

February 2018

# CAPITAL PROGRAMME

## 2018/19 - 2023/24



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# 1 EXECUTIVE SUMMARY & RECOMMENDATIONS

A succinct summary of priority areas and recommendations for approval

## 1.1 Headline summary of priorities

Capital spending pays for buildings, roads and council housing and for major repairs to them. It does not pay for the day-to-day running costs of council services. We strive to use our capital monies to make the biggest possible positive impacts upon Sheffield people as we can.

The size of the proposed capital programme in 18/19 is £256.7m. In order to work efficiently and effectively, we focus upon seven key priority areas:

**Economic growth:** £69.7m

**Housing investment:** £66.6m

**Housing growth:** £14.7m

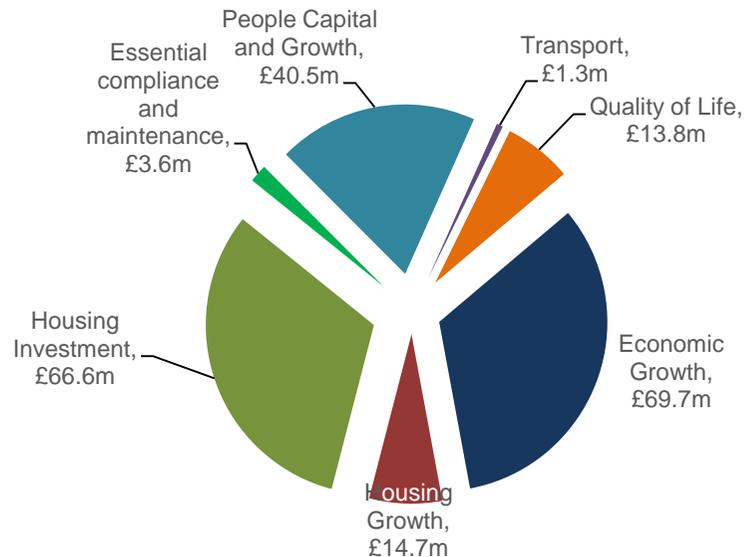
**Transport:** £1.3m

**Quality of Life:** £13.8m

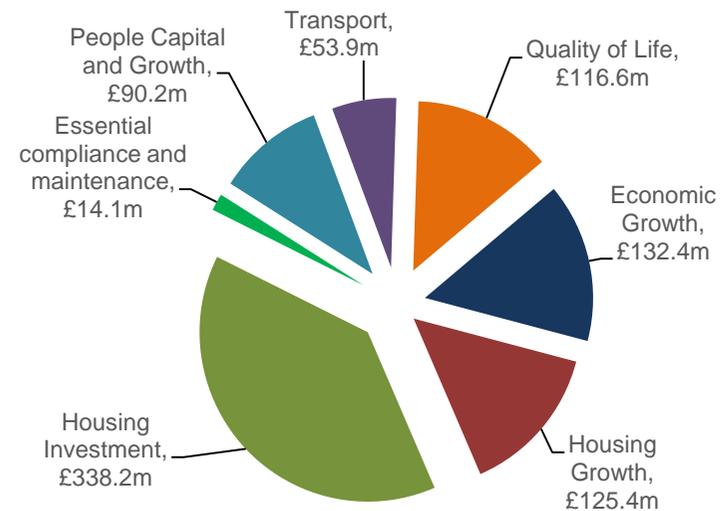
**People – capital and growth:** £40.5m

**Essential compliance and maintenance:** £3.6m

Strategic Capital Priorities 2018/19



Strategic Capital Priorities (Feb) 2017/18 to 2023/24



These amounts represent headline figures for existing commitments within the Capital Programme. They do not, however, include allocations for potential pipeline projects which have not yet received approval.

## 1.2 How this document is structured

This document is split into twelve sections:

Section 1:	sets out the background to the Capital Programme, including its size, shape and how it is funded.
Sections 2 – 8:	set out the key investment priority principles for each of the priority areas, together with the highest value existing projects and potential pipeline projects – some of which may be brought forward for approval following feasibility and consultation. These sections also set out the key challenges faced by each priority area, together with how we are proposing to tackle these challenges.
Appendix 1:	provides a full list of spend, split by priority area.
Appendix 2:	provides a full list of spend, split instead by Portfolio.
Appendix 3:	provides background information relating to Growth and Investment Fund, together with our investment proposals.
Appendix 4:	provides a glossary for abbreviations and technical terms, although we have tried to keep these to a minimum.

## 1.3 The priority areas in more detail

This section takes each of the priority areas (contained at sections 2-8) in turn, for the period 2018-2024:

### 1.3.1 Economic growth: £132.4m

This priority is about getting more people into good jobs, helping them to earn more and live healthy lives, using and building their skills and knowledge. We want to see more businesses setting up, growing, innovating and creating good jobs; a connected city with the transport and digital infrastructure to support the city's growth and help everyone to connect to economic opportunities. Schemes contributing to this priority include the City centre regeneration schemes (such as the Heart of the City project, Knowledge Gateway and our long term plans for an HS2 station) to promote investment, economic growth and jobs. This will increase investment, visitors, footfall and spending in the city. More businesses, new developments and less vacant space will also increase the Council's business rate income which will help offset the loss of central government funding and allow investment in other Council priorities. Most of the money (£114.7m) is allocated to the Heart of the City in the city centre which will incorporate the Sheffield Retail Quarter.

Sheffield's infrastructure needs to be protected from major flooding events. Building upon on work on the Lower Don Valley flood defence scheme, the Council will consider future projects to protect homes and businesses from major weather events.

### 1.3.2 Housing investment: £338.2m

Our tenants should live in warm, dry, safe and secure properties which are as efficient to run as possible. To deliver this, the Council will continue to renovate and refurbish the Council's housing stock. The Decent Homes Programme completed in 2013-14, having invested over

£700m into improving homes. Going forward, £339m of funding has been identified within the Housing Revenue Account to maintain the standards reached today. The Council will implement any lessons learned as a result of the Grenfell tragedy and has allocated monies for sprinklers and other improvements to tower blocks. Investment will be also directed to renewing roofs, kitchens, bathrooms, electrical wiring and the communal areas of estates.

The Council will also help Younger, Older and Vulnerable people live independently through the provision of grants to help adapt private sector houses to their needs, as well as adapting its own stock.

### **1.3.3 Housing growth: £125.4m**

Sheffield needs a housing market that delivers choice, quality and affordability in every part of the city. The Council has set out its commitment to build between 2,000 and 2,300 new homes each year by 2022. 725 of these must be affordable. This commitment is set out in our Growth Plan 2017-22 (as amended by the Housing Strategy Statement for 2018). We must work in partnership across the city to deliver this target, using a wide mix of measures to increase development. The Council will continue to support the Sheffield Housing Company and other registered homes providers to build new properties. Growth and Investment Funds may be used to clear undeveloped sites to prime construction work as part of our Asset Enhancement Programme, where the Council may also invest £1.2m in surplus land to prepare it for development. This will increase its attractiveness so that it can be sold to generate a future stream of capital receipts. This is vital to have a sustainable future Capital programme.

The Council will also increase its own social housing stock, both through the delivery of new Council homes, acquiring existing homes to bring into the Council's rental portfolio and bringing empty properties back into use. For the first time in many years, the Council has built its own houses using substantial funds from the HRA and Affordable Housing payments from developers. The Council will bring projects forward to increase this number.

We also want to increase the amount of quality housing provision for older people and people with learning difficulties and have committed to delivering a number of projects to facilitate this. These projects should also release other housing stock throughout the city, thus relieving some pressures on other residents who are seeking accommodation.

### **1.3.4 Transport: £53.9m**

Our Transport priority aims to deliver safe, well maintained streets which enable the city's ongoing development and helps every resident access things like jobs and local services. We want to see an attractive public transport offer and infrastructure which encourages other means of transport than the car. To this end, we are delivering projects which support Sheffield's existing Transport Policy.

This means exploring more segregated networks for public transport, walking, cycling and private cars to reduce conflict and accidents and promote transport speed, capacity and choice. We also want to deliver an integrated transport system, where different modes of transport complement each other. We want to encourage 'mode shift', whereby walking and cycling are increased for journeys up to 2 miles, and public transport usage increased for journeys up to five miles. This will free up road capacity for essential journeys and also improve health and air quality.

We want to keep Sheffield moving and reduce accidents and delays. And we want to keep Sheffield's neighbourhoods safe and liveable by supporting 20mph speed limits to deliver a safe walking and cycling environment.

### **1.3.5 Quality of life: £116.5m**

The quality of life priority is about creating places and spaces where people enjoy being, contributing to the quality of life for our citizens. It's about ensuring access to high quality facilities – whether libraries or sport and leisure facilities – which underpin our communities and support their mental and physical wellbeing. It's also about providing well maintained green and open spaces, creating environments which people are proud of and help them to thrive.

We have an existing programme of improvements to playgrounds, funded by Section 106 and Public Health monies. Delivery of these is progressing well and will continue over the coming year. We will also be bringing a further programme of playground improvements forward as the year progresses.

We also need to invest in our Beighton and Parkwood landfill sites, and will be delivering projects this year in relation to both these sites.

