

Finance Sub-Committee

Meeting held 6 September 2022

PRESENT: Councillors Bryan Lodge (Co-Chair), Zahira Naz (Co-Chair), Mike Levery (Deputy Chair), Maroof Raouf (Group Spokesperson), Mike Chaplin, Marieanne Elliot, Mary Lea, Shaffaq Mohammed and Joe Otten

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1. APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence.

2. EXCLUSION OF PRESS AND PUBLIC

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 Cllr Otten declared a personal interest in regards to the crossing on Hangingwater Road.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of the Committee held on 27th July 2022 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 The Committee received a referred joint petition on Pension Divestment from the Full Council meeting of 20 July 2022. June Cattell spoke on this petition representing the Sheffield Campaign for Divestment from companies responsible for human rights abuse in Palestine. Ms Cattell made reference to the petition that was taken to the Full Council in July and that it dealt with other issues such as Human Rights, International law, local democracy and opposition to apartheid. An example was referred to around the amendment to the pensions bill linking to the boycott bill, prohibiting support for boycott actions. Ms Cattell expressed the continuing need for the Council to uphold international law and recognise the apartheid that is taking place in Israel and Palestinian territories. Ms Cattell also spoke on the SYPA investment strategy with specific references to Human Rights, Climate and the use of representative to monitoring and challenge the decisions made by SYPA.

The Chair thanked June Cattell and explained that a response had been given at the Full Council meeting in July but that further legal advice would be sought for a full written response on the points raised.

5.2 Andy Kershaw attended the Committee and asked the following questions:

1. What is the financial model for the Graves Park Charity and who makes decisions on the application of income and expenditure and who are the 11 staff quoted as supported by the revenues?
2. Why has no revenue income from the Cafe been spent on repairs & maintenance in the last 14 years?
3. It's 50 days since the closure of the café and the loss of 12 jobs as a direct result of this so will the committee provide a compensatory sum to each member of staff who has lost employment as a result of this closure?
4. When will an urgent decision be made as to a temporary replacement for the café and will this committee allocate emergency funds to facilitate this today?

The Chair explained that the questions were accepted beyond the submission deadline and that a written response would be arranged.

6. BUDGET MONITORING AND FINANCIAL POSITION MONTH 4,2022/23

6.1 This report brought the Committee up to date with the Council's financial position as at Month 4 2022/23.

6.2 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. Note the Council's challenging financial position as at the end of July 2022 (month 4).

6.3 Reasons for Decision

6.3.1 Executive directors and Directors will be required to develop plans to mitigate the in-year forecast overspends.

6.4 Alternatives Considered and Rejected

6.4.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

7. CAPITAL APPROVALS FOR MONTH 03 04, 2022/23

7.1 The report provided details of proposed changