
Total	(315.6)	(297.0)	(316.6)	(1.0)

Council Tax

3. The forecast year end position for Council Tax is a surplus of £0.2m. This is primarily because of an additional £0.9m of Council Tax income resulting from an increase in the number of dwellings and a reduction in Council Tax Support of £0.4m. This improvement is offset by a £1.1m increase in exemptions mainly due to student exemptions. This forecast surplus maintains the position as at month 2.

Business Rates

4. The forecast year end position for Business Rates is a £1.8m surplus of which Sheffield's share is £0.8m. The £1.8m surplus is primarily made up of an increase on the Gross Rates Income Yield of £4.1m offset by an increase in empty property/statutory relief of £1.9m. Further analysis of the business rates position can be found on the following pages.

Collection Fund - Business Rates (all figures £m)	Budget 19/20	Billed to Date	Forecast Year End Position	Variance
Gross Business Rates income yield	(262.7)	(269.8)	(266.8)	(4.1)
Estimated Reliefs	46.7	44.0	47.7	1.0
Losses on collection, appeals and increase/(decrease) to bad debt provision	11.1	(0.2)	10.5	(0.5)
Net Collectable Business Rates	(205.0)	(226.0)	(208.6)	(3.6)
Transitional Protection Payments due	2.7	4.5	4.5	1.8
Cost of Collection allowance	0.8	0.8	0.8	0.0
Non Domestic Rating Income	(201.5)	(220.8)	(203.3)	(1.8)
Appropriation of net business rates:				
Sheffield City Council (49.2%)	(99.3)	(108.8)	(100.1)	(0.8)
SY Fire Authority (1%)	(2.0)	(2.2)	(2.0)	-
Central Government (49.4%)	(99.5)	(109.0)	(100.5)	(1.0)
Designated Areas (0.4%)	(0.7)	(0.8)	(0.7)	-
Total Appropriations	(201.5)	(220.8)	(203.3)	(1.8)

Gross Rates Income Yield

5. The Gross Business Rates Income Yield has increased primarily due to delays in major retail development. As part of the 2019/20 budget setting process, we built in expected decline in gross business rates due to large scale retail redevelopments. For the period of the redevelopment, it is expected that business rates income will drop due to affected hereditaments appealing and thus reducing their rateable value. This development has subsequently been delayed until late 2019 and should this delay in the development continue, then the surplus for 2019/20 will increase.

Reliefs and Discounts

Reliefs (all figures £m)	Budget 2019/20	Billed to Date	Forecast Year End Position	Variance
Small Business Rates Relief	13.3	13.1	13.6	0.3
Transitional Relief	(2.7)	(4.5)	(4.5)	(1.8)
Mandatory Charity Relief	23.6	23.3	24.1	0.5
Discretionary Relief	1.5	0.3	1.2	(0.3)
Empty Property / Statutory Exemption	7.2	8.1	9.1	1.9
Partly Occupied Premises Relief	0.6	0.6	1.0	0.4
New discretionary reliefs	3.2	3.1	3.2	(0.0)
Total Reliefs	46.7	44.0	47.7	1.0

6. Most reliefs and discounts are generally awarded in full at the point of billing in March. The total level of reliefs awarded to the end of September amounts to £44.0m which is £2.7m below the £46.7m in the budget. These reliefs are expected to rise to £47.7m by year end. This forecast increase is primarily due to increased empty property/statutory reliefs, along with expected reliefs for partially occupied properties and anticipated discretionary reliefs being realised.

Appeals

7. The 2019/20 Council budget anticipated £7.5m of in year refunds resulting from appeals. To date, the number of Check, Challenges and Appeals being processed by the VOA are significantly reduced on previous years. Data released by MHCLG in March 2019 show that there were over 130 Challenges and approximately 100 Checks outstanding for Sheffield.
8. There have been discussions with MHCLG and the VOA about the data that we receive with the hope of extracting more user friendly management information. This is ongoing and is anticipated to see improved results in 2020/21.
9. The VOA have committed to resolving all outstanding 2010 list appeals bar for any in litigation by September 2019. The major case currently under litigation relates to ATM's. The VOA have been granted leave to appeal the latest decision by the Supreme Court however this is not expected to be cleared for approximately 18 months. The case is currently decided in favour of the parties bringing this suit and we have a prudent provision to meet all obligations should this be the eventual outcome.

Conclusion

10. The forecast in year position of a £1.0m surplus on the Collection Fund is healthy however there is still time for this to change before year end. Due to the size of the Collection Fund, a small percentage variation in income or expenditure over the coming months will have a significant impact on the forecast outturn. Monthly monitoring of the Collection Fund position is conducted to ensure that we are fully aware of any change and the potential budget impacts.
11. The delay in the major retail development has had a positive impact on the current in-year surplus, should this be delayed further, the in-year surplus will increase. It should be noted however that significant delays or cancellations of these major redevelopments will negatively impact on the long-term Business Rates growth forecast for the city.

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CAPITAL PROGRAMME MONITORING AS AT SEPTEMBER 2019

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 2 (last report to cabinet) to month 6 and the Capital programme budget position as at September 19.

	2019/20	2020/21	Future	Total	Comments
Month 2 Approved Budget	178.0	150.6	299.4	628.0	The key changes to the programme from month 2 (last report to cabinet): ADDITIONS (+129.4m) + 62.5m HOClI blocks H2 and H3 + £38.6m Addition of new Council Housing Roofing Replacement Programme + 14m Council Housing New Build Phase 10 +£6.7m Clean Air Zone Measures and Clean Bus Technology
Additions	10.6	31.1	87.7	129.4	VARIATIONS (-44.7m) - £52m from Housing Programme Block Allocations to fund additions re: New Build & Roofing + £2.3m - Variation to HOClI budget Carver Street to progress lease to 3rd party + £2.3m - Variation to include delivery phase of Aldine House Extension budget
Variations	-0.2	-12.0	-32.5	-44.7	REPROFILES (19/20- 15.7m) - £13.2m HOCl II reprofiles - £2.2m Housing Block Allocation reprofiles
Reprofile	-15.7	-1.3	16.9	0.0	ACCELERATION (19/20 +2.5m) + £2.5m Council Housing Kitchen and Bathroom replacement
Slippage and Acceleration	2.5	0.0	-2.5	0.0	
Month 6 Approved Budget	175.2	168.5	369.0	712.7	

2 - Top 20 Projects by value as at September 2019

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2019/20. This group accounts for 57% of the 2019/20 capital programme. The major in-year and