### **1.3.6 People – capital and growth: £90.1m**

Ensuring there are sufficient school places for the children of Sheffield is a key priority and work has commenced on providing more capacity in a number of areas across the city. New school places will be available at Ecclesall Primary, Mercia Secondary, Astrea All-through and Totley Primary Schools from September 2018. A temporary expansion of 30 places (1 class) at Dobcroft Infants will follow through into Dobcroft Junior School in 2018. Feasibility work is currently underway for a new Special Educational Needs (SEN) School for Sheffield, which aims to open in 2020.

It is equally a priority to ensure that the Council-owned educational estate is fit for purpose. A key task is to ensure that the capital grant (£3.3m 2017/18) allocated to the authority (for managing building condition in Local Authority schools and other education settings) is prioritised and invested accordingly. This includes the ability to combine programmes at schools where it produces better value for money. There is a further £1.3m Devolved Formula Capital Grant (DFC) passported directly to schools, averaging around £6k per school for small building condition related projects.

We also wish to maintain investment in early years and specialist provision, aiming to bring projects forward in the coming financial year to support these priorities. Investment in our ICT infrastructure is also a key priority to enable us to better support the residents we serve.

### **1.3.7 Essential compliance and maintenance: £14.1m**

The size and age of the Council's estate produces a significant demand on the Council's funds. In particular, the Council is the owner and custodian of a number of key civic city centre buildings, and has costs to fund for essential compliance and maintenance works across its estate and public facilities (such as Central Library).

This work is essential to keep council buildings and facilities running and to keep both staff and the public safe.

## 1.4 Key Notes

The purpose of this report is to:

- Set out the Council's key priority areas for capital investment;
- Provide an overview of specific projects included in the years 2018/19 to 2023-24;
- Set out the overall shape of the current Capital Programme for the 6 years to 2023-24 (at Appendices 1 and 2). Block allocations are included within the programme for noting at this stage and detailed proposals will be brought back for separate approval as part of the monthly approval cycle; and
- Provide background to our proposed Growth and Investment Fund Policy at Appendix 3.

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**Councillor Olivia Blake**  
**Deputy Leader / Cabinet Member for Finance**  
**February 2018**

## 2 BACKGROUND & KEY FACTS

### The policy environment, how the programme is funded and how it is governed

#### 2.1 The policy environment

Our Capital Strategy is shaped by a number of central government policies:

##### 2.1.1 Devolving of capital spending allocations

Over recent years, many capital spending decisions have been devolved to City Region authorities and Local Enterprise Partnerships (LEP). The Council anticipates that the trend to devolve capital allocations to regional and sub-regional bodies will be maintained.

##### 2.1.2 Creation of revolving investment funds

The Council has seen a shift towards capital funding to economic regeneration projects which generate a financial return to repay the initial investment and create a revolving investment fund. For example, the Council has intervened to ensure regeneration schemes like 'New Era' take place successfully, where the benefits of increased business rates and Council tax repay the cost of that intervention many times over.

##### 2.1.3 Rewarding economic development

As revenue support grant from Government continues to be reduced, places are increasingly reliant on their local tax base alone. This means we in Sheffield need a growing, resilient local economy that provides the income streams that can be re-invested – in things that promote new growth and in wider social and environmental goals. New funding streams that reward economic development - such as Community Infrastructure Levy and New Homes Bonus –have been created.

##### 2.1.4 Austerity

The impact of the Government's austerity programme on the rest of the non-housing programme has not only led to less capital funding, but is also reducing Revenue Budget funding. This has limited the scope for additional contributions to the Capital Budget.

##### 2.1.5 Self-financing Housing Revenue Account (HRA)

The self-financing regime for the Housing Revenue Account (HRA) has provided for a relatively well funded programme of investment in existing and new Council housing stock. However, the recently announced reductions in the permitted level of annual increases will put pressure on this source of funding.

## 2.1.6 The drive towards academies

Education policy now mandates that all new schools should be academies. This transfers maintenance responsibilities away from the Council's Local Education Authority (LEA) role. It will also subsequently reduce central grant funding (which is formula-driven based on pupil numbers).

## 2.1.7 Streets Ahead

The Streets Ahead programme is providing massive investment in the City's roads and street lighting over the next few years, funded via a Private Finance Initiative (PFI) and Council investment. The majority of this expenditure sits outside the capital programme with the exception of a capital contribution to the initial core investment period. The final payment of this (of £39.8m) will be made in 2017/18.

## 2.2 Size and shape of the capital programme

The capital programme over the 5 years (2018-24) shows a broadly balanced position, with proposed expenditure totalling £870.9m as set out at Appendix 2.

Wherever possible, attempts are made to match the timing of the receipt of resources and the incurrence of expenditure to protect the Council's cash flow position. Where the levels of expenditure are significant, then individual management arrangements are put in place to mitigate the impact as far as possible. These are overseen by the Director of Finance and Commercial Services, in conjunction with the respective Head of Service.

The funding of the programme comes from a diverse range of resources, such as government grants, other grants and contributions from other public bodies or third parties, capital receipts, prudential borrowing and revenue contributions to capital – please see section 2.3 below for further detail. The majority falls within either prudential borrowing or contributions from the revenue account to the capital programme, which together represents £667.9m (76 %) of the overall programme value.

The 2017-18 programme was set on the 6th March 2017 and at the time totalled £233m for 2017-18. This has been revised as additional resources have been secured and applied to new schemes, together with the net effect of the 2016/17 outturn slippage. This resulted in a revised current approved programme for 2017/18 of £297.3m.

The Council's current anticipated capital investment profile is set out below:

	Priority	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/24 (£m)	TOTAL (£m)
1	Economic growth	62.1	69.7	0.5	0	0.1	132.4
2	Housing investment	62.4	66.6	57.8	55.5	95.9	338.2
3	Housing growth	4.8	14.7	20.8	20.9	64.3	125.4

4	Quality of life	24.5	13.8	13.9	14.6	49.7	116.6
5	Transport	52.6	1.3	0	1	0	53.9
6	People – capital and growth	40.3	40.5	2.6	2.2	4.6	90.2
7	Essential compliance & maintenance	9.9	3.6	0.6	0	0	14.1
	<b>TOTAL</b>	<b>256.7</b>	<b>210.3</b>	<b>96.1</b>	<b>93.3</b>	<b>214.6</b>	<b>870.9</b>

### 2.3 How the capital programme is funded

The funding of the programme comes from a diverse range of resources. The table below gives a breakdown of how the overall Capital Programme is currently funded.

	Source of funding	2017/18		2018/19		2019/20		2020/21		2021/24		Total	
		£m	%	£m	%								
1	Rev contribs. to Capital	57.5	22	65.2	25	63.9	25	63.4	25	111.2	43	361.3	41
2	Prudential Borrowing	111.6	43	77.6	30	13.8	5	14.6	6	89	35	306.6	35
3	Government Grants	41.2	16	48.8	19	3.6	1	2.1	1	4.4	2	100	11
4	Capital receipts	18.2	7	13.1	5	12.9	5	12.4	5	9.7	4	66.3	8
5	Other grants & contributions	26.9	10	5.7	2	1.8	1	0.8	0	0.3	0	35.4	4
6	C.I.L.	1.3	1	0	0	0	0	0	0	0	0	1.3	1
7	Overall total	256.7		210.3		96.1		93.3		214.6		870.9	

A further breakdown of each of these funding sources is set out below:

#### 2.3.1 Revenue budget contributions to Capital

The revenue contributions to capital largely reflect the contribution to the Housing Capital Programme from the Major Repairs Reserve - which is held for investments in the maintenance and improvement of council housing stock - totalling £361.3m. In addition, £1.4m has been allocated from revenue budgets to support non-housing projects.

### 2.3.2 Prudential borrowing

Prudential borrowing is used where no external funding is available to fund schemes which will generate a Revenue Budget saving. This saving then repays the principal and interest. The Council can often borrow funds cheaper than its commercial sector partners because of its perceived higher credit rating. It therefore makes sense to inject such capital where there is a potential economic benefit.

Under the rules of the Prudential Code, the Council has the power to finance capital schemes using prudential borrowing (borrowing that does not attract financial support from the Government, which is also known as unsupported borrowing). The principles for entering into such borrowing were approved by Cabinet on 22 September 2004, and generally relate to 'invest to save' schemes, including land assembly and funding for major capital projects.

It remains the Council's current view that it's best overall financial interest is served by substituting prudential borrowing for leasing. It is considered that borrowing in lieu of leasing can be undertaken as an element of 'invest to save' (where it is considered to be more cost effective over the whole life of the asset when compared to leasing), and can be contained within an overall annual limit established for such borrowing.

Included within the 2018/19 Capital Programme are the following amounts of prudential borrowing for projects funded in whole or part from prudential borrowing:

Project	Total Project Value £m	Project	Total Project Value £m
New Retail Quarter	£64.626	Leisure Facilities	£12.945
<b>TOTAL</b>	<b>£77.572</b>		

Any amendments to these limits will be approved by Full Council and undertaken in line with the Prudential Code. There are other commitments outside of the capital programme and these are described in the Revenue Budget report.

**Tax Increment Financing (TIF)** was announced in September 2010. The principle is to allow the authority to borrow funds to undertake capital improvements in a geographic area. The money would be repaid from increased tax revenues (i.e. business rates) in the area as land values rise as a result of the capital investment. This scheme has been used successfully in the United States over the last fifty years, often for major transport, infrastructure or regeneration projects.

