

Cabinet

Meeting held 20 July 2016

**PRESENT:** Councillors Ben Curran, Jackie Drayton, Jayne Dunn, Mazher Iqbal, Mary Lea, Cate McDonald and Jack Scott

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**1. APPOINTMENT OF CHAIR**

1.1 **RESOLVED:** that in the absence of the Chair and the Deputy Chair, Councillors Julie Dore and Leigh Bramall, Councillor Ben Curran be appointed Chair of Cabinet for the duration of the meeting.

**2. APOLOGIES FOR ABSENCE**

2.1 Apologies for absence were received from Councillors Julie Dore, Leigh Bramall and Bryan Lodge.

**3. EXCLUSION OF PUBLIC AND PRESS**

3.1 The Chair reported that (i) Appendices Two and Four of agenda item 11 'Corporate Statutory Servicing and Repairs (CSSR) Service – Delivery Options Post-March 2017'; and (ii) Part 2 to the Report and Appendices B and C of agenda item 12 'Sheffield Retail Quarter – Delivery of First Phase'; were not available to the public and press because they contained exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) relating to the financial or business affairs of any particular person; and that if Members wished to discuss the above appendices relating to those items, the public and press would need to be excluded from the meeting.

**4. DECLARATIONS OF INTEREST**

4.1 There were no declarations of interest.

**5. MINUTES OF PREVIOUS MEETING**

5.1 The minutes of the meeting of Cabinet held on 22 June 2016 were approved as a correct record.

**6. PUBLIC QUESTIONS AND PETITIONS**

6.1 Public Question Concerning Hate Crime

Nigel Slack stated that the answer to a question from a member of the public at the last Full Council meeting may have been based on a somewhat disingenuous response from the Police. He referred to the following comment, which was attributed to them in the Star newspaper:

*“The force said there had not been an increase in hate crimes since the referendum on June 23, but there has been a ‘slight increase’ in hate incidents. In Sheffield, there were 35 hate crimes and 23 hate incidents last month, compared to 28 hate crimes and 15 hate incidents in June 2015. Last month also saw 22 hate crimes in Rotherham, 20 in Doncaster and 17 in Barnsley.*

*Detective Chief Inspector Sarah Poolman, force lead for hate crime, said: “South Yorkshire Police did not see an increase in the number of hate crimes reported to us following the EU Referendum vote on 23 June with a racial/religious aggravating factor.*

*“We did however see a slight increase in the number of hate incidents reported following the vote.” ”*

Mr Slack said that comment indicated a 25% rise in hate crimes and an 87% rise in hate incidents. He said that whilst this may be starting from a low base, it was still a significant change. He asked whether the Council had any further comment on this situation.

In response, the Cabinet Member for Housing, Councillor Jayne Dunn, stated that she would not be able to comment on what the Police had said. The issue of hate crime was something that was subject to scrutiny. Increasingly, people were encouraged to report incidents of hate crime and it was partly expected that, as a result, there would be an increase in the number of incidents reported. The level of incidents would be monitored by the Safer and Sustainable Communities Partnership Board and the Cohesion and Migration Board and the Police had brought the issue to the agenda. Council officers on the ground, including those working in Housing, City Ambassadors and Community Safety, were not reporting additional incidents at the present time.

## 6.2 Public Question Concerning University Places

Nigel Slack stated that Aberystwyth University had reported over 100 European Union student cancellations for next year. He asked whether the Council had any indication from the Sheffield Universities as to their current intake and the impact this may have on Sheffield's knowledge economy.

Councillor Mazher Iqbal, the Cabinet Member for Infrastructure and Transport, stated that a written response would be provided to the question.

## 6.3 Public Question Concerning Investment

Nigel Slack referred to the new Chancellor allegedly touting for Sheffield in China this week. He asked whether the Council found it ironic that, having voted narrowly to leave one supposedly undemocratic institution in the form of the European Union, the City was expected to accept investment from what he said was an actual undemocratic nation like the People's Republic of China.