PROJECT	Current Year								Remaining Life of Project					Comments
	YTD Actual	YTD Budget	YTD Variance	FY Outturn	FY Budget	FY Variance	Variance %	Delivery Forecast RAG	All Years Outturn	All Years Budget	All Years Variance	Variance %	Delivery RAG	
Msf Finance	6,778	6,884	(106)	13,767	13,767	0	0.0%	NR	78,145	78,145	0	0.0%	NR	
New Build Coun Hsg Ph 4a	68	29	39	358	8,269	(7,911)	-95.7%	G	21,973	14,759	7,214	48.9%	G	See item 4.1
Electrical Strategy	5,316	4,473	844	9,266	7,958	1,308	16.4%	G	13,958	13,958	0	0.0%	G	See item 5.1
Council Hsg Acquisitions Prog	2,836	4,196	(1,361)	6,787	7,318	(531)	-7.2%	G	41,922	41,922	(0)	0.0%	G	YTD behind budget due to slow legal process on 20 properties. FY variance is an extrapolation of this.
Programme Management Costs Gf	2,710	2,710	(0)	5,419	5,420	(1)	0.0%	G	8,129	8,130	(1)	0.0%	G	
New Build Council Hsg Phase 2	1,186	2,596	(1,410)	4,477	5,377	(900)	-16.7%	G	5,389	5,389	(0)	0.0%	G	See item 4.8
Devonshire Quarter	3,542	3,790	(249)	5,100	5,100	(0)	0.0%	NR	5,100	5,100	(0)	0.0%	NR	
Brownfield Site	-	-	-	4,990	4,990	-	0.0%	NR	5,981	5,981	-	0.0%	NR	
Transport Efficiency	127	489	(362)	4,888	4,888	-	0.0%	NR	4,888	4,888	-	0.0%	NR	
Grey 2 Green Ph2	883	1,391	(508)	3,703	4,824	(1,121)	-23.2%	A	4,824	4,824	(0)	0.0%	A	See item 4.7
Clean Bus Technology	860	2,072	(1,213)	2,672	4,472	(1,800)	-40.2%	NR	4,472	4,472	0	0.0%	NR	See item 4.3
Astrea Academy	3,296	3,296	0	4,107	4,119	(12)	-0.3%	A	4,107	4,119	(12)	-0.3%	A	
B Laycock House New Build	1,124	1,035	88	3,611	3,615	(3)	-0.1%	A	16,116	16,116	(0)	0.0%	A	
C Pepper Pot Building	1,069	1,187	(118)	3,173	3,186	(13)	-0.4%	G	17,240	17,240	(0)	0.0%	G	
Pitched Roofing & Roofline	1,638	1,640	(2)	2,943	3,000	(57)	-1.9%	G	2,943	3,000	(57)	-1.9%	G	
Broadfield Road Junction	41	1,225	(1,185)	2,111	2,714	(603)	-22.2%	R	3,501	3,182	319	10.0%	R	Forecast project costs exceed available budget. Additional funds sought. Project on hold until it is confirmed that there is sufficient funds to deliver the scheme. Current year underspend as a result of this.
Adaptations	1,089	1,584	(495)	2,499	2,704	(205)	-7.6%	G	12,704	12,704	(0)	0.0%	G	Slippage due to customer postponements.
Garage Strategy-Improvement	1,109	1,350	(241)	2,521	2,521	(0)	0.0%	G	2,884	2,521	363	14.4%	G	Awaiting
S H Mgmt Fees Commissioned	1,253	1,253	-	2,505	2,505	-	0.0%	NR	12,676	12,676	-	0.0%	NR	
Sqg Offices	690	878	(188)	2,501	2,501	0	0.0%	A	2,501	2,501	0	0.0%	A	
Top 20 Value	35,614	42,079	(6,465)	87,400	99,248	(11,848)	-11.9%		269,454	261,628	7,827			
Rest of Programme	21,976	30,443	(8,067)	63,941	75,980	(12,039)	-15.8%		451,178	451,032	146			
Total Capital Programme Value	57,590	72,122	(14,532)	151,340	175,227	(23,887)	-13.6%		720,633	712,660	7,973			
% of Programme within the Top 20	62%	58%	4%	58%	57%	50%			37%	37%	98%			

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £23.9m below budget. This represents a reduction of £14.4m from the £38.3m below budget reported at Mth 5. The key variances by board are explained below. The key underlying reasons for the movement relate to HOClI- £12.5m approval of reprofiled budgets to bring these in line with forecast expenditure, Housing Investment £3.5m - approval of reprofiled budgets to bring these in line with forecast expenditure. These movements toward budget offset by: increased slippage in Transport- £0.6m Clean Bus Technology, Green and Open Spaces - £0.5m Section 106 allocation, Essential Compliance - £150k Woodhouse Hub, £80k Condition Surveys, £250k potential saving on Sorby House FRA works.

BOARD	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
QUALITY OF LIFE	6,434	7,083	(650)	15,557	16,012	(455)	Expected saving on Brown Bins implementation scheme
HOUSING GROWTH	8,720	12,718	(3,997)	26,289	36,476	(10,187)	See items 4.1, 4.8, 4.10 + £0.6m slippage on acquisitions and refurbishments.
HOUSING INVESTMENT	19,571	21,280	(1,709)	40,484	47,935	(7,451)	See items 4.2, 4.4, 4.5 & 4.6 for key reasons. In addition smaller Block allocations no longer expected to be utilised in year
ESSENTIAL COMPLIANCE & MAINT	1,736	2,752	(1,016)	8,793	9,548	(754)	Forecast saving on Sorby House FRA (£250k), slippage on Woodhouse Hub (£150k), remainder slippage on various Essential Replacement schemes
ECONOMIC GROWTH	4,401	6,161	(1,760)	10,915	12,743	(1,829)	See item 4.7 + plus slippage on flood schemes £0.5m, rebate on BRF North Scheme £0.2m
TRANSPORT	2,116	5,085	(2,968)	13,420	15,943	(2,524)	See item 4.3 + slippage on Broadfield Road scheme (£0.6m) and forecast non delivery of Petre St scheme (£0.1m)
PEOPLE CAPITAL & GROWTH	8,108	9,729	(1,621)	14,134	13,289	845	See items 5.2, 5.3, 5.4 and 5.5. Offset by forecast slippage on Astrea Sports pitch (£0.5m), minor works grants (£0.2m) and a saving on Don Valley school sports provision (£0.1m)
HEART OF THE CITY II	4,934	5,698	(764)	19,125	20,180	(1,055)	See item 4.9 + £0.1m slippage on demolitions
CORPORATE	1,250	1,250	-	1,250	1,250	-	
GREEN & OPEN SPACES	320	367	(47)	1,374	1,851	(476)	Relates to forecast reprofile of Parks Section 106 block allocation
Grand Total	57,590	72,122	(14,532)	151,340	175,227	(23,887)	