A scheme to develop infrastructure required for the Sheffield Retail Quarter is partially complete and further enabling works are underway. The borrowing will be repaid out of the anticipated additional rates revenue generated by the redevelopment of the city centre. The Council is currently reviewing its options for the development of this scheme.

Prudential borrowing does not receive any government support and therefore if the Council enters into any prudential borrowing then it will incur additional capital financing costs. Prudential borrowing will only be entered into where it can be demonstrated that funding is available within the overall Council budget to meet the ongoing borrowing costs.

### 2.3.3 Government Grants

Capital Grant funding falls into two main categories: recurring annual allocations and project specific grants.

The **major recurring allocations** relate to funding for schools places and maintenance, Disabled Facilities Grants and Local Transport. In these cases programmes of work are developed to obtain maximum impact from the funding received. The New Homes Bonus grant has also been created out of two government incentive payments for building new homes (the New Homes Bonus) and reducing the number of long term empty properties. Council policy is to make this available for projects which improve the local housing or neighbourhood environment or assist in regeneration. This grant is now included within the Growth and Investment Fund (see Appendix 3).

The grant is being used to provide infrastructure or clear derelict buildings to kick start developments at sites which have been unattractive to developers. Often this improves the neighbourhood through removing opportunities for anti-social behaviour as well meeting the Council's priority of providing new homes.

In relation to **project specific grants**, officers usually bid against advertised funding streams following consideration of the terms by the Council's External Funding Team and its legal advisers. Requests to enter into funding agreements are considered by Cabinet prior to acceptance of the grant.

### 2.3.4 Capital receipts

Capital receipts also fall into two broad categories:

- 1) Those generated from the sale of land and buildings falling within the Housing Revenue Account (HRA) and Council Houses under Right to Buy schemes. There are legislative provisions in place governing the use of these receipts restricting it to investment in housing.
- 2) Those generated from the sale of general (non-HRA) Council assets. These funds are those over which the Council has full discretion over how to utilise and are incorporated into the Growth and Investment Fund.

Any projects in the Capital Programme funded by capital receipts can only be undertaken if the receipts are realised.

The receipts from the sale of surplus assets are used to fund the Growth and Investment Fund (GIF) – see Appendix 3. This allows Members at their discretion to undertake projects for which there is no external funding. It is also used by the authority as a strategic reserve to cover to emergencies such as the total loss of a key piece of infrastructure e.g. as occurred in the 2007 Floods.

As external funding sources are reduced because of austerity cut backs, the GIF assumes an even greater significance in funding the Capital Programme.

Appendix 3 reviews the potential receipts and demands on the GIF over the next five years in order to form a view on the level of commitment which can be prudently made.

Given the need to maintain a prudent level of reserve to mitigate infrastructure failures, grant claw back, or project overspends, the conclusion is that there is insufficient confidence to be able to recommend to Members that any CRP funded projects are approved beyond 2018/19.

### **2.3.5 Community Infrastructure Levy (CIL) / Section 106 (s.106) contributions**

CIL supplements the current s.106 (Town & Country Planning Act 1990) arrangements which fund many of the local neighbourhood facility improvements – particularly in Parks & Countryside and the City Development Division.

CIL allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

The Council intends to use CIL to develop strategic infrastructure projects such as roads and schools (such as the development of the Bus Rapid Transit North link completed in 2017/18).

The Council has developed its rating tariff and introduced the scheme from July 2015. Current estimates predict annual revenues of £2m p.a., depending on the pace of development.

## **2.4 Programme governance**

We maintain financial assurance of our capital investments through a series of governance procedures, the key aspects of which are detailed below:

### **2.4.1 The ‘Gateway’ process**

During 2015-16 the Council introduced a number of “gateways” at which the validity of the project is tested by the Programme Boards and then the Capital Programme Group. These include:

- Approval of a mandate to ensure that all projects are linked to the Council’s priorities so scarce resource is not wasted on irrelevant projects;
- Review of an outline business case which will set out the benefits and delivery options for the project. The Priority Boards will test if the proposal is value for money; and
- Review of an initial business case once the preferred option has been selected. The Council’s Capital Delivery Service and Finance and Commercial Services functions advise on the financial and operational deliverability of the proposed project plan and procurement route.

By embedding a capital governance process this ensures that we use our scarce resources in the most effective way – on the projects that make the most difference, are funded and procured cost-effectively and deliver the most benefits for Sheffield people.

### 2.4.2 Strategic Capital Board

Strategic Capital Board (SCB) consists of Members and senior officers. It decides the relative shape of the capital programme, endorsing overarching priorities for officers to deliver within.

It is responsible for managing the Growth and Investment Fund (GIF) – see Appendix 3 – and will endorse provisional allocations of the fund against projects / programmes of activity, reallocating monies against these priorities as the year progresses should this become necessary. It is also responsible for setting the level of allocation of capital receipts for the Growth and Investment Fund (GIF) which funds essential compliance and maintenance projects unable to be funded any other way.

Consideration of the detail of individual projects does not fall within the remit of this Board. As its title suggests, it is a strategic board and meets every month.

### 2.4.3 Cabinet

Irrespective of any approvals of the broad budget heading allocations (made either by Cabinet through this Report, or notional allocations of funds by SCB), each and every capital project will be brought to Cabinet (or delegated processes) for consideration and approval.

Officers will consult with Cabinet Members (and Ward Councillors where appropriate) to ensure that projects have broad support, prior to investing time in developing them further.

## 2.5 Slippage

Historically, there has always been an underspend against the approved capital programme. The risk of slippage is present in all capital programmes, bearing in mind the size and complexity of the schemes. Subject to Cabinet approval, funds are rolled forward into the next year in order to complete projects. Slippage reflects re-profiling of funding or delays in physical progress of a project. In most cases the work is delivered in the next financial year.

However, our current reporting system has provided greater transparency and identified instances where money appears to be repeatedly carried forward from earlier years. This allows Members to test if the funding is really needed and could be reallocated to other priorities. It also shows the delivery performance on the capital programme.

Considerable work was undertaken in 2014-15 to identify the cause of slippage and improve capital delivery. This work compared Sheffield's approach to that of other organisations with significant capital programmes and concluded that project management needed to be strengthened and that delivery plans need independent scrutiny. This resulted in the introduction of the Gateway Process (outlined at 2.4.1 above).

The value of net slippage approved to date at 30th November 2017 totals £11.1m.

In order to deliver further improvements to our slippage performance over the next year, we will:

- a) Develop and implement a training programme for project managers to improve business case development, budget setting and forecasting skills in order to improve the quality of base budgets. This will hopefully minimise future requirements for slippage.
- b) Recognise that slippage of budgets across financial years does not necessarily mean the delivery of a project has fallen behind schedule. The profile of payments may only have moved by a month or two e.g. from February to April - and if this happens to cross financial years it is flagged as part of annual slippage even if delivery of the project remains on track. In future months, a clear distinction will be drawn between slippage which occurs purely as a result of financial profiling, and that which relates to genuine project delays impacting on outputs and outcomes. This information should provide greater clarity on the reasons for slippage and progress on delivery.

## A resilient and inclusive economy which delivers high quality, well-paid jobs

### 1 Background and context

This economic growth programme is about getting more people into good jobs, helping them to earning more and live healthy lives, using and building their skills and knowledge. The Council wants to see more businesses setting up, growing, innovating and creating good jobs, delivering a connected city with the transport and digital infrastructure to support the city's growth; a liveable, sustainable and investable city with the high quality places and spaces for the 21<sup>st</sup> century.

The Council has an important role to play in shaping the city and will be explore opportunities to acquire strategic sites to steer and drive development as economic growth gathers pace.

The Council uses a mixture of its own funds and opportunities for external grant to help create the conditions for new developments. This has included the Olympic Legacy Park (where Sheffield Hallam University's Advanced Wellbeing Research Centre will start on site in early 2018) and the new Lightweighting centre at the University of Sheffield's Advanced Manufacturing Research Centre with Boeing.

The capital programme funding strategy needs to be flexible enough to respond to such opportunities.

### 2 Key potential priorities and their desired impacts

Key potential priorities are currently being discussed with Members and will be finalised in 2018.

Current potential proposals centre on creating jobs for Sheffield people and growing GVA by encouraging start-ups, business growth and new investment. The city also needs high quality physical and digital infrastructure to encourage businesses to invest and grow, and ensure that our transport and wider infrastructure can support the sustainable growth of our city. To support high-quality jobs for local people, people need the skills to build an economy which benefits people across the labour market and across the city - including groups that face particular barriers to high quality employment. And the Council also needs to promote Sheffield as a great place to live, work, invest and visit.

Officer will pull together priority proposals for Members to consider over the coming year.