Councillor Ben Curran, the Cabinet Member for Finance and Resources stated that the European Union and China were both very different and personally, he would like to see investment from both of them. Sheffield was a City which was open for business and investment and it needed investors to come here.

6.4 Public Question Concerning Sheffield Retail Quarter

Nigel Slack said that he was happy to see an initial proposal for the start of the first phase of the Sheffield Retail Quarter, based on an agreed tenant and therefore a secure investment (as much as anything can be) for the City's money. He stated that he was a little more concerned by the proposal to dish out nearly £27 million to 'advisors', since this would create no return on the investment (in a tangible sense). He asked if the Council would at least make every effort to ensure these advisors are local, in order to retain at least some of that money within the City.

Councillor Mazher Iqbal, the Cabinet Member for Infrastructure and Transport, responded that technical advice and expertise was required in relation to the Sheffield Retail Quarter and Queensbury Real Estate, the Council's Strategic Development Partner was working with the Council.

6.5 Public Question Concerning Smithy Wood

Nigel Slack stated that the potential destruction of the ancient Smithy Wood continued to rumble on. He said that a recent post on social media by 'Sheffield environmental' had suggested that, despite the developer's claims of wanting to save lives on the motorway, this would not be a 'full service' site and therefore the entire range of supposedly vital comforts for the weary driver would not be there 24/7. He asked if the Council could confirm that this is the case.

Councillor Mazher Iqbal, the Cabinet Member for Infrastructure and Transport, stated that he would provide a written response to the question.

6.6 Public Questions Concerning Devolution

Nigel Slack referred to the appointment of Sajid Javid MP to the Department of Communities and Local Government (DCLG). He asked how confident the Council was that the devolution process would continue to have any impetus behind it.

Mr Slack said that he had been to two different devolution consultation events in the past week, namely the Centre for Cities, attended by Lord David Blunkett and Insider Magazine on 19 July 2016 with the business community. He said that it seemed clear that those two events foresaw a very different role for the upcoming Mayor. He asked, with this disparity between business and political/academic spheres, who will win?

Councillor Mazher Iqbal, the Cabinet Member for Infrastructure and Transport, stated that Sajid Javid MP had only very recently been appointed to the post of Secretary of State for Communities and Local Government and there was nothing up to now to suggest that devolution would not happen.

Councillor Ben Curran, the Cabinet Member for Finance and Resources, stated that at a recent meeting of the LGA (Local Government Association) there was

confidence that initiatives such as the localisation of Business Rates and the growth agenda would continue, although the Ministers now responsible for Business, Innovation and Skills and Communities and Local Government had changed, effectively swapping roles.

#### 6.7 Public Questions Concerning School Places in Ecclesall

Alex Miller asked the following questions concerning primary school places in Ecclesall:

1. During the consultation process, there had been frequent claims of support of governing bodies. However, support was conditional on significant investment in the Junior School. Has the Council agreed with this investment? If not, he stated, was it not grossly misleading to claim support of governing bodies?
2. Removing premises used at the infants school for wrap around care seemed contrary to the duty of the Local Authority to promote wrap-around care. Why get rid of this building? Will you replace it?
3. The consultation claims 'through' primary schools are better. He asked for the evidence to support this claim but had not seen it. Can you share this evidence?
4. If he did not get answers to his questions who should he take this up with?

Councillor Jackie Drayton, the Cabinet Member for Children, Young People and Families, responded to the questions put by Mr Miller. She said that she had met with the Governing Bodies of the schools. One was a Voluntary Aided School and the other a Community school. She said that the Council wanted all three schools to be great, successful schools and would work with both the Diocese and respective Governing Bodies. There were limited play facilities on the Junior School site and mobile buildings could be removed to create more space for such facilities. The Diocese owned the land and the buildings.

The Council wished to talk with the Governing Bodies and work together to decide what was best for the Junior School. The Council had also said it would look at ways to provide support. However, the context in relation to school maintenance was a £100 million backlog in maintenance of school buildings, mostly relating to primary schools, with secondary schools having benefited from an investment programme prior to 2010. The Council had £3.4 million annually for the maintenance of all schools (for work such as new boilers, roofing and windows) and whilst schools had certain budgets, the Council needed to support that through its own prioritisation programme, but it was not able to offer a blank cheque.