4 - Top 10 Forecast Slippage against Full Year Budget

The table below illustrates that of the £19.7m main forecast underspends against budget, £3.8m relates to delays in schemes in delivery or where contract has been awarded. £7.4m relates to re-profiling of allocations not yet committed and £8.5m relates to the delayed Phase 4 of New Council Housing which while not in delivery is forecasting a significant overspend over all years on the initial budget estimate if progressed.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
4.1 New Build Coun Hsg Ph 4a	HOUSING GROWTH	8,269	(7,911)	OVERSPEND / REPROFILE - Due to substantially increased costs based on original tender returns requiring an overall additional £7.2m, final contract award is not now expected until November 2019. Therefore, overall project budget requires re profile. Further meetings to be held to identify key reasons for variations.
4.2 Waste Mgt & Estate Environmentals	HOUSING INVESTMENT	1,900	(1,900)	REPROFILE - This relates to block allocation for works on council Housing Stock. Now not anticipated to be utilised in current year.
4.3 Clean Bus Technology	TRANSPORT	4,472	(1,800)	SLIPPAGE - Bus operators behind schedule on installation of technology due to supply issues. In addition Stagecoach have identified fewer eligible buses than first thought, therefore requirement to invite other operators to bid.
4.4 H & S Essential Work	HOUSING INVESTMENT	1,737	(1,737)	REPROFILE - This relates to block allocation for works on council Housing Stock. Now not anticipated to be utilised in current year.
4.5 Other Essential Work	HOUSING INVESTMENT	1,500	(1,500)	REPROFILE - This relates to block allocation for works on council Housing Stock. Now not anticipated to be utilised in current year.
4.6 Communal Areas Investment	HOUSING INVESTMENT	1,392	(1,392)	REPROFILE - This relates to block allocation for works on council Housing Stock. Now not anticipated to be utilised in current year.
4.7 Grey 2 Green Ph2	ECONOMIC GROWTH	4,824	(1,121)	SLIPPAGE - Variation between current full year budget and latest outturn forecast due to slippage associated with programme delays. Also, the contractor's original cashflow has proven to be inaccurate and contract payments to date have been less than anticipated.
4.8 New Build Council Hsg Phase 2	HOUSING GROWTH	5,377	(900)	SLIPPAGE - The start on site slipped compared to the budget profile due to waiting for statutory approvals to start. A further delay of potentially 3 months has been worked into the forecast but further re-profile needed and funding mix will change. To be done as part of the December Review.
4.9 Hoc li Infrastructure & Pr	HEART OF THE CITY II	2,082	(850)	REPROFILE - Allocation for infrastructure works associated to HOCII scheme. Re-phasing of overall scheme resulting in further re-profiling of these costs into future years.
4.10 New Build Coun Hsg Ph 4b	HOUSING GROWTH	664	(609)	OVERSPEND / REPROFILE - Due to substantially increased costs based on original tender returns requiring an overall additional £0.24m, final contract award is not now expected until November 2019. Therefore, overall project budget requires re profile. Further meetings to be held to identify key reasons for variations.
Total		32,217	(19,719)	

5 - Top 10 Forecast Overspends over Full Year Budget

The table below indicates that of the current major in year forecast spends above budget only 3 items represent genuine overspends, however funding is available from the Schools' Condition Allocation and HRA respectively to cover these.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
5.1 Electrical Strategy	HOUSING INVESTMENT	7,958	1,308	ACCELERATION - no budget variations are to be made presently until we have reviewed progress against the plan. However the plan is to overspend the budget in 19-20 by allowing Wates to maintain their current progress and finish the contract early and for Kier spend their planned outputs and spend in 19-20 and not to be affected by the Wates decision.
5.2 Disabled Grants	PEOPLE CAPITAL & GROWTH	1,864	884	ACCELERATION - Review of overall use of Disabled Facilities grant ongoing. Sufficient funds exist to cover expenditure. Budget variation brought for endorsement awaiting approval.
5.3 High Value Equipment (dfg)	PEOPLE CAPITAL & GROWTH	-	500	ACCELERATION - Review of overall use of Disabled Facilities grant ongoing. Sufficient funds exist to cover expenditure. Budget variation brought for endorsement awaiting approval.
5.4 Mechanical Reactive	PEOPLE CAPITAL & GROWTH	-	121	OVERSPEND - This business unit holds costs for reactive works to Schools estate, however no formal budget has yet been requested. Approval needs to be requested from People Capital and Growth Board
5.5 Don Valley School	PEOPLE CAPITAL & GROWTH	12	85	ACCELERATION - Remaining budget for IT equipment only. Expenditure on this occurring earlier than originally forecast.
5.6 Communal Areas-low Rise Flats	HOUSING INVESTMENT	450	77	OVERSPEND 1. Final retention amounts due for payment before March 2020 have advised by Cost Manager and included in forecast. 2. Further charges are expected as a result of door entry issues and electrical issues, for which meetings are currently taking place. 3. Final costs for approved Going Local projects are to be determined. When final costs for 2 and 3 are known a more accurate out-turn figure for the year can be given. This is expected to be in excess of the current year budget and draw down will be made from block allocation.
5.7 Sprinklers - Fire Safety	HOUSING INVESTMENT	-	61	OVERSPEND - Costs to be reviewed by service and to be re-allocated as appropriate or budget authorisation requested.
5.8 Prow 19-20	TRANSPORT	82	58	ACCELERATION - No reasons provided
5.9 Srq - Strategic Dev Partner	HEART OF THE CITY II	708	54	ACCELERATION - No overall overspend forecast.
5.10 Sheffield Retail Quarter 2	HEART OF THE CITY II	747	53	ACCELERATION - No overall overspend forecast.
Total		11,821	3,201	

6 - Key Issues and Risks**Key Issues**

- Upper Don Valley Flood Alleviation Scheme - Confirmation now received that SCR have agreed slippage of funding for scheme removing potential funding risk.

- Housing Right To Buy 1-4-1 Receipts - Buffer before repayment of 1-4-1 receipts is required is narrowing. Between £4.3m and £4.9m eligible expenditure per quarter on new council housing must be incurred in 2020/21 to avoid pay back of unused receipts at a penalty rate of interest. Plans are in place to achieve this, but will require careful monitoring.

Key Risks

- Broadfield Road - CPO issue now resolved. Political support confirmed. Verbal OK given from DfT re: slippage of funding, written confirmation of this now required.

Changes to the Corporate Risk Register As at 30th September 2019

1. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. This was published alongside the 2019/20 Revenue Budget¹.
2. The following paragraphs contain significant amendments to that version.
3. The following has been added as a new risk, within the ‘Corporate Risks’ section.

Sheffield City Trust

- i. Sheffield City Trust (SCT) runs the Major Sporting Facilities (Ponds Forge, Hillsborough Leisure Centre and the FlyDSA Arena) and a number of other venues in Sheffield (City Hall, smaller leisure centres and golf courses) via its operating subsidiary Sheffield International Venues (SIV).
- ii. The Council has faced almost 10 years of austerity, with significant funding cuts and a consequent increase in the maintenance backlog across the Council’s asset base, including the Council-owned facilities that are leased to SCT. In 2018 a 6 year business plan was received from SCT that proposed a zero subsidy by 19/20. This proposal was agreed by the Council, but has not been achieved to date by SCT.
- iii. In late June 2019 SCT requested, and was given, a cash-flow loan of £1.0m from the Council to alleviate a cash shortfall, and to avoid any risk of default on the bond that was used to finance the MSF. In July 2019 the Council commissioned Grant Thornton to report on SCT’s cash position.
- iv. Deficits at SCT have averaged £2.8m (excluding SCC subsidy) over the last few years and are expected to continue at this level. Consequently the main body of this report recommends that up to £2.8m of revenue subsidy is made available to SCT this financial year. The subsidy will be by way of grant funding under the existing contractual arrangements. In addition, there is a funding need for backlog maintenance, and cash flow fluctuations that may need to be supported. Payments in respect of these items have been included in the Council’s 2020/21 budget process, so no additional funding is required to be found at this stage.
- v. The existing relationship with SCT may naturally come to an end in 2024 with the end of the MSF debt. However, the process is not simple with a number of transactions that will need to be completed. It is also clear that the best outcome will require the Council and SCT to work together in partnership.

¹ Available at Sheffield.gov.uk for the Revenue Budget Book, Appendix 5 of Item 8 of March Council 2019.

- vi. Consequently there are a number of risks around the future financial position of SCT, and around the level of funding required to support future sporting and leisure facilities within the City. These risks will be considered and mitigated by longer-term planning for leisure facilities within the City.
4. The Capital Programme Risks relating to Housing Growth and Heart of the City II have been more extensively reviewed, and re-produced in entirety below.