### 3 Top current projects by remaining value

	Project	Value (£m)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	SRQ offices	£74.133	Jan 17 to Mar 19	No	Prudential Borrowing Sheffield City Region Investment Fund	Construction of high quality office and retail unit.	The Sheffield Retail Quarter projects are collectively providing a high class shopping and leisure facility in the heart of Sheffield City Centre enabling Sheffield to compete with other city centres such as Manchester, Leeds and Nottingham
2	SRQ strategic development partner	£26.519	Jan 08 to Mar 19	No	Prudential Borrowing	Completed design for delivery of Phase 2 of Retail Quarter development	As above
3	SRQ land assembly package	£8.045	Oct 13 to Mar 19	No	Prudential Borrowing	Acquisition of land to allow development of retail quarter	As above
4	Lower Don Valley flood defence works	£6.077	2013-19	No	Environment Agency / CIL	39 Flood defence installations	Defend 256 businesses from flooding. Prevent £100m damages
5	Charter Square enabling works	£5.424	Nov 15 to Mar 19	No	Prudential Borrowing Sheffield City Region Investment Fund	Highway and public realm reconfiguration	High quality public realm to promote city centre regeneration
6	Digital incubator	£3.489	Sept 16 to Mar 2024	No	Dept of Culture Media and Sport	High quality workspace for Digital SMEs	Job creation
7	Olympic Legacy Park Infrastructure Public Realm	£1.127	Oct 2015 – Mar 2018	No	Sheffield City Region Investment Fund Hallam University	Construction of public realm and utility works on the OLP site	Improved public realm Increased investment potential
8	Claywheels Lane	£0.989	Dec 17 to Mar 20	No	Sheffield City Region Investment Fund	Assistance in provision of key infrastructure	Regeneration of brownfield site. Job creation

9	Knowledge Gateway	£0.690	Mar 2018 to 2020	No	Growth Investment Fund	Purchase of key properties. Highways/public realm improvements.	High quality public realm to promote city centre regeneration
10	SRQ demolitions	£0.614	Jan 16 to Mar 18	No	Prudential Borrowing	Clearance of key sites to allow progress of Retail Quarter Development.	As per item 1 above
11	Tinsley Art Project (formerly M1 Gateway Public Art Project).	£0.477	Nov 2013 – Mar 2019	No	Third Party Contribution from E.ON UK plc S106	Manufacture and construction of artwork for the Tinsley Art Project- a major public art project at Blackburn Meadows, Tinsley.	High quality public realm; a 'destination' for Sheffield people

#### 4 Potential pipeline projects (subject to Member approval)

A potential pipeline of projects will be brought forward following Member agreement of priorities (as per section 2 above).

#### 5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of revenue funding to develop capital business cases	Attempt to identify suitable funds going forward – to be considered by Strategic Capital Board in 2018.
2	Future of city region funds like SCRIF and Business Investment Fund	Accept the risk and seek alternative funding sources wherever possible.

# 4 HOUSING INVESTMENT

## Quality Council-owned housing stock for our tenants on well-managed estates

### 1 Background and context

This priority covers investment and asset management priorities for our Council-owned properties within the context of the wider business plan. The Council wants to deliver well-maintained homes, investing in priorities which improve tenants' quality of life and minimise the volume of (comparatively expensive) responsive repairs.

Council tenants should live in warm, dry, safe and secure properties which are as efficient to run as possible. These overarching principles inform our investment priorities.

### 2 Key potential priorities and their desired impacts

	Priority	Impacts
1	Asset Management Strategy	Stock condition standard, repairs strategy, stock increase strategy, garage strategy and other non-dwellings, Gleadless Valley masterplan, procurement / Value for Money
2	Annual update of 5 year investment programme	Tenant consultation, drafting 5 year programme and repairs budgets
3	Capital Programme Management, investment / repair risks and performance	Oversight of investment programme delivery, oversight of non-property related HRA assets including approval of individual disposals / acquisitions (in line with agreed strategy) and approvals of capital investment, management of risks, monitoring of Business Plan performance

### 3 Top current projects by remaining value

	Theme	Value (£m)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Roofs and externals	£62.831	2018 – 2022	Yes	HRA	New roofs, pointing / render repairs, safe external environment	Water tight attractive homes

2	Electrics	£31.116	2018 - 2022	Yes	HRA	Council dwellings	Safe and modern electrics
3	Heating and Insulation	£28.204	2018 - 2022	Yes	HRA	Boiler replacements, insulation works	Warm homes, lower fuel bills
4	Kitchens, bathrooms, windows and doors	£31.261	2018 - 2022	Yes	HRA	New kitchens, bathrooms, windows and doors	Modern living standards
5	Communal Area Investment (low rise)	£26.587	2018 – 2022	Yes	HRA	Upgrading communal areas in council flats & maisonettes	Attractive and modern places to live
6	Essential Investment Work	£14.228	2018 - 2022	Yes	HRA	Fire safety work, Asbestos surveys / removal, lift maintenance and repair	Compliance with health and safety standards
7	Adaptations	£13.741	2018-2022	Yes	HRA	Adapted properties	Fit-for-purpose accommodation

#### 4 Potential pipeline projects (subject to Member approval)

	Project	Value (£m)	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Walls, pointing, rendering	£16.98	2019 - 2023	HRA	Council dwellings upgraded	Water tight, warm homes
2	Health and safety environmental programme	£13	2018 - 2023	HRA	Housing land / communal space upgraded	Contribute to a safe external environment
3	Sprinklers	£8	2019 - 2021	HRA	High rise tower blocks upgraded	Fire safety improvements for tenants
4	Chute closure	£2.5	2018-2021	HRA	Closure of waste chutes to blocks and provision of alternative waste management.	Modern and efficient waste management provision

## 5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Inflation and increase in interest rates	Modelling inflation / interest rates through the Housing Revenue Account (HRA) Business Plan and the effect of changes on the programme
2	The implementation of Welfare Reform and Universal Credit in late 2018	Work underway within the housing service to support tenants to ensure they can continue to pay rent, without evicting any tenants due purely to delays in receipt of Universal Credit
3	Any future impact of changes to national policies	Horizon scanning, modelling with business planning
4	Increase in the number of 'right to buys' which reduces the levels of Council-owned stock	Modelling within business planning to mitigate funding pressures; build new Council houses (see 'Housing Growth' section)

# 5 HOUSING GROWTH

**Increasing the city’s stock of new housing – for both sale and rent - through delivery by the Council, Registered Providers or private developers**

## 1 Background and context

Cabinet has set out a commitment to build between 2,000 and 2,300 new homes each year by 2022. 725 of these must be affordable. This commitment is set out in our Growth Plan 2017-22, as amended by the Housing Strategy Statement for 2018. The Council will work in partnership across the city to deliver this target, using a wide mix of measures to increase development.

The Council will also increase its own social housing stock, aiming to add 1,500 new properties up to 2023. 1000 of these are already approved, and we will be seeking Cabinet approval for a further 500 from our Housing Revenue Account. We will deliver this through building new Council homes, acquiring existing homes to bring into the Council’s rental portfolio and bringing empty properties back into use.

## 2 Key potential priorities and their desired impacts

	Priority	Impacts
1	Deliver at least 725 affordable homes each year	Affordable housing - to rent and for home ownership to address the citywide shortfall - delivered through a mix of initiatives, including SCC Direct New Build, SCC acquisition of new build, SCC acquisition of long term empty properties and the Council marketing land for mixed tenure schemes.
2	Deliver 20,000 additional homes over the next ten years at a rate of 2,185 per annum by 2022	Ensuring sufficient new housing is built in order to meet the demands of a growing city. This will be achieved through a mix of predominantly private sector and Council-led development.
3	Enable individuals to deliver their own homes	Encourage smaller scale initiatives such as the Custom Build initiative to allow individuals to build their own homes, supporting these through the release of small sized (<10 units) plots of Council-owned land.  Maximise developments to provide affordable housing for owner occupiers.
4	Ensure provision of suitable accommodation for Older People, people with Learning Disabilities and care leavers.	Ensuring that there is sufficient, good quality accommodation for these people which enable care to be provided (where required) as efficiently and effectively as possible, whilst also releasing housing stock for the wider market to access.

### 3 Top current projects by remaining value

These are existing projects which have already received Council approval. Their delivery spans a number of years.

	Project	Budget (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Council existing housing acquisitions programme	£32.9m	2014-21	N	Housing Revenue Account	373 in programme	Increased council housing stock to address waiting list
2.	Council New Build acquisition programme	£15,6m	2015/21	N	Housing Revenue Account	156 in programme	Increased council housing stock to address waiting list
2	Older Persons' Independent Living Phase 4a (Adlington)	£14m	2017-20	Y	Housing Revenue Account	132 units of OPIL accommodation delivered	Increase quality OPIL stock, reduce care costs and release stock to wider market
4	New Council Housing Phase 2 (Weakland)	£6.5m	2015-20	N	Housing Revenue Account	38 units of accommodation delivered	Increased council housing stock to address waiting list
5	Learning Disabilities Accommodation Phase 4b (Adlington)	£1.2m	2017-20	Y	Capital receipts and Housing Revenue Account	8 units of learning/disabilities accommodation delivered	Increase quality LD stock, reduce care costs and release stock to wider market
6	OPIL and LD Accommodation Phase 3 (Wordsworth)	£1.2m	2017-20	Y	Capital receipts and Housing Revenue Account	8 units of learning/disabilities accommodation delivered	Increase quality LD and OPIL stock, reduce care costs and release stock to wider market
7	Newstead (Phase 5)	£25.0m	2019-23	Y	Housing Revenue Account	207 unit scheme of OPIL, general needs accommodation	Increase quality LD and OPIL stock, reduce care costs and release stock to wider market
8	Temporary Accommodation	£7.2m	2019-23	Y	Housing Revenue Account	60 units to provide temporary accommodation for families and single people	Accommodation provided funded by SCC to support vulnerable people.