The school that was created had to be a good school which people wanted their children to go to and it was important that discussions and dialogue continued so that ideas could be put forward and it was also necessary to ensure that parents

and carers were kept informed and were involved in the process.

In relation to whether 'through' primary schools were better and the evidence relating to this issue, Councillor Drayton said that there was likely to be evidence pointing either way overall as was often the case with such change. Councillor Drayton stated that she would respond to Mr Miller with details of the evidence relating to 'through' primary schools and how this related to the situation in Ecclesall.

A lot of schools did find it difficult to pay for senior staff and were considering ways of working with other schools to strengthen their financial viability.

On the issue of wrap around care, Councillor Drayton said that she knew that the school and parents were keen to have wrap around care, which (although it was not the Council's job to provide such support) the Council would wish to support. She believed there was no doubt that there would be wrap around care in the school.

Councillor Drayton stated that as regards the detailed design of school, the statutory planning process would be followed and parents and carers would be able to become involved in that process and she expressed the hope that people would become involved and would feel that their views were heard during the process. The plan would need to fully consider traffic and highways issues and options.

In relation to Mr Miller's fourth question, the Chief Executive stated that the questions which Mr Miller had submitted to Cabinet had been responded to verbally and a written response could also be provided. The Council had a complaints procedure and ultimately matters could be taken to the Local Government Ombudsman.

Councillor Drayton confirmed that she would be pleased to speak to Mr Miller further regarding the questions and matters which he had raised.

## **7. ITEMS CALLED-IN FOR SCRUTINY**

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

## **8. RETIREMENT OF STAFF**

8.1 The Chief Executive submitted a report on Council staff retirements.

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

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

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
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**Children, Young People and Families**

Maureen Bradder	Senior Business Support Officer	36
Jacqueline Cottom	Headteacher, Dobcroft Junior School	36
Ruth Crookes	Assistant Curriculum Leader of Maths, Birley Community College	30
Ann Hall	Curriculum Specialist, Lound Infant School	45
Carol Holmes	Curriculum Leader of Art, Birley Community College	22
Jayne Iles	Senior Teaching Assistant Level 3, Owler Brook Primary School	25
Joan Leckey	Senior Teaching Assistant (Special) Level 3, Talbot Specialist School	20
Yvonne Palmer	Senior Teaching Assistant Level 3, Owler Brook Primary School	28

**Communities**

Brenda Allen	Business Support Officer	24
Patricia Parkin	Housing Co-ordinator	31

**Place**

Vivien Fella	Personal Assistant	37
Maura Gallagher	Secretary to Head of Service	30

(b) extends to them its best wishes for the future and a long and happy retirement; and

(c) directs that an appropriate extract of this resolution under the Common Seal of the Council be forwarded to them.

## **9. SCHOOL PLACES CONSULTATION: ECCLESALL**

9.1 The Executive Director, Children, Young People and Families submitted a report providing feedback on the consultation which had taken place on proposals to increase the number of primary school places in the Ecclesall area and seeking a decision on whether to proceed with the proposals in light of the issues raised during the consultation.

9.2 **RESOLVED:** That Cabinet:-

- (a) approves the proposal to increase the capacity and upper age range at Ecclesall Infant School as described in the statutory proposals. The lower age range would remain and would not change. This approval is conditional on the granting of planning permission before 1st July 2017; and
- (b) agree the commitments and actions outlined in paragraph 4.2 of the report.

### **9.3 Reasons for Decision**

9.3.1 Providing sufficient primary school places is a statutory duty of the Council. This will mean that Sheffield children reaching primary school age in 2017 and beyond will continue to have a school place in the area of the city in which they live. The option outlined is the best use of capital and sites in this part of the city and the best way to provide great local primary school places for the long term.