Capital Programme Risks

Housing Growth

- i. There is a risk to delivering the full scope of major schemes such as private sector 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 Community Infrastructure Levy which along with capital receipts form a key element of the Corporate Investment Fund. Any reduction in these funding streams will limit the Council’s investment capacity.
- ii. It is now anticipated that New Homes Bonus funding (central Government funding to incentivise house building) will not continue beyond 2020/21. This funding stream was also a key element of the Corporate Investment Fund and could therefore negatively impact on the council’s investment capacity.

Heart Of the City 2

- iii. The route for delivery of the remainder of the Heart of the City2 (HoC2) programme is now being done on an incremental measured block by block basis, 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.
- iv. The Council has committed significant funding for the delivery of the HoC2. This is made up of a number of phases:
 - (a) £62m - To acquire land and carry out initial feasibility work
 - (b) £27m - For the appointed development manager to take forward the pre-construction phases of the scheme.
 - (c) £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. This building is now complete and the letting activity is in progress to secure tenants for the remaining office, retail and F&B units.

- (d) £35m - For the development of blocks B & C of the scheme. These blocks are being built speculatively and so the Council carries the letting risk for the Office, Residential and Retail space being created.
 - (e) £63m – For the development of block H. The block is being sub divided to deliver a food hall and separate office building. A food hall operator will be secured before construction costs are committed. In addition the construction appointment will be split into two distinct phases so that the office building and food hall could be delivered to different programmes as required to meet market demand if necessary.
- v. There are a further blocks (A, G, I) which are at design review stage.
- vi. 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 and to reflect on Council priorities such as the Climate Emergency.
- vii. Creating confidence in the City through the successful delivery and letting of the early phases, stimulates more market interest in the later phases and where appropriate third party development may be considered for some blocks.
- viii. 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.
- ix. 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 effects of Brexit.
- x. 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.

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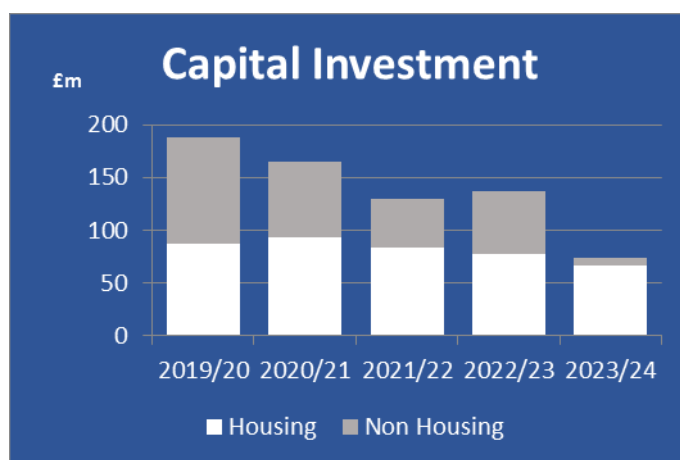
Revenue Implications of Treasury

Purpose of the Report

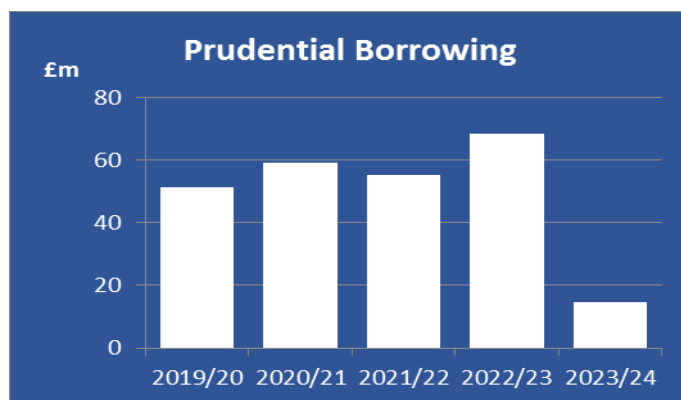
1. The purpose of this report is to summarise the Treasury Management position for the period to 30th September 2019 and the potential implications for revenue budgets.
2. In addition, Appendix 1 sets out Indicators not already covered in the main report but are required to satisfy the Council's Prudential Code and Treasury Management Code of Practice obligations.

Capital Investment & Funding

3. The Council continues to deliver significant capital investment across the city which will provide improved facilities and infrastructure and supports the local economy, whilst ensuring the impact on debt costs within the revenue budget is effectively managed
4. As at 31st August 2019, the approved capital budget, for the period from 2019/20 through to 2023/24, totals £696.5m (a full breakdown is shown in Appendix A).
5. The split of this planned investment across housing and non-housing is shown in the graph below:-



6. The proportion of this investment funded by prudential borrowing over this period will be £249m. On this basis, approximately 36% of the capital expenditure planned for the next four years is being funded by Prudential Borrowing – with a substantial proportion of this being Heart of the City II.
7. The following graph shows how this element of funding varies over the five year period.

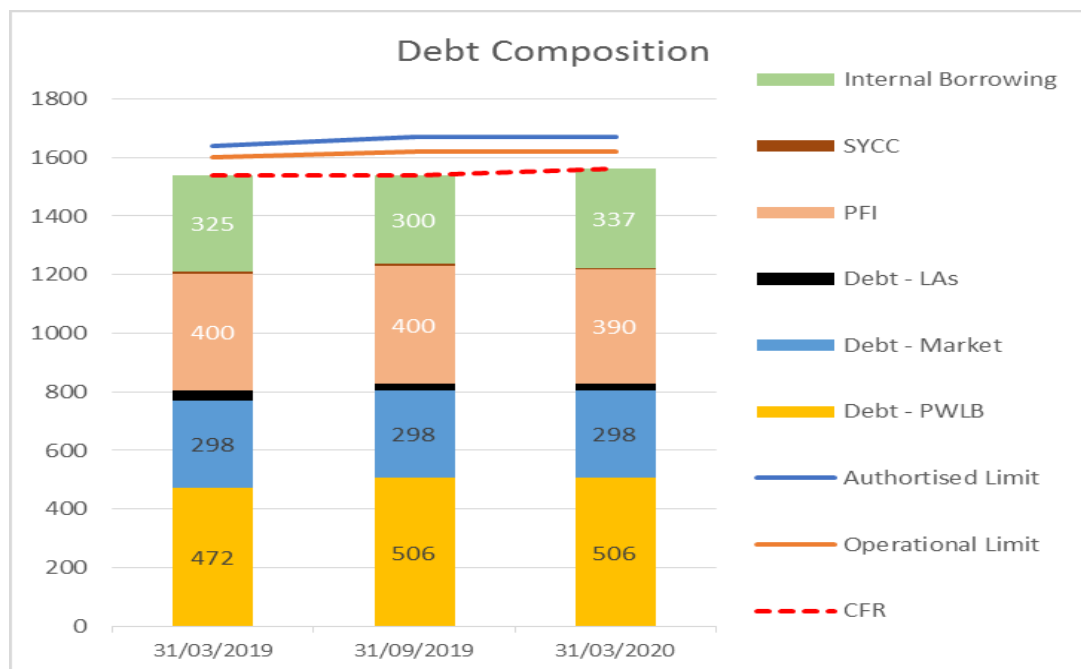


8. It is anticipated that elements of the HotC II programme, which forms a substantial proportion of the Prudential Borrowing, will be subsequently sold to developers and this will reduce the prudential borrowing and interest charges. Also, within the overall prudential borrowing figure (£249m), £35m relates to Housing activity which is covered by the HRA business plan.
9. However, by the end of this period if the full amount of prudential borrowing had been incurred and not recovered from future sales, this would result in
- an additional £6.85m pa in interest costs (at an estimated rate of circa 2.75% - including the increased certainty rate margin imposed by HMT) and
 - a further £5.4m pa in Minimum Revenue Provision (assuming an average 40 year asset life and excluding £35m worth of HRA prudential borrowing in the 21/22 to 23/24 period)
10. The latest projected capital expenditure estimates for 2019/20 compared to the original budget position shows that Prudential Borrowing in 2019/20 is projected to fall from £44.3m, to £37.6m. This will result in a reduction in revenue costs arising from this capital investment; as shown in the table below:-