### 4 Top priority areas for consideration

These are initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be subject of separate Cabinet reports if, as and when they are brought forward.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Land acquisition to increase pipeline of affordable housing	£7.0m	2018-2023	SCC General Fund	Ha of brownfield land acquired to increase pipeline	Increased council housing stock to address waiting list
2	Strategic Site Assembly in Priority investment areas	£10.0m	2018-2023	SCC General Fund	Ha of brownfield land acquired to increase pipeline	Increase number of housing of all tenures to meet identified needs
3	Asset Enhancement fund to de-risk SCC owned land	£5.0m	2018-2023	SCC General Fund	Ha of brownfield land acquired to increase pipeline	Increase number of housing of all tenures to meet identified needs
4	SCC shared ownership model to retain SCC equity in land and to provide affordable housing for home ownership	£0	2018	SCC General Fund (Revenue)	Model formulated for an off plan shared ownership model that is self-financing or can access external grants such as HRA.	Increase number of family dwellings

## 5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Reductions in nationally-funded programmes and capital receipts (caused by economic climate and changes to Right to Buy legislation) have limited our ability to invest	Our introduction of the self-funded business model has created greater freedom for the Council to invest in its housing stock through contributions from the Housing Revenue account.
2	Identifying and releasing sites for private sector development in a timely manner, balancing delivery against commercial risks of flooding the market	Identification of priority sites pipeline and introduction of Key Account Holder Role.
3	Potential declining land values / capital receipts (linked to 2 above) limit our ability to invest	New project to support investment in sites to de-risk them.
4	Private sector development does not provide the required breath of housing needed for Sheffield people	SCC to support private sector to develop housing to meet identified needs in Housing Market Areas.
5	Welfare budget reforms – impact on SCC rent	Work underway within the housing service to support tenants to ensure they can continue to pay rent, without evicting any tenants due purely to delays in receipt of Universal Credit

Safe, well maintained streets which do not restrict the city's ongoing development. An attractive public transport offer and infrastructure which encourages other means of transport than the car

## 1 Background and context

The key principles which underpin our investment strategies set out in Sheffield's Plan for Transport:

- **Segregated networks** for public transport, walking, cycling and private cars - reducing conflict and accidents and offering improved transport speed, capacity and choice
- **Integration between all modes** – thus Park and Ride from city outskirts; bike parking / hire and family friendly dedicated cycling / walking routes to bus and tram stops and key destinations allowing faster public transport journeys and transforming connectivity
- **A “Metro” style public transport network** for the city region integrating bus, tram, tram-train and rail offering London Underground style simplicity and user confidence in interchange opportunities
- **Mode shift** – from private car to walking and cycling for trips typically under two miles and from private car to public transport and cycling for trips under five miles freeing up road capacity for essential journeys (and the mobility restricted), improving health, air quality and workforce productivity along with access to work and training
- **A defined network of “distributor” roads**, engineered to 30mph speed limits (or higher where possible) legible for motorists and road freight and designed to keep traffic flowing, physically protecting vulnerable users from danger and discomfort and reducing accidents and delays. Fewer major junctions, reducing stop-start motoring
- **Managed traffic volumes and speeds** in residential and other areas, distinct from the distributor network providing high quality, liveable neighbourhoods supporting 20mph speed limits with safe walking and cycling environment and minimising turning movements, traffic signals etc.

### Priority areas of spend

The current planned transport capital programme for 2018/19 is around £9.3m, of which £1.4m is carry forward from 2017/18. £900k of this is to finish off projects in the Better Buses ‘hotspots’ programme in early 2018/19. This programme is to improve public transport journey times (and journey time reliability) with the aim of encouraging greater public transport use. This restricted fund can only be used on capital improvements to the highway to improve the operation of public transport services, but experience has shown that the changes made usually improve conditions for general traffic too.

Approximately £2.5m of the 2018/19 programme is grant funding to implement new projects (or continue ongoing programmes of work) within the Local Transport Plan (LTP). The aims of these smaller, more local schemes are to improve accessibility, help reduce accidents, encourage active travel and help improve the management of the existing highway network. An additional £400k of the 2017/18 LTP programme will be carried forward to finish off projects in early 2018/19.

Up to £1m will be spent on improving cycle access to the city centre from the west as part of the Sheffield Retail Quarter project. Around £600k will be used to implement new projects (or continue ongoing programmes of work) funded by other income sources - including external partners - in 2018/19. Examples include investing in parking schemes using income from the parking service.

A planning condition to enable the development of the new IKEA store has led to funding of around £1m over the next 5-10 years to pay for any changes that may be necessary to help manage the effect of changes in traffic volumes in the area around the store. The money will also be used to improve alternative ways to get to the store. Current expectations are that around £130k will be spent in 2018/19.

Although the funding has not been secured, £3.3m has been allocated from the Sheffield City Region to fund a project to improve junctions on the northern side of the Ring Road. The Council is currently funding the development of this project with an expectation of securing the funds for implementation in 2018/19.

Finally, spend on other City Council regeneration projects (including Knowledge Gateway on Brown Street and Paternoster Row) as well as private sector-funded developments will also invest in the transport infrastructure of the city in the coming year.

The Streets Ahead programme is well underway, renewing the fabric of the city's highway infrastructure and nearing the end of the Core Investment Period. The new contract creates greater budgetary discipline than before in that the future maintenance costs of changes to the network have to be identified at the point of construction. This is done by calculating the future costs as a "commuted sum" which is usually funded out of the existing revenue budget. As the austerity programme reduces local authority budgets, the Council has to manage the risk that new works are unable to progress because the Council cannot meet the future maintenance obligations.

The final position on the Inner Ring Road (IRR) scheme is dependent on the disposal of a small number of residual sites. Balancing this project relies on realising the sales to match any shortfall otherwise funding will have to be taken from the Growth and Investment Fund (GIF).

## 2 Key potential priorities and their desired impacts

	Priority	Impacts
1	Managing the existing highway network	Improve journey time reliability and improving access from growing neighbourhoods to jobs, education and training as well as improving conditions for business
2	Reducing the number of accidents	Improved road safety
3	Increasing active travel	To be inclusive and open up the city's opportunities to all and improve health outcomes

4	Improving the public transport offer	Helping to underpin sustainable growth and promote a city that is open for business
5	Maintaining infrastructure	Ensuring the benefits of investment in transport infrastructure continue year after year

### 3 Top ten projects by remaining value

	Project	Value (£m)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Capital PFI contributions	£39.831	2012 - 2018	No	Prudential borrowing	Upgraded highways infrastructure	Better quality, safer streets
2	BB2 Chesterfield Rd KBR	£2.921	2013 - 2019	No	BB2 (SYPTTE)	New bus lanes, improved bus stops, local loading and waiting restriction changes and amendments to lane usage and overall shape at Meadowhead roundabout	Improved journey times and journey time reliability for buses and general traffic along Chesterfield Road
3	Bus Agreement (hotspots)	£1.591	2011 - 2019	No	LSTF/BB2/LTP (SCC and SYPTTE)	New (and revised) bus lanes, bus stops, junctions and local loading and waiting restrictions	Improved journey times and journey time reliability for buses and general traffic at points on the network that had been identified as causing delays for public transport services
4	Hallam University Cycle Route	£0.910	2016 - 18	No	STEP (SCR)	Provision of a 1km on road cycle link from Broomhall into Sheffield, using improved design standards and techniques that help manage traffic flow down	Improving access from growing neighbourhoods to jobs, education and training through active travel modes
5	North Sheffield Better Buses Agreement (+	£0.671 (+ £0.468)	2014 - 18	No	BB2 (SYPTTE)	Improved bus stops, junction layouts, local	Improved journey times and journey time reliability for buses and general traffic at

	Group B)					loading and waiting restrictions. Also includes the removal of a short section of bus lane	points on the network that had been identified as causing delays for public transport services
6	Little Don Valley Link	£0.996	2012 - 2018	No	LSTF/STEP (SCR)	Provision of an off road cycle link from North Sheffield into the Peak District: connecting Deepcar to Stocksbridge and ultimately to Sheffield City Centre via Oughtibridge	Improving access from growing neighbourhoods to jobs, education and training through active travel modes
7	ITS Network Management	£0.461	2016 - 18	No	LTP (SCC)	Revised signal timing strategies following the implementation (where needed) of additional traffic monitoring and control equipment	Improved journey times and journey time reliability for all traffic on corridors on the network that had been identified as causing delays
8	Darnall Cycle Routes	£0.426	2016 - 18	No	STEP (SCR)	Provision of a 1.6km on and road cycle link around Parkway markets, using improved design standards based on traffic flow. This approach has led to different levels of infrastructure on different lengths of the route	Improving access from growing neighbourhoods to jobs, education and training through active travel modes. Knowledge gained from implementing a scheme using these new design standards for use on later schemes

#### 4 Potential pipeline projects (subject to Member approval)

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Inner Ring Road (IRR)	£3.6m	2017-2019	SCRIF allocated, but not secured yet	Capacity improvements	Accommodate access to key regeneration