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

9.4.1 The most common alternative option suggested was to create junior places at Clifford through purchasing the house next door on Psalter Lane. This proposal would address the need for places. However, the expansion would require the purchase of a house that is not currently for sale and would leave the Clifford site extremely constrained with little prospect of addressing this in the future. It would not address the current constraints of the Ecclesall Junior site and therefore would not be the best long-term use of the Council's available capital and assets.

9.4.2 Overall there was broad support for providing additional primary school places in this area and it is anticipated that the places are needed for the foreseeable future.

## **10. REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2016/17 MONTH 2 AS AT 20 JULY 2016**

10.1 The Acting Executive Director, Resources, submitted a report providing the Month 2 monitoring statement on the City Council's Revenue and Capital Budget for 2016/17.

10.2 **RESOLVED:** That Cabinet:-

- (a) notes the updated information and management actions provided by this report on the 2016/17 Revenue Budget position;
- (b) in relation to the Capital Programme:-
  - (i) approves the proposed additions to the Capital Programme listed in Appendix 5.1, including the procurement strategies and delegations of authority to the Director of Commercial Services or nominated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;
  - (ii) approves the proposed variations, deletions and slippage in Appendix 5.1;
  - (iii) notes the variations on Appendix 5.1 approved within the delegated authority of the Executive Management Team (EMT);
  - (iv) notes the variations authorised by directors under the delegated authority provisions; and
  - (v) notes the latest position on the Capital Programme.

### 10.3 **Reasons for Decision**

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

### 10.4 **Alternatives Considered and Rejected**

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

## 11. **CORPORATE STATUTORY SERVICING AND REPAIRS (CSSR) SERVICE - DELIVERY OPTIONS POST-MARCH 2017**

- 11.1 The Acting Executive Director, Resources submitted a report in relation to the Corporate Statutory Servicing and Repairs (CSSR) Service – Delivery Options Post-March 2017.

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

- (a) approves the proposal in the report to insource the Corporate Buildings



Statutory Servicing & Repairs Service from 1st April 2017;

- (b) gives its approval for the in-sourcing to be done based on the principles and assumptions described in section 9 of this report, and taking into account the risks and mitigations as set out in section 10, including the potential sub-contracting-out of a proportion of the service;
- (c) gives its approval for the budget required to cover the one-off implementation and set-up costs, as described in section 8.9 of this report;
- (d) notes that the Acting Executive Director, Resources, in consultation with the Cabinet Member for Finance and Resources and the Cabinet Member for Housing, shall ensure that all necessary steps to progress and implement the insourcing of the service are taken in accordance with his current delegations under the Leader's Scheme of Delegations. These steps may include:
- At the appropriate time, commencing formal consultation with staff and Trade Unions regarding the transfer of staff from Kier into the Council (in consultation with the Director of Human Resources as necessary).
  - Developing the structure and agreeing the timescales needed to deliver an in-house corporate repairs service (in consultation with the Director of Human Resources as necessary).
  - Undertaking a more detailed assessment of which elements of the service are more appropriate to be contracted out, rather than directly delivered by the Council, and what the impact of this will be and how that will need to be managed (in consultation with the Director of Commercial Services and the Director of Human Resources as necessary).
  - Approving the procurement strategy and contract award, agreeing contract terms, entering into the contracts with appropriate contract management arrangements in line with the Council's Intelligent Client model, for all necessary goods and services. This will apply to both the development / implementation work required prior to the insourcing, and for in-house delivery of the service itself (including any elements of the service which it is agreed will be contracted out by the Council) once it is brought back into the Council (in consultation with the Director of Commercial Services and the Director of Legal and Governance as necessary).
  - Any other work required for the effective preparation for and implementation of the insourcing of the CSSR Service.
- (e) to the extent that the Acting Executive Director, Resources does not already have authority under the Leader's Scheme of Delegation, delegates authority to the Acting Executive Director of Resources to

approve the procurement strategy and contract award, and agree contract terms and enter into the contracts, for necessary goods and services (in consultation with the Director of Commercial Services and the Director of Legal and Governance as necessary);

- (f) notes that the Acting Executive Director, Resources will work with the Executive Director of Communities, who is responsible for insourcing the Housing Repairs and Maintenance Service, to explore potential efficiencies; and
- (g) requests that a further report is presented to Cabinet if the underlying strategy for the future of the Service cannot be achieved, or if any unforeseen significant risks emerge which may prompt Cabinet to re-consider its decision.