Estimated Additional Revenue Costs	Revised £k	Original £k	Variance £k
Interest Costs (@ 2.75%)	£1,034	£1,218	(£184)
MRP Costs (assuming a 40 year asset life)	£940	£1,108	(£168)
Total of estimate of additional revenue costs	£1,974	£2,326	(£352)

Update on Debt

Current Debt Composition



11. The above table shows:-

- The Council is primarily using a substantial proportion of its own internally generated cash resources to fund capital expenditure, rather than taking external borrowing.
- This approach is taken because we pay around 1.5%-2.0% p.a. more to borrow externally than we do receive on any cash we invest. This report assumes that we continue to with this approach at the same level in 19/20. We continue to review this approach regularly.
- We took two £20m tranches of PWLB borrowing in late August/early Sept to benefit from a dip in rates and gain the benefit of low interest rates over the longer term but accept the cost of carry in the short term.
- The level of internal borrowing is a mixture of general fund (£239m) and HRA (£61m) which is not untypically high but produces a risk that future external borrowing to reduce this level of internal borrowing may be at a higher rate than can be currently obtained from the market.
- The Council is expected to maintain a moderate amount of borrowing capacity, over and above its current/forecast CFR when compared to the Operational Boundary
- In addition to that, there is further headroom of circa £40m before it reaches the maximum level currently authorised by Full Council.
- The HRA CFR is £346m – which is £79m below the authorised limit and £42m below the operational limit (that was set at the previous HRA debt cap level).

Strategy Update

12. There are no proposed changes to:-

- Treasury Management Strategy Statement
- Annual Investment Strategy
- Minimum Revenue Provision Policy

d. Either the Operational or Authorised Borrowing Limits

13. The 2019/20 Treasury Management Strategy Statement (TMSS) set out plans to borrow an additional £61.9m mainly to fund in-year prudential borrowing (at the original budgeted level).

14. So far this financial year:-

- £5.5m of PWLB borrowing and £9m of other borrowing has been repaid to date – no further borrowing to be repaid this financial year. Of the total repaid, £5.2m related to the HRA.
- £40m worth of new PWLB borrowing has been taken in late August/early Sept at average rate of 1.74%. The delay in borrowing and the lower rates involved generating in year revenue savings.
- Only limited further borrowing is anticipated during this financial year so internal borrowing is expected to increase – albeit modestly.
- In terms of the HRA, no borrowing has been undertaken to date and no borrowing is anticipated in this financial year.

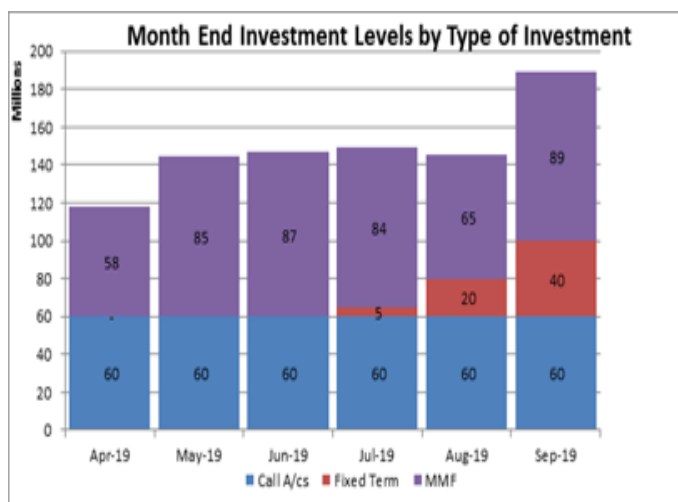
Rescheduling

15. No rescheduling of any of our borrowing has been undertaken. Whilst we will keep this position under review, currently the cost of rescheduling exceeds the benefits of doing so, despite the previously cheap borrowing levels.

Update on Investments

Investment Balances, Level of Return and a breakdown by Counterparty

	Average Balance	Average Return
April	£151.2m	0.86%
May	£134.4m	0.91%
June	£147.4m	0.89%
July	£167.8m	0.86%
August	£152.5m	0.85%
September	£165.2m	0.86%
YTD	£154.8m	0.87%



16. This table shows:-

- Investment balances remain at a high level and have been bolstered by the additional borrowing undertaken in August/September.
- Balances are expected to reduce gradually over the remainder of the year but mainly in Q4.
- Average returns are above our benchmark level – set at the UK Base Rate (0.75%) – improving investment returns against budgeted expectations.
- A substantial proportion of investment balances are with highly diverse, AAA rated, money market funds offering ready access to funds.

- e. The Council has also invested in a range of 95 day call accounts which offer improved returns but require notice to be given to be withdrawn. £20m invested with other Local Authorities to lock into current rates to reduce impact of possible cut in the UK base rate.

Future Direction

17. On a balance of risks, interest rates are not anticipated to change significantly in the short term – although there may be substantial volatility as a result of on-going Brexit negotiations.
18. On this basis, the Council will maintain a mix of investment balances to ensure ready access to funds and where possible benefit from locking away funds for a short duration.
19. There are currently no proposals for the Council to invest sums for periods longer than 365 days.

Revenue

Treasury Management Budget

As at September 2019	Forecast £m	Budget £m	Variance £m
Interest Costs (net of HRA recharge)	21.8	24.2	(2.4)
MRP Costs	15.4	17.4	(2.0)
Debt Management Costs	0.5	0.4	(0.1)
Gross Cost	37.7	42.0	(4.5)
Less Investment/Other Income	(0.7)	(0.4)	(0.3)
Less Internal Recharges*	(5.3)	(8.3)	3.0
Net Cost	31.7	33.3	(1.6)

* Internal recharges includes prudential borrowing costs (interest) recharged to services and debt management cost recharged to General Fund and HRA

20. The above table shows:

- a. Net Costs are forecast to underspend compared to budget – as a result of
- interest savings arising from deferring borrowing,
 - lower MRP costs based on underspend against the 2018/19 capital programme but also;
 - lower recharges following the Cavendish building becoming operational and no longer subject to the capitalisation of interest that occurs during the development phase (as part of the agreed policy for HotC II developments).