	- Bridgehouses				on the IRR	sites without impeding IRR performance
2	Sheffield /Rotherham Innovation corridor	£100m+	TBC	£1.2m secured from Department for Transport to develop the business case.	Various road improvement options, including active travel options	Improved performance of MRN (M1) and City Region Key Routes; Improved access to key SCR development site by all modes; could lead to improved air quality
3	South West Quadrant network review	£TBC	TBC	£100k secured from local sources to develop the business case	Area-wide highway review with the aim of providing strategic cycle routes, local traffic and parking management	Pilot area for developing separate networks (where feasible) for cycling/public transport and general traffic to maximise effectiveness of all modes
4	Inner Ring Road – Shalesmoor	£35m	TBC	TBC – No committed funding for development	Junction improvements and realignment to bring Kelham /Riverside area into City Centre, includes public transport and cycle network too	Improve access between A61, City Centre and M1 (South) to improve journey time reliability; could lead to improved air quality
5	Claywheels Lane	£15m	TBC	TBC – No committed funding for development	New Road Link to Middlewood Rd; selective road widening, bus priority	Improved access to Claywheels Lane development sites. Reducing through traffic in Hillsborough
6	A61 Penistone Road	£20m	TBC	TBC – No committed funding for development	Strategic road improvements - road widening, bus priority on section from Leppings Lane to Rutland Road	Accommodate access to potential housing regeneration sites without impeding Penistone Roads performance; Improve access between A61, City Centre and M1 (North) to improve journey time reliability; could lead to improved air quality
7	City centre masterplan	£15m	TBC	TBC – No committed funding for development	Public Transport Box (Hub), allowing for future changes to tram network	New on street 'central hub' for existing and future public transport network, segregated from traffic. Also key to HS2/Station Connectivity Package
8	Strategic transport / air quality	£15m	TBC	TBC – GIF currently provisionally allocated	Improvements to the strategic transport network and air quality	Improved highways infrastructure for all road users; improved air quality for Sheffield residents

## 5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of appropriate funding to develop 'pipeline' schemes	Around £250k included in the 2018/19 Local Transport Plan to fund the development of larger schemes: the lack of revenue funding for this activity has been escalated within SCC
2	Ongoing maintenance of the highway infrastructure (commuted sums)	Agreement on way forward required to provide confidence in our ability to address infrastructure required to support economic growth. Highlight constraints and the current agreements in relation to which SCR funds can support some of the potential commuted sums, and a strategic review of implications on future programmes

## Creating places and spaces that promote our citizens' health and wellbeing

### 1 Background and context

The quality of life priority is about creating places and spaces where people enjoy being, contributing to the quality of life for our citizens. It's about ensuring access to high quality destinations – whether libraries or sport and leisure facilities – which underpin Sheffield's diverse communities and support their mental and physical wellbeing. It's also about providing well maintained green and open spaces, creating environments which people are proud of and help them to thrive.

### 2 Key potential priorities and their desired impacts

	Priority	Impacts
1	Places with access to libraries	Well-used community spaces which promote education, learning and social interaction
2	Places with access to high quality sport and leisure facilities	Well-used facilities which promote and support our citizens' health and wellbeing
3	Places with access to high quality green and open spaces	High quality surroundings which promote physical activity and improve people's quality of life
4	Local areas are well-maintained and kept clean and tidy	A quality public realm, creating local communities of which people are proud
5	Improve the public health of people living in Sheffield using environmental health & health protection, pest control and trading standards powers	Protecting and promoting our citizens' wellbeing through ensuring an effectively regulated environment

### 3 Top current projects by remaining value

	Project	Value (£m)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Major Sporting Facilities Financing	£103.264	Jan 2017 – Mar 2023	Yes	Prudential Borrowing	Positive Revenue Budget impact. Matching of repayments	Maintenance of leisure facilities in most cost effective manner

						over life of assets	
2	FA Pitch – Westfield	£5.818	Oct 2015 – Mar 2018	No	Prudential Borrowing; Football Foundation Grant; Rugby Football Union Grant; Capital Receipts	Improved existing football and rugby facilities at the former Westfield School, Mosborough, by providing improvements to the natural turf pitches and the development of two new floodlit pitches, supported by changing, club house and gym facilities	Improved sport and leisure facilities
3	Beighton Leachate Treatment	£0.539	Feb 2015 – Mar 2018	Yes	Prudential Borrowing; Capital Receipts	Dealing with leachate issues	Reduced environmental impacts and revenue costs
4	Playground Improvement Project	£0.376	Jun 2017 – Mar 2018	No	S106 Revenue Contribution to Capital	A range of play / gym equipment and safety surfacing, ball court, paths and fencing improvements, bins, drainage works and accessibility improvements to a range of sites across the city	Improved play facilities across the city which encourage public use
5	Sheffield General Cemetery	£0.313	Feb 2016 – Mar 2020	No	Heritage Lottery Fund (HLF) Capital Receipts	Improved and safer facilities at General Cemetery site. Development of further HLF bid for increased funds	Improved public spaces and removal of a potential health and safety risk
6	Site Gallery Improvements	£0.300	Dec 2013 – Oct 2017	No	Prudential Borrowing	This is an additional £300k investment to support the extension of the Site Gallery	Improved cultural offer

#### 4 Potential pipeline projects (subject to Member approval)

As this is a new priority area, key priorities will be agreed with Members in 2018 and brought forward for approval in the usual way.

## 5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Reducing budgets and availability of external funding available to deliver our priorities and then maintain them to a high standard	Continue to aggressively pursue external funding to maximise the number of projects we can deliver for the city. Work with partners across other sectors to lever in private sector investment. Ensure maintenance services are delivered as efficiently as possible. Seek funding contributions to ongoing revenue maintenance as part of capital budget allocations.

# 8 PEOPLE – CAPITAL AND GROWTH

Ensuring our children have access to high quality, well maintained schools to give them the best opportunities in life. Investing in early years and specialist provision to give everyone the best start in life and continuing throughout their life. Ensuring the physical infrastructure supports the efficient and effective delivery of these objectives

## 1 Background and context

The Council must ensure that there are sufficient school places to meet demand. It endeavours to provide high quality schools in each of the communities it serves, helping to build strong and stable communities and also minimising travel across the city – whether by car or public transport. Examples of this are the new Astrea and Mercia schools, and expansions to Totley and Ecclesall schools.

The Council also wants to maintain its school estate as well as possible. There is a significant backlog of repairs, which it is making headway in tackling against an extremely challenging financial background. Whilst the People Portfolio maintains responsibility for the strategic oversight and priority setting for these repairs, the delivery is undertaken through our internal Transport and Facilities Management Team within the ‘Essential compliance and maintenance’ Priority.

Previously focusing on early years and schools, this priority has recently been expanded to cover the whole People’s Portfolio of activity. Projects are therefore currently being developed and implemented against this wider backdrop.

## 2 Key potential priorities and their desired impacts

	Priority	Impacts
1	Investment in early years’ provision	Ensuring Sheffield’s children have the best possible start in life through supporting providers (including schools) to deliver quality provision.
2	Ensuring sufficient school places to meet need	Successful schools based in the local communities which they serve.
3	Building condition	Ensuring well maintained, fit-for-purpose school buildings so that Sheffield children are taught in high quality learning environments.
4	Specialist provision	Deliver high quality, local specialist provision that is fit for purpose.
5	People’s estate and infrastructure	Ensuring that People’s accommodation, land and property is fit for purpose to support an integrated service delivery model. Ensuring robust ICT infrastructure is in place to ensure effective management systems are in place.

### 3 Top current projects by remaining value

	Project	Value (£m)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	New 5FE Secondary School NE - Astrea Academy	£27.002	2015-19	No	Department for Education	5 FE School	A quality new school for local pupils
2	New 8FE Secondary School SW – Mercia Academy	£25.568	2015-20	No	Department for Education	8 FE School	A quality new school for local pupils
3	Disabled Grants	£14.031	2018-22	No	Disabled Facilities Grant	Adapted properties	Suitably adapted properties which meet people's needs
3	Ecclesall Infants Permanent Extension	£5.577	2016-19	No	Department for Education	Additional 450 places	An expanded school for local pupils
4	Totley Primary Permanent Expansion	£2.974	2016-19	No	Department for Education	Increase of 210 places	An expanded school for local pupils
5	Whole Family Case Management	£2.900	2017-20	No	Social Care Capital Reserves	Replacement Care management IT system	Increased efficiency of payments.
6	Schools Heating, Mechanical and Electrical repairs and replacement	£2.469	2017-19	No	Department for Education	Improved heating and electrical systems across the schools estate.	Schools with expected standard of heating and electrical infrastructure
7	Schools Fire Risk Assessment Works	£2.013	2017-19	No	Department For Education	Improved fire safety measures across the schools estate.	Schools with high standard of fire safety.
8	Standard Fund Devolved Capital	£1.744	2018 – 22	No	Department for Education	Minor grants provided directly to schools	Enabling direct school capital spending on local priorities
9	Minor Works grants	£0.900	2018-23	No	Capital Receipts	Improvements to private homes.	Improved homes for local people

#### 4 Potential pipeline projects (subject to Member approval)

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	SEND new school	c.£5-5m	2018-2020	Education Skills Funding Agency	New SEN school	New Special School in Norfolk Park, enabling parent to access high quality provision within the city boundaries.
2	Disabled Facilities Grants (DFGs)	c.£3.5m	2018 onwards	Department Of Health	Adapted private sector properties	Enabling disabled and vulnerable people to remain in their own homes (currently managed by Homes Board but possibly to move across in 2018 – see section 3).
3	Children’s Social Care Capital Investment	c. £3.5m	2018 onwards	Department for Education / Invest To Save	Appropriate Residential Care for vulnerable young people	Improved ability to accommodate vulnerable young people within the city. Cost efficiencies.