### **11.3 Reasons for Decision**

- 11.3.1 Insourcing the Statutory Servicing and Repair Service will give the Council more control, flexibility and accountability in managing the Service, enabling the service to be fully integrated into the Council and to work in close partnership with other relevant key Council services. This will help to ensure that the Service is delivered in a way which fully supports the Council's corporate objectives and enables the Council to more easily make further changes in future.
- 11.3.2 Bringing the CSSR Service in-house for direct delivery by the Council will also help to bring about an alignment of culture in the Service to that of the Council, as well as its approach to customers.
- 11.3.3 Based on all information known to date, and after the initial upfront costs of transferring the service, the insourced option is expected to generate sustainable year-on-year revenue savings. In addition, once fully integrated into the Council there will be further opportunities to reduce duplication and increase efficiency within the Service and by exploring the degree of joint-working possible with the HR&M (Housing Repairs and Maintenance) Service potentially enabling it to improve outcomes within available budgets.
- 11.3.4 Insourcing also brings with it the potential to expand the service's external-trading function, which already generates £700,000 - £800,000 revenue from work for schools. This could include undertaking statutory servicing and repairs work on behalf of other organisations, as well as increasing the amount of work done for schools.
- 11.3.5 Directly delivering the service in-house, with some elements of it being outsourced to locally-based contractors wherever possible, would help support the concept of the 'Sheffield Brand'. Materials would be purchased from local suppliers wherever possible (subject of course to the usual procurement rules and Council policies), and the workforce would be predominantly local. The supply chain would also, where possible, be tailored to the bespoke needs of SCC Corporate Buildings to reduce material lead in times and improve service delivery.

11.3.6 Independent research by APSE (the Association for Public Service Excellence) has also identified a number of potential benefits of insourcing services, based on actual case-studies and local authority experiences:

- Improved performance
- Stronger links to corporate strategic objectives
- Greater flexibility, and more responsive to local and national policy changes
- Efficiency savings
- Improved customer satisfaction
- Enhanced local supply chains
- Better integration and joining-up with other relevant key services
- New development and employment opportunities for the workforce transferred in

11.3.7 There are of course risks associated with the option to insource the service (as indeed there are with the other alternative delivery options discussed in the report submitted), and some of these risks are significant. However, measures are and will continue to be in place to mitigate these risks, and if any of these risks significantly escalate, or any significant new risks (including financial ones) emerge, a further report would be brought back to Cabinet before progressing the transfer any further.

#### 11.4 **Alternatives Considered and Rejected**

11.4.1 The alternative options were outlined in the report of the Acting Executive Director, Resources.

### 12. **SHEFFIELD RETAIL QUARTER - DELIVERY OF FIRST PHASE**

12.1 The Executive Director, Place submitted a report seeking approval for the Council to commence delivery of the first phase of the Sheffield Retail Quarter development on the site of the former Grosvenor Hotel block as shown on the plan attached to the report (hereinafter referred to as the HSBC/Retail Block), and to work with its Strategic Development Partner to work up a deliverable and commercially viable wider Sheffield Retail Quarter scheme.