Financing Costs to Net Revenue Streams

	2018/19 £m (actual)	2019/20 £m	2020/21 £m	2022/23 £m	2023/24 £m
Capital Financing Costs*	36.7	38.2	39.9	36.7	36.3
Net Revenue Streams**	463.7	473.8	482.2	479.9	490.7
Ratio	7.91%	8.05%	8.28%	7.64%	7.40%

* Excluding PFI financing costs and associated grants but includes MRP charges made to services but not included in the treasury management budget

** Net revenue streams are higher than the Council's Net Revenue Budget (of £403m in 2019/20) as they include a number of specific grants which are treated as reducing net expenditure in the Net Revenue Budget

21. The above table shows:

- a. Financing costs generally increase over the period to 2020/21 and are then projected to fall –when the debt costs for ex-South Yorkshire County Council debt are finally fully repaid.
- b. Please note that the capital programme projections become less accurate the further forward the projection period is, and therefore financing costs may increase if the amount or proportion of the capital programme in 22/23 to 23/24 funded by prudential borrowing increases.
- c. Net Revenue Streams fluctuate because one off grants and the forecast release of Collection Fund surpluses fall out in 21/22.

Risk Assessment

22. The principal risks associated with treasury management are:

Risk	Mitigation
Loss of investments as a result of a failure of a counterparty	Application of Annual Investment Strategy in relation to choice of counterparty/investment type, level of investment and monitoring of credit ratings.
Increase in net borrowing costs due to an increase in borrowing costs and/or a decrease in investment returns	Planning and undertaking borrowing in light of interest rate trends/forecasts. Borrowing using fixed rate loans to limit volatility of interest costs
Interest rates risk significantly, increasing the cost of servicing new borrowing	Forecasting reserves that support the current borrowing position alongside borrowing needs to ensure measures to address internal borrowing can be undertaken in a planned and measured way
Fraud	Strong internal controls – with dual stage authorisation for any out-going payments

Other Matters

Compliance

23. The Section 151 Officer confirms compliance with the approved TMSS for 2019/20 and that a prudent investment approach has been followed with priority given to the security and the liquidity of amounts invested over the yield we receive.

24. The Section 151 Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2019/20.

Annex 1 – Prudential and Treasury Management Indicators

25. This annex covers the prudential and treasury management indicators not already covered in the body of the main report but are required under the Prudential Code or the Treasury Management Code of Practice.

Capital Programme and Funding

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Non Housing	102.1	72.3	46.2	59.8	7.0	287.3
Housing	87.1	93.7	83.9	77.3	67.2	409.2
Total	189.2	166.0	130.0	137.1	74.2	696.5
Capital Receipts	27.9	11.7	3.2	3.3	1.1	47.2
Capital Grants & Contributions	54.6	13.6	6.7	4.1	0.9	79.9
Revenue Contributions	55.5	81.4	64.7	61.3	57.6	320.4
Prudential Borrowing	51.1	59.3	55.4	68.4	14.7	249.0
Total	189.2	166.0	130.0	137.1	74.2	696.5

Breakdown of Capital Expenditure

Capital Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Economic Growth	12.7	4.6	1.2	0.0	0.0	18.5
Housing Investment	50.7	63.4	57.7	57.2	57.3	286.3
Housing Growth	36.5	30.4	26.2	20.1	9.9	123.1
Quality of Life	16.0	15.8	17.6	35.3	0.3	85.0
Transport	15.1	3.5	-	-	-	18.6
People Capital & Growth	13.4	2.3	2.5	2.2	-	20.4
Internal Infrastructure	44.8	46.2	24.9	22.3	6.7	144.9
TOTAL	189.2	166.0	130.0	137.1	74.2	696.5

Movement in Capital Financing Requirement

Capital Financing Requirement (CFR)	Per TMSS £m	Forecast £m
CFR - General Fund CFR	1,220	1,215
CFR - Housing Revenue Account	346	346
TOTAL	1,566	1,561
Borrowing	890	828
Other Long Term Liabilities	390	390
Forecast - Total Debt as at 31 March 2020	1,280	1,218

Authorised and Operational Borrowing Limits

Authorised and Operational Limits on Debt	Per TMS £m	Forecast £m
Authorised Limit	1,670	1,670
Operational Boundary	1,620	1,620
Projected Year End Capital Financing Requirement	1,566	1,561
Headroom to Operational Boundary	54	59
Headroom to Authorised Borrowing Limit	104	109

Interest Rate Forecast

26. The Council's treasury advisor, Link Asset Services, has provided the following forecast – prior to the HMT announcement on the revised margin above gilt rates (see the PWLB point below):

Link Asset Services Interest Rate View											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

27. The above forecasts have been based on an assumption that there is some sort of 'muddle through' to an agreed deal on Brexit at some point in time. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

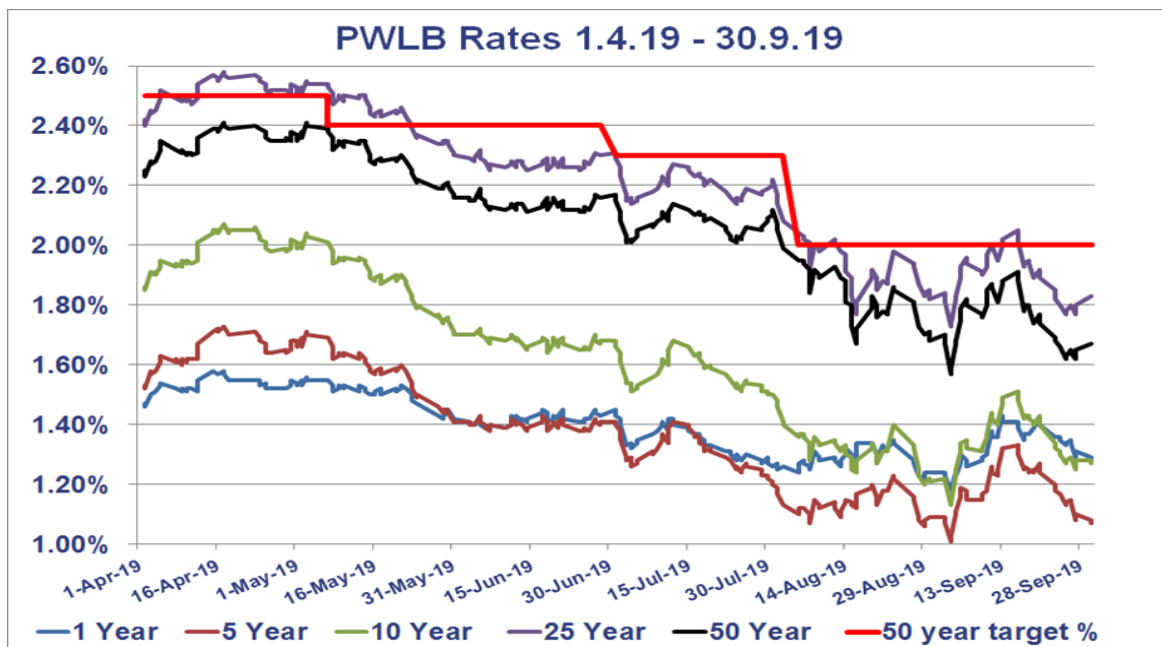
PWLB

28. On the 9th October, HM Treasury informed Authorities that the fixed margin above the Government's cost of borrowing (gilt rates) would be increased by 100 basis points overnight – taking the margin to 180bps.

