

SHEFFIELD CITY COUNCIL

EXECUTIVE FUNCTIONS DECISION RECORD

The following decisions were taken on Wednesday 15 July 2020 by the Cabinet.

Date notified to all members: Monday 20 July 2020

The end of the call-in period is 4:00 pm on Friday 24 July 2020

The decision can be implemented from Monday 27 July 2020

Item No

8. MONTH 2 CAPITAL APPROVALS 2020/21

8.1 The Executive Director, Resources, submitted a report providing details of proposed changes to the Capital Programme 2020/21, as brought forward in Month 2.

8.2 **RESOLVED:** That Cabinet 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 contract.

8.3 Reasons for Decision

The proposed changes to the Capital Programme will improve the services to the people of Sheffield.

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.

To obtain the relevant delegations to allow projects to proceed.

8.4 Alternatives Considered and Rejected

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.

8.5 Any Interest Declared or Dispensation Granted

None

8.6 Reason for Exemption if Public/Press Excluded During Consideration

None

8.7 Respective Director Responsible for Implementation

Eugene Walker, Executive Director, Resources.

8.8 Relevant Scrutiny and Policy Development Committee If Decision Called In

Overview and Scrutiny Management Committee.

9. REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2020/21 - AS AT 31/05/2020

9.1 The Executive Director, Resources, submitted a report providing the outturn monitoring statement on the City Council's Revenue and Capital Budget for 2020/21, as at 31st March 2020.

9.2 Dave Phillips (Head of Strategic Finance) presented the report, and highlighted that the Council's 2020/21 revenue budget, as at 31st May 2020, is currently forecast to be overspent by £23.4m. He added that the vast majority of the forecasted pressure on revenue budgets for this year is due to the impacts of the coronavirus on Sheffield. The Council has estimated that the overall financial cost of issues relating to the COVID-19 pandemic will be upwards of £78m, though this will change as the longer term effects of the virus become better known.

9.3 **RESOLVED:** That Cabinet:-

- (a) notes the updated information and management actions provided by this report and the attached appendix on the 2020/21 Revenue Budget Outturn; and
- (b) In relation to the Capital Programme, note the forecast Outturn position described in Appendix 2

9.4 Reasons for Decision

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

9.5 Alternatives Considered and Rejected

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.

9.6 **Any Interest Declared or Dispensation Granted**

None

9.7 **Reason for Exemption if Public/Press Excluded During Consideration**

None

9.8 **Respective Director Responsible for Implementation**

Eugene Walker, Executive Director, Resources.

9.9 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management Committee.

10. UPDATE ON DELIVERY OF HEART OF THE CITY 2 DEVELOPMENT*

10.1 The Executive Director, Place and Executive Director, Resources, submitted a joint report:

1) Providing an update to the Heart of the City II development two years following the major decision that this Council took to invest in and progress the major re-shaping of Sheffield City Centre following past difficulties and seeking approval/endorsement for the Councils updated delivery strategy;

2) Seeking to delegate authority for the delivery of the remaining phases of the Heart of the City II as set out in the report, including proposals for introducing the Real Living Wage, measures to deal with Climate Change and specifically providing authority to enter into new lease arrangements with John Lewis & Partners for their existing shop in Barker's Pool; all subject to compliance with the Council's budget processes, financial regulations and capital approval processes; and

3) Seeking approval to the reallocation of the previously approved financial envelope to reprioritise the delivery of the remaining Heart of the City II blocks in line with the proposals set out in the report taking into account current economic challenges, risks and the Covid-19 pandemic.

10.2 **RESOLVED:** That Cabinet:

(a) notes the progress made to date on delivery of the Heart of the City II development;

(b) endorses the updated strategy outlined in the report for the phased delivery of the Heart of the City II development together with the updated delivery programme, the proposed new lease arrangements with John

Lewis & Partners and the updated estimated financial envelope;

- (c) endorses the plan to encourage occupiers within the scheme to be good employers through, for example, paying employees the Foundation Living Wage as a minimum, or alternative mechanisms such as employee owned businesses;
- (d) endorses the aim for all further development to exceed minimum environmental standards as set out by the international standards through the UK's Building Research Establishment Environmental Assessment Method (BREEAM) or the US Green Building Council's Leadership in Energy and Environmental Design (LEED);
- (e) delegates authority to the Executive Director, Place and the Executive Director, Resources, in consultation with the Cabinet Member for Business and Investment, the Cabinet Member for Finance, Resources and Governance, the Director of Legal & Governance and the Chief Property Officer, to:
 - 1. approve the detailed delivery plan for the development of the remaining development blocks as set out in the report; and
 - 2. instruct the Director of Legal & Governance in consultation with the Chief Property Officer to complete all necessary legal documentation required to document the terms of any transactions agreed in accordance with the approvals delegated pursuant to the report; and
- (f) approves:-
 - 1. the re-allocation of the previously approved financial envelope to reprioritise the delivery of the remaining Heart of the City II blocks in line with the proposals set out in the report;
 - 2. that all relevant budgets if necessary be able to be fully funded through Prudential Borrowing and be subject to the phasing of the spend going through the Council Capital Approval process;
 - 3. the use of any increase in business rates income directly attributed to the scheme to repay any balance of the related Prudential Borrowing; and
 - 4. the use of any receipts from the disposal of any properties within the Heart of the City II site to repay any balance of the related Prudential Borrowing.

10.3 Reasons for Decision

As outlined in the report, there is still a very clear strategic and economic case to justify the Heart of the City II development, and to maintain project momentum.

The Executive Director Place and the Executive Director, Resources still believe that the Heart of the City II development is vitally important for the regeneration of the city centre.

The reasons for the recommendations are to provide a way forward for the Council to deliver the remainder of the Heart of the City II development.

10.4 Alternatives Considered and Rejected

The do-nothing option i.e. complete the current phases the Council has committed to deliver (blocks B, C and stabilisation works only on E and H1) and then cease work on the wider Heart of the City II scheme has been considered. Not only does this course of action have a potentially worse financial impact but also has many negative outcomes for the Council.

The status of city centre will diminish, the Council's long term economic aspirations for the city and the city centre will become less feasible, there will be a lack of confidence for other projects and the reputation of both the city and Council will also suffer.

Whilst it would reduce the level of capital expenditure it would mean that the Council will have to crystallize the loss if the Heart of the City II development is not delivered, as much of its investment to date in working up the scheme will be lost and this will cause a more immediate pressure on revenue budgets.

10.5 Any Interest Declared or Dispensation Granted

None

10.6 Reason for Exemption if Public/Press Excluded During Consideration

Part 2 of the report is not for publication by virtue of Regulation 20(2) Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 because, in the opinion of the proper officer, it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

10.7 Respective Director Responsible for Implementation

Laraine Manley, Executive Director Place and Eugene Walker, Executive Director, Resources.

10.8 Relevant Scrutiny and Policy Development Committee If Decision Called In

Economic and Environmental Wellbeing Scrutiny Committee.