12.2 **RESOLVED:** That Cabinet:-

- (a) approves the strategy outlined in this report for the delivery of the next stage of the Sheffield Retail Quarter to December 2017;

- (b) delegates authority to the Executive Director, Place in consultation with the Cabinet Member for Business and Economy, the Cabinet Member for Finance & Resources, the Acting Executive Director of Resources, the Director of Legal & Governance; and the Director of Capital and Major Projects, to:
- Negotiate and agree the terms of an Agreement for Lease and Lease with HSBC for their new office development within the Sheffield Retail Quarter site and all other necessary legal documentation consistent with the contents of this report as he believes are reasonable in all circumstances;
  - Negotiate, and agree the terms of an Agreement for Lease(s) for the retail units within the HSBC/Retail Block and all other necessary legal documentation;
  - Submit detailed a planning application for the development of the HSBC/Retail Block and adjoining public realm improvement works and to secure all necessary consents to enable delivery to proceed;
  - Continue the appointment of the full professional team to undertake detailed design work on the HSBC/Retail Block and the Sheffield Retail Quarter public realm improvement works and to progress the wider Sheffield Retail Quarter planning permission;
  - Procure construction services and enter into contracts for pre-construction services for the Sheffield Retail Quarter development in accordance with the Councils usual procurement process and any applicable laws relating to procurement with contract values not exceeding the project financial authority;
  - Commission and agree terms with any other specialist consultants to advise the Council as necessary throughout the course of the Sheffield Retail Quarter project;
  - Upon completion of the Agreement for Lease and Lease with HSBC to let the construction contract(s) for the development of the HSBC/Retail Block and the public realm improvement works together with any retail/food and beverage kiosks/units, subject to the Councils usual procurement process and any applicable laws relating to procurement with the total cost not exceeding the project authority;
  - Negotiate, agree and enter into conditional Agreement for Lease(s) and Lease(s) for the remainder of the retail units within the Sheffield Retail Quarter together with all other associated office residential food and beverage and leisure units;
  - Determine the most appropriate disposal strategy for the Council and if necessary sell the whole or any part of the HSBC/Retail Block as an investment and if necessary use the Councils covenant to underwrite the

financial viability;

- Amend the Councils VAT Partial Exemption reporting policy to maximise the recovery of VAT on expenditure relating to the HSBC/Retail Block and liaise with HMRC accordingly; and
- To instruct the Director of Legal & Governance to complete all necessary legal documentation required to document the terms of any transactions agreed in accordance with the approvals delegated pursuant to this report.

Subject to compliance with the Council's budget processes, financial regulations and Capital Approval processes.

- (c) That in the absence of the Executive Director of Place due to annual leave or illness, the Director of Capital and Major Projects is authorised to exercise the powers given to the Executive Director of Place by Cabinet in this report;
- (d) approves:-
- The budget as set out in this report to deliver the HSBC/Retail Block and all necessary public realm improvement works of up to a maximum of £90m;
  - For this budget to be funded through Prudential Borrowing and be subject to the phasing of the spend going through the Council Capital Approval process;
  - To earmark any business rates uplift to repay any balance of the Prudential Borrowing; and
  - The application for Sheffield City Region Investment Fund (SCRIF) funding to be applied in accordance with any obligations or restrictions that the funding is subject to.
- (e) approves the additional £35.8m budget as set out in this report to progress the wider Sheffield Retail Quarter development up to December 2017, to be funded through Prudential Borrowing; and
- (f) delegates authority to the Acting Executive Director of Resources in consultation with the Executive Director, Place to approve the release of the budget on the satisfactory completion of each of the relevant milestones.

### 12.3 **Reasons for Decision**

- 12.3.1 As outlined in the Report, there is a still a very clear strategic and economic case to justify the Sheffield Retail Quarter development, and in order to maintain project momentum given that there is now a major office tenant to accommodate

the Council will need to continue to act as developer/investor until such time as the scheme will be ready for the investment market. This will be when the Council has completed the designs, obtained construction tenders and achieved a required level of pre-lets to secure an income stream.

12.3.2 The reasons for the recommendations are to provide a way forward for the Council to deliver the Sheffield Retail Quarter.

#### 12.4 **Alternatives Considered and Rejected**

12.4.1 The do nothing option i.e. cease both the delivery of the first phase (the HSBC/Retail block) and work on the wider Sheffield Retail Quarter scheme has been considered, but has many negative outcomes for the Council.

12.4.2 The status of the City Centre will continue to 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.

12.4.3 The Council will also make a loss if the Sheffield Retail Quarter is not delivered as its investment to date in working up the scheme will be lost.