29. This pushed the available PWLB rate for 50 year borrowing from 1.62% to 2.62% overnight; and returning borrowing levels to levels that were last available in 2018. Whilst these are still relatively low in historical terms, the additional margin adds a considerable burden on any new borrowing the Authority wishes to undertake.

30. The table and graph below show the movement in PWLB certainty rates for the first six months of the year.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.17%	1.01%	1.13%	1.73%	1.57%
Date	03/09/2019	03/09/2019	03/09/2019	03/09/2019	03/09/2019
High	1.58%	1.73%	2.07%	2.58%	2.41%
Date	15/04/2019	17/04/2019	17/04/2019	17/04/2019	17/04/2019
Average	1.40%	1.37%	1.62%	2.20%	2.07%



31. PWLB rates have been on a falling trend during this period and longer rates have almost halved to reach historic lows. The 50 year PWLB target (certainty) rate for new long term borrowing fell from 2.50% to 2.00% during this period. However, with the change in margin applied by the Debt Management Office, rates have now returned to 2018 levels.

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

Tel:

Report of: Laraine Manley
Report to: Cabinet
Date of Decision: 20th November 2019
Subject: Disposal of land at Smithfield and Cross Smithfield

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

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

Which Cabinet Member Portfolio does this relate to?
Finance Resources and Governance – Cabinet Member Terry Fox

Which Scrutiny and Policy Development Committee does this relate to?
Economic and Environmental Wellbeing

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 full report is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended). The report contains confidential and commercially sensitive information relating to the financial affairs of the authority.

Purpose of Report:

To seek approval for Sheffield City Council to enter into an agreement for the disposal of freehold land at Smithfield and Cross Smithfield within the city centre.

The disposal will enable the assembly of a larger brownfield site where residential redevelopment is proposed.

Recommendations:

That Cabinet approves the proposals set out within this report and the terms of the proposed the agreement as explained in the closed Part 2 to this report and declares the land identified surplus to the requirements of the Estates Committee.

That Cabinet delegate authority to the Chief Property Officer to agree the terms of the disposal and the terms of any other documentation required.

That the Director of Legal and Governance in consultation with the Chief Property Officer negotiates and completes such legal documentation as they consider necessary on such terms as they may agree to give effect to the proposals set out in this report.

Background Papers: N/A

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 Sellars
	Equalities: Annemarie Johnston
<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: Councillor Terry Fox
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: Tammy Whitaker
	Job Title: Head of Regeneration and Property Services
Date: 20 th November 2019	

1. BACKGROUND

- 1.1 Historically, St Vincents Quarter has been dominated by commercial and industrial uses however a spate of new residential development began during the early 2000's that rapidly changed the area.
- 1.2 The majority of these earlier schemes were focused on student housing given the relatively close proximity to Sheffield University Campus. As with other areas, the redevelopment of land for housing in the St Vincents Quarter stalled during the economic downturn but has again gathered pace in more recent years. Several new schemes have subsequently been delivered with other development proposed.
- 1.3 The majority of the new schemes which have been brought forward during this economic cycle have again been student led, clustered around Broad Lane, Hollis Croft, Scotland Street and Upper Allen Street with frontages to Netherthorpe Road. Further high density student schemes are now proposed or under construction with frontages to Netherthorpe Road and on Allen Street/Shepherd St.
- 1.4 The development of non-student housing within the area has been relatively limited by comparison however a large scale development is now proposed at Hoyle Street where it is proposed that private rented/for sale units will be developed.
- 1.5 The continued redevelopment of commercial property for residential housing is likely to remain the driving force for the further regeneration of the St Vincents Quarter.

2.0 PROPOSAL

- 2.1 Sheffield City Council owns freehold land at Smithfield and Cross Smithfield within the St Vincents Quarter. The land is subject to several long leasehold interests which are held in separate ownership. The majority of the Council owned land therefore comprises freehold reversionary interests.
- 2.2 The land forms part of a larger island site which is bounded by Scotland Street, Snow Lane, Smithfield and Cross Smithfield. The site characterised by low rise industrial and workshop buildings the majority of which date from the 1950's/60's. The majority of the buildings remain occupied for commercial purposes.
- 2.3 In order for the larger island site to be released for redevelopment it is necessary to assemble all of the land interests under single ownership, including the Council owned land.
- 2.4 A proposal has now been put forward for an agreement to acquire the Council owned land in order to enable the site to be assembled. Once assembled it is proposed that the site is brought forward for residential redevelopment.
- 2.5 Further information regarding the existing land ownership and proposals for the site are included within the closed Part 2 of this report.

3.0 HOW DOES THIS DECISION CONTRIBUTE?

3.1 Economic

- 3.1.1 The proposals will bring forward the redevelopment of a large underutilised brownfield site. This is an important island site within St Vincent's Quarter the redevelopment of which will assist in bringing forward further regeneration of the area.
- 3.1.5 The development will generate Council Tax and Business Rate receipts for the Council's revenue budget in addition to a significant New Homes Bonus and CIL contribution.
- 3.1.6 Delivery of the proposed development will have a significant impact on the continued and future regeneration of the St Vincent's Quarter.

3.2 Environmental

- 3.2.1 The development will deliver considerable environmental improvements; removing inefficient and underutilised commercial buildings and delivering energy efficient buildings, both on site as part of the proposed redevelopment and elsewhere in other areas of the city where businesses are proposed to relocate to more sustainable commercial buildings within the city boundary.

3.3 Social

- 3.3.1 The proposal supports the Corporate Plan priority to create and sustain thriving neighbourhoods and communities through increasing the supply of new housing as part of the City's long term economic growth strategy.

4.0 HAS THERE BEEN ANY CONSULTATION?

- 4.1 There has been no formal consultation.

5.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1 Equality of Opportunity Implications

- 5.1.2 An Equality Impact Assessment has not been carried out in respect of the proposals set out in this report. However, it is considered that the redevelopment of the site will be of positive benefit for all local people with the repurposing of an underutilised brownfield site and the creation of new residential housing which will include a significant number of affordable housing units.

5.2 Financial and Commercial Implications

- 5.2.1 The financial and commercial implications include;
- Bring forward further regeneration of the St Vincent's Quarter. Assist in encouraging the redevelopment of other brownfield sites.
 - Deliver much needed private housing units within the city centre, offering a mix of tenures including affordable housing units.
 - Deliver significant private housing in an area of the city where the majority of recent developments have been student led.
 - Provide a significant capital receipt to the Council (confirmed in Part 2).
 - Produce CIL and New Homes Bonus (confirmed in Part 2).
 - The completed scheme will produce additional Council Tax and Business Rates revenue for the Council (confirmed in Part 2).

5.2.2 There is a risk that the proposal does not proceed, in such a scenario the Council would be unable to take any further action in relation to disposal of the land until the proposed agreement has expired or been terminated. The risk of being tied into this agreement is considered to be relatively low as no other development will be brought forward in relation to the site if these current redevelopment proposals do not proceed as planned.

5.3 Legal Implications

5.3.1 Pursuant to Section 123 of the Local Government Act 1972 the Council is under an obligation to obtain the best price reasonably obtainable upon a disposal of its land. This does not necessarily require the Council to obtain the best consideration by way of a capital receipt. The Council may reasonably take other matters into consideration when considering its obligations under s123 of the LGA which may include but not be limited to the maximisation of its potential revenue stream, the securing employment opportunities and much needed regeneration for the area.