#### 5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Rising birth rate gives rise to expansion measures – the responsibility to build new schools remains with SCC	Two new schools (Mercia and Astrea) to be opened in 18/19. Expansions to Ecclesall and Topley also planned to open this year.
2	Risk that advance investment in these schools (£11m) is not repaid from future government funding allocations	No further capital commitment from future allocations until this investment has been repaid.
3	Annual reduction to the Building Condition Grant allocated to Local Authorities as more schools transfer to Academy Status.	Demands on the capital budget will also decrease proportionately. However, significant challenges relating to the condition of the primary estate remain – see below. The reduction in Building Condition funding leaves a disproportionate number of schools in a worse condition within the council’s control.
4	Backlog maintenance estimated at £100m and certain elements require urgent renewal.	Prioritise repairs on a ‘worst first’ basis, whilst aggregating requirements wherever possible to maximise efficiency of delivery. Make funding requests to the Growth and Investment Fund to tackle this backlog, prioritising schools which will remain in the City’s control.

**Ensuring legal and regulatory compliance for our corporate accommodation estate, improving its fitness for purpose for the customers we serve and our workforce when budgets allow. Spending on essential maintenance works to avoid further deterioration in the building fabric which will then cost more to repair. Improving the energy efficiency of our estate to reduce our carbon footprint and save money on energy bills**

## 1 Background and context

The Council has traditionally allocated several million pounds each year to fund building renovations and machinery replacement. Cabinet has approved a programme to maintain the rolling programme and deliver savings to the Revenue Budget by engaging in capital spend to address the fundamental problems rather than “patch and mend”. But the size and age of the estate produces a significant demand on the Council’s funds.

In particular the Council is the owner and custodian of a number of key civic city centre buildings including the Town Hall, Central Library plus Victorian schools in the suburbs. Many of these are listed buildings (the Town Hall is in the highest category of Grade 1) requiring the Council to keep these in good condition and preserve their original features.

In the case of the Central Library, it is estimated it will require investment in essential capital works of around £2.3m. This includes works relating to the heating system, roof, fire risk and general repairs. Whilst this will secure the building’s operation in the short term, experience over the last 10 years shows that continued essential investment will be required on an on-going and sizeable basis. It is estimated that a major refurbishment of the building would cost at least £16m and a major redevelopment (modernising the layout and uses) would cost in excess of £30m. To put this in context, the essential works spend on the whole of the Council’s operational buildings in the last five years was £12.7m. The backlog work is assessed at £65m.

Inevitably the need to preserve architectural heritage features adds to the cost of any works because the replacement parts have to be specially built. Moreover as these buildings become older, building regulations become more demanding, the simplest work on, say, the electrical system can require a substantial overhaul in order to meet the current standards.

In order to mitigate this pressure, the Council has reviewed the estate to identify underutilised or high cost buildings where those services or facilities can be provided from existing or new premises. This project, the Community Investment Plan, runs in conjunction with the Accommodation Efficiency Strategy. This has already reduced the Council’s office space needs enabling it to leave rented property, thus providing Revenue Budget savings.

There is also a substantial programme of remedial works in schools. A small proportion of this can be met by specific grants from the Department for Education (DfE) but the majority of works will require either significantly more grant from the DfE and/or alternative financing. These are covered in Section 8 – People: capital and growth.

## 2 Key potential priorities and their desired impacts

Key potential priorities are currently being discussed with Members and will be finalised in 2018.

Current potential proposals focus on ensuring legal and regulatory compliance for our civic estate, to ensure we keep members of the public and our paid staff safe. We also propose investment in condition surveys and lifecycle modelling so we can understand the required capital investment commitments over the next 25 years and then prioritise and profile this spend in the most economical and efficient way. As part of this, we will need to look at the lifecycle costs of some of our buildings and understand how these can be minimised. We are also keen to minimise the costs of our estate – both financial and environmental – wherever possible.

Officers will pull together priority proposals for Members to consider over the coming year.

## 3 Top current projects by remaining value

	Project	Value (£m)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Moorfoot lifts	£1.946	2017/18 – 2019/20	Y	Growth and Investment Fund	Renewed lifts to allow continued occupancy of Moorfoot	Maintain a compliant estate and save money on continual revenue repairs.
2	Medico Legal FRA	£1.880	2016/17 – 2018/19	N	Growth and Investment Fund	Provide additional Coroner's Court and address FRA issues	Increased capacity to meet demand; a safer, better building for members of the public.
3	Housing R&M - Transport	£1.657	2017/18 – 2018/19	Y	Prudential borrowing and Department of Transport grant funding	Renewed corporate vehicle fleet	Services using the most cost effective and low impact vehicle fleet.
4	Fire Risk Assessment Works	£1.491	2017/18 – 2018/19	N	Growth and Investment Fund	Ensuring our buildings meet current legislative standards	A corporate estate which meets our statutory obligations, does not endanger life and limb and protects Council taxpayers from future claims / liabilities.
5	Health and safety compliance	£0.846	2017/18 – 2018/19	N	Growth and Investment Fund	Ensuring our buildings meet current legislative	A corporate estate which meets our statutory obligations, does not endanger life and limb and protects Council taxpayers from future

						standards	claims / liabilities.
6	Mechanical Replacements	£0.689	2017/18 – 2018/19	N	Growth and Investment Fund	Ensuring our buildings have operational heating systems to meet legislative requirements and protect the building fabric	A corporate estate which can be used year-round by our workforce and whose fabric is not jeopardised through defective heating systems
7	Cber-condition surveys 2017/19	£0.660	2017/18 – 2018/19	N	Growth and Investment Fund	Collect condition data to allow future investment decisions and asset management planning	Allows future planning to inform efficiency use of resources.
8	Darnall Education Centre	£0.591	2017/18 – 2018/19	N	Growth and Investment Fund	Ensuring our buildings have operational heating systems to meet legislative requirements and protect the building fabric	A corporate estate which can be used year-round by our workforce and whose fabric is not jeopardised through defective heating systems
9	Cber Structure 17-19	£0.533	2017/18 – 2018/19	N	Growth and Investment Fund	Collect structural condition data to allow future investment decisions and asset management planning	Allows future planning to inform efficiency use of resources
10	Cber Roofing 17-19	£0.480	2017/18 – 2018/19	N	Growth and Investment Fund	Collect roofing condition data to allow future investment decisions and asset management planning	Allows future planning to inform efficiency use of resources

#### 4 Potential pipeline projects (subject to Member approval)

Officers will pull together priority proposals for Members to consider over the coming year as set out at section 2 above.

#### 5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of cohesive approach to maintaining city centre	Seek funding to address maintenance issues. Facilities Management to be party to the City Centre Strategy.

	buildings	
2	Paucity of data on the condition of the corporate estate	Collect data via a survey partner. This will require continuous investment to keep it up to date.

# A1 PROJECTS SPLIT BY PRIORITY: 2018/19 SUMMARY

This appendix 1 contains a summary of projects and provisional allocations by priority area. It does not include potential pipeline projects which have not been approved and as yet have no budget allocation

Values in £'000s	Expenditure					Total
	Current Year Outturn	2018- 2019	2019- 2020	2020- 2021	2021-24	
Economic Growth	62,123	69,747	473	10	50	132,403
Housing Growth	4,748	14,708	20,781	20,915	64,288	125,440
Housing Investment	62,370	66,643	57,827	55,507	95,868	338,214
Compliance & maintenance	9,983	3,593	563	-	-	14,138
People Capital and Growth	40,328	40,492	2,564	2,204	4,609	90,197
Transport	52,646	1,292	-	1	-	53,939
Quality of Life	24,514	13,807	13,858	14,641	49,737	116,557
<b>Total</b>	<b>256,712</b>	<b>210,281</b>	<b>96,065</b>	<b>93,277</b>	<b>214,553</b>	<b>870,889</b>

A fuller list of approved projects and provisional allocations split by priority area is available at <https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html>.

## A2 PROJECTS SPLIT BY PORTFOLIO: 2018/19 SUMMARY

This appendix 2 contains a summary of projects and provisional allocations split by Portfolio. It does not include potential pipeline projects which have not been approved and as yet have no budget allocation

Values in £'000s	Expenditure					Total
	Current Year Outturn	2018-2019	2019-2020	2020-2021	2021-24	
Resources	447	967	563	-	-	1,976
People	40,328	40,492	2,564	2,204	4,609	90,197
Housing Programme	67,059	76,593	77,971	76,422	160,157	458,201
Place	96,224	90,521	14,968	14,651	49,787	266,151
Highways	12,823	1,709	-	1	-	14,533
Corporate	39,831	-	-	-	-	39,831
<b>Total</b>	<b>256,712.409</b>	<b>210,281.180</b>	<b>96,064.941</b>	<b>93,277.122</b>	<b>214,553.105</b>	<b>870,889</b>

A fuller list of approved projects and provisional allocations split by portfolio is available at <https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html>.

# A3 GROWTH AND INVESTMENT FUND (GIF) POLICY

This appendix 3 sets out our proposed policy for the Growth and Investment Fund (GIF).