5.3.2 Offering the land for sale in the open market would generally provide the most robust indication that best value has been obtained. However, this is not the case in these circumstances. The proposed purchaser has already secured agreements to acquire other land interests in the site and is considered to be a 'special purchaser'. Further comment is provided on this point in the closed Part 2 of this report.

6.0 ALTERNATIVE OPTIONS CONSIDERED

6.1 The Council could do nothing; this may result in the site remaining in its current use for several more years. As existing buildings deteriorate levels of occupation may fall and parts of the site may be come derelict as has been experienced with other sites within St Vincent's Quarter.

6.2 It is feasible that individual parts of the site may be brought forward for redevelopment in isolation; this could result in a compromised scheme or restrict the future redevelopment of other/adjacent sites.

7.0 REASONS FOR RECOMMENDATIONS

7.1 The intended outcome of the proposal is to deliver new private housing in a designated housing growth area and help assist with the continued regeneration of the St Vincent's Quarter. The development proposes to deliver a mix of housing tenures which are non-student and will include a significant number of affordable units.

7.2 The proposals will relocate existing businesses to other commercial sites within the city which are more sustainable and repurpose older commercial use buildings which are inefficient.

Laraine Manley
Executive Director Place

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

Tel:

Report of: Laraine Manley
Report to: Cabinet
Date of Decision: 20th November 2019
Subject: Disposal of land at 210 Rockingham Street

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

Which Cabinet Member Portfolio does this relate to?
 Finance Resources and Governance – Cabinet Member Terry Fox

Which Scrutiny and Policy Development Committee does this relate to?
 Economic and Environmental Wellbeing

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 full report is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended). The report contains confidential and commercially sensitive information relating to the financial affairs of the authority.

Purpose of Report:

To seek approval for Sheffield City Council to dispose of freehold land at 210 Rockingham Street to enable the assembly of a larger site to be redeveloped for student housing.

Recommendations:

That Cabinet approves the proposals set out within this report and the terms of the proposed disposal as explained in the closed Part 2 to this report and declares the land identified surplus to the requirements of the Planning & Transportation Committee.

That Cabinet delegate authority to the Chief Property Officer to agree the terms of the disposal and the terms of any other documentation required.

That the Director of Legal and Governance in consultation with the Chief Property Officer negotiates and completes such legal documentation as they consider necessary on such terms as they may agree to give effect to the proposals set out in this report.

Background Papers: N/A

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 Sellars
		Equalities: Annemarie Johnston
<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:	Councillor Terry Fox
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: Tammy Whitaker	Job Title: Head of Regeneration and Property Services
	Date: 20 th November 2019	

1. BACKGROUND

- 1.1 This report relates to the proposed disposal of land at 210 Rockingham Street. The disposal of the Council's interest is to facilitate the assembly of a larger development site which will be brought forward for the development of student housing.

- 1.2 The proposed development site is occupied by a number of existing buildings dating from the 1960/70's the majority of which are in commercial use. The disposal will enable the redevelopment of these buildings for alternative higher density use.
- 1.3 The Council owned freehold land is subject to a long leasehold interest and therefore comprises a freehold reversionary title.
- 1.4 Centrally located, the site is situated a short distance from The Moor and HOC II with frontages to Rockingham Street, Wellington Street and Trafalgar Street. The site is located opposite to Site F (HOC II) where new residential development is to be developed out shortly and neighbours the Vita Student scheme and Unites Devonshire (student) development.

2.0 PROPOSAL

- 2.1 The land subject to the proposed disposal forms part of a larger development site with fragmented ownership. A developer is seeking to assemble all land interests under single ownership in order to enable redevelopment to take place.
- 2.3 Following several months of negotiations the developer has now put forward an offer to acquire the Council freehold land.
- 2.4 The details of the land ownership and offer which has been received are included within Part 2 of this report.
- 2.4 The developer proposes to redevelop the site to create a high density student scheme. Some initial pre-application planning discussions have taken place and further information relating to the details of the proposed scheme are included within Part 2 of this report.

3.0 HOW DOES THIS DECISION CONTRIBUTE?

3.1 Economic

- 3.1.1 The development of student housing continues to remain a dominant driver for private investment within the city. Investor and developer demand has driven higher density and encouraged the redevelopment of underutilised or brownfield sites within the city and helped businesses relocate to more sustainable locations. The proposed development will also help create more footfall in the heart of the city centre which will have a positive impact on businesses and retail trade.
- 3.1.2 The development of new purpose built student accommodation can also have a longer term impact by releasing traditional housing stock situated outside of the city centre back into the private market.
- 3.1.5 The disposal of the land and redevelopment of the site as proposed would generate a significant capital receipt for the Council in addition to a substantial New Homes Bonus and CIL contribution.

3.2 Environmental

- 3.2.1 The development will deliver considerable environmental improvements; removing older inefficient commercial buildings and delivering newer more energy efficient buildings.

3.3 Social

- 3.3.1 The proposal supports the Corporate Plan priority to create and sustain thriving neighbourhoods and communities through increasing the supply of new housing as part of the City's long term economic growth strategy.

4.0 HAS THERE BEEN ANY CONSULTATION?

- 4.1 There has been no formal consultation.

5.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1 Equality of Opportunity Implications

- 5.1.1 An Equality Impact Assessment has not been carried out in respect of the proposals set out in this report. However, it is considered that the redevelopment of the site will be of positive benefit for all local people with the repurposing of underutilised commercial buildings and the creation of new student housing which will also include affordable housing provision.

5.2 Financial and Commercial Implications

- 5.2.1 The financial and commercial implications include;
- Encourage further regeneration of the city centre through the redevelopment of underutilised commercial sites for student housing.
 - Provide a significant capital receipt to the Council (confirmed in Part 2).
 - Produce CIL and New Homes Bonus (confirmed in Part 2).

5.3 Legal Implications

- 5.3.1 Pursuant to Section 123 of the Local Government Act 1972 the Council is under an obligation to obtain the best price reasonably obtainable upon a disposal of its land. This does not necessarily require the Council to obtain the best consideration by way of a capital receipt. The Council may reasonably take other matters into consideration when considering its obligations under s123 of the LGA which may include but not be limited to the maximisation of its potential revenue stream, the securing employment opportunities and much needed regeneration for the area.
- 5.3.2 Offering the land for sale in the open market would generally provide the most robust indication that best value has been obtained. However, this is not the case in these circumstances. The proposed purchaser has already acquired other land interests in the site and is considered to be a 'special purchaser'. Further comment is provided on this point in the closed Part 2 of this report.

6.0 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 The Council could do nothing; this may result in the site remaining in its current use for several more years. Other parts of the site may be brought forward in isolation which may result in a compromised scheme. This could also have a negative impact on the continued or future use of the Council owned land.

7.0 REASONS FOR RECOMMENDATIONS

- 7.1 The intended outcome of the proposal is to deliver new purpose built student accommodation within the city centre and repurpose existing commercial sites where older buildings are inefficient and would benefit from redevelopment.
- 7.2 The development proposals will help attract additional footfall in the retail core which will be of benefit to the city. The disposal will also deliver a significant capital receipt, New Homes Bonus and CIL contribution for the Council.
- 7.3 The proposals will deliver the economic and financial benefits as outlined within this and the closed part 2 report.

Laraine Manley
Executive Director Place

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of the Local Government Act 1972.

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