## 1 Background

The Growth and Investment Fund (GIF) was created in 2017/18 in order to provide a single coordinated fund to prime economic and housing growth activity in the city. It is a successor to a range of individual funds, New Homes Bonus, Community Infrastructure Levy (CIL) and elements of the Corporate Resource Pool (CRP). It is the Council's structure for managing discretionary capital funding. Funding requests from the GIF will be made to the Strategic Capital Board (SCB), which will take the necessary funding decisions by prioritising capital investment spend.

Historically, the CRP had been made up largely of capital receipts from the sale of surplus council land and assets. It was used to fund investment needs not met by Government funding, such as backlog maintenance demands / core repairs and unplanned failures of large critical assets or other property losses caused by natural disasters (such as the floods in 2007).

CRP was also used to demolish empty properties to redevelop land for sale. This brought benefits to the Revenue Budget by reducing the costs of safeguarding vacant properties, as well as replenishing the CRP.

With the advent of the New Homes Bonus and Community Infrastructure Levy as further "unrestricted" funds available for investment at the discretion of the authority, it was decided to combine the income from these new funding streams with those previously included in the CRP (i.e. Capital Receipts). Together, these create the new Growth and Investment Fund (GIF).

The national programme of expenditure reductions has increased the importance of this facility as central government support has decreased. We may be required to use our own resources to fund essential infrastructure. And we also need to maintain sufficient funds to match - often at short notice - those available from external funders like the European Union, Heritage Lottery Fund, Sport England etc. in order to lever in funding to replace that lost from Central Government.

## 2 Purpose of the Growth and Investment Fund (GIF)

The GIF is intended to fund two types of projects:

### a) Growth Projects

The primary purpose of the GIF is to provide long term funding – either directly or indirectly - for economic growth and housing growth projects which will stimulate or safeguard growth to provide high quality jobs and homes that people can afford. The money may be used to support land assembly and remediation. It may match inward and external investment for projects which have no other income stream. The fund is also intended to support infrastructure projects such as transport links which will enable growth projects to progress by removing network capacity constraints which may prevent the grant of planning permission. The potential benefit of the combined Growth and

Investment Fund is gained from amalgamating multiple income streams to generate further growth to provide the critical mass to support major projects which will transform the city.

### **b) Internal Investment Projects**

The GIF may also be used to support other internal investment projects not directly linked to growth – see ‘GIF Allocation Policy’ below. We will request that internal investment projects are identified to SCB wherever possible in Quarter 1 2018/19 so the relative size of the investment ‘ask’ is scoped early in the financial year. Of course, this does not preclude urgent investment requirements being brought forward throughout the year. We would however view these as being the exception, rather than the rule.

## **3 Risks and demands on the GIF**

Key risk factors on the ability to allocate the GIF relate to the uncertainty surrounding the income flows from the key components of capital receipts, New Homes Bonus and Community Infrastructure Levy.

Payment of Capital Receipts will continue to be subject to the inherent risk in all property and land transactions, such as local / national economic factors and the housing market. Furthermore, the application of the Affordable Housing Policy, to address the citywide affordable housing shortfall, will affect the level of capital receipts generated, although potential reductions may be partially offset by future Council Tax, New Homes Bonus. The Council will also receive s106 commuted sum (on and off site) contributions for the provision of new affordable housing and this income will be used to increase the number of affordable homes in the Affordable Housing Programme.

Community Infrastructure Levy income will be dependent on the level of development taking place in the city which is subject to the levy. While estimations can be made of potential receipts, again, wider economic factors can quickly impact on the level of development in the city.

New Homes Bonus income is dependent not only on the number of new homes delivered in the city but also, on an ongoing basis, a continued commitment from central government to maintain the scheme at its current levels.

A recent exercise indicated potential demands on the GIF up to 2021-22 of £157.8m which compared to a total of existing resources and confirmed allocations of £90.2m.

## **4 Who manages the GIF?**

Funding requests from the GIF will be made to the Strategic Capital Board (SCB). The SCB is made up of the Deputy Leader of the Council, together with Cabinet Members for Finance, Business and Investment, Children Young People and Families, Planning and Development, and Transport and Sustainability. They will be assisted by the Executive Directors responsible for Place and Resources. The SCB will take funding decisions in accordance with the Usage Policy set out below.

A single governance structure through the Strategic Capital Board will allow a strategic overview of the Council’s priorities and more effective deployment of our limited discretionary resources to support these.

## 5 GIF Allocation Policy

In line with previous policy, we again recommend that Members approve capital expenditure commitments no more than one year in advance. Lower levels of capital receipts put considerable constraints on the GIF. Prior year commitments exceed the current annual level of receipts. This leads to a year-on-year reduction of the value of the reserve.

Consideration of the granting of GIF funds will only be given to projects which meet the following criteria:

### A Funding

Projects requesting GIF funding will:

- Have no other available funding sources from central government, internal investment funds (e.g. Housing Revenue Account) or other grant funding bodies; or
- Already be in receipt of external funding and require an element of match funding to proceed; or
- Are strategic projects which require cash flow support until a funding package can be arranged.

### B Suitability

Projects requesting GIF funding will:

- Be in line with corporate priorities; and
- Have a robust business case which stimulate strong projected economic or housing growth (growth projects) or financial savings or significant improvements in performance (internal investment projects only); or
- Be necessary to make an asset compliant with legislation (internal investment projects only); or
- Usually result from a call for pipeline projects during Q1 of the financial year in which the expenditure is required to be incurred (internal investment projects only); or
- Be an emergency requirement not capable of prior notification and a failure to undertake the project as an emergency will result in a threat to life and limb (internal investment projects only).

Outcomes and benefits will, as ever, be robustly assessed. Priority will be given to projects which will repay or increase the GIF within a reasonable period of time e.g. by generating asset sales. And if any project does not proceed, abortive project costs will have to be financed from the sponsoring portfolio's Revenue Budget.

Alongside the funding of key development and investment priorities consideration will also be given to maintaining a suitable reserve level within the GIF to allow swift response to emergency situations such as the floods of 2007 and also to provide match funding at short notice to lever in additional grant funding from central government and others.

# A4 GLOSSARY

This appendix 4 sets out definitions of key words and phrases contained in this document.

Term	Name	Description
BBAF	Better Buses Area Fund	A fund to support the development of an improved bus service network which replaced the Bus Services Operators Grant (BSOG).
BB2	Better Buses Fund 2	The follow on programme to BBAF.
BID	Business Improvement District	A scheme in which Non Domestic ratepayers pay a levy on the rateable values of their properties to fund additional services or developments.
BRT North	Bus Rapid Transit North	A major project to deliver dedicated road lanes for buses between Sheffield and Rotherham.
CIL	Community Infrastructure Levy	A levy on new development. The purpose of the CIL is to contribute to the cost of infrastructure (roads, schools etc.) needed to support commercial and residential development.
CPG	Capital Programme Group	The management group within the Council which develops and recommends to Cabinet the Capital Strategy for the Authority.
CPO	Compulsory Purchase Order	A statutory power to enable local authorities to purchase land in order to facilitate developments.
DfE	Department for Education	The central government department administering the national education policy.
DfT	Department for Transport	The central government department administering the national transport policy.
ERDF	European Regional Development Fund	European Community Funds available to finance key projects.
FRA	Fire Risk Assessment	Surveys to ascertain the risk associated with fire in premises, which may require remedial works.
HRA	Housing Revenue Account	The specific Council fund where costs and income associated with the provision of council housing are collected. The fund provides a substantial contribution to the refurbishment of council owned properties.
LEP	Local Enterprise Partnership	A body comprising Local Authority and local business representatives which allocate capital funds to major economic and infrastructure projects.
LSTF	Local Sustainable Transport Fund	Introduced by Government to promote sustainable transport interventions that support economic growth whilst reducing carbon emissions.

LTP	Local Transport Plan	The capital programme to develop and improve transport links across the county. Funded from central government grant.
MTC	Measured Term Contract	A contract of defined duration (rather than value or volume of work) which can be called off over a period of time.
NDD	New Development District	An area in the City Centre designated for regeneration through the construction of offices.
NRQ	New Retail Quarter	The area of the City Centre designated for a revitalised retail offer.
R&M	Repairs and maintenance	Our repairs and maintenance service, insourced in April 2017, covering both Housing and Corporate Buildings.
S.106	Section 106 agreements	Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are focused on site-specific mitigations of the impact of development. S106 agreements are often referred to as 'developer contributions', along with highway contributions and the Community Infrastructure Levy
SCR	Sheffield City Region	A combination of local authorities (Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, North East Derbyshire, Rotherham and Sheffield) which jointly develop strategic infrastructure projects and economic policy within their combined geographic boundaries.
SCRIF	Sheffield City Region Investment Fund	Devolved funding from central government to be used to create key infrastructure for e.g. transport to promote and assist economic growth.
SEN	Special Educational Needs	Specialist schools provision for disabled children who cannot access mainstream provision.
SRQ	Sheffield Retail Quarter	The programme to redevelop the retail offer in the city centre.
SYITA	South Yorkshire Integrated Transport Authority	Established in 2009 to take the lead in developing transport policy across the county.
SYPTTE	South Yorkshire Passenger Transport Executive	The organisation that takes the lead to develop the region's transport network and operates some transport facilities.
TIF	Tax Increment Financing	A scheme by which local authorities are given powers to borrow money to finance large scale infrastructure projects. The interest charge and borrowed sum are repaid using the additional local taxes created by the increased economic activity.
UTC	University Technical College	Academies for 14 – 19 year olds offering vocational training and education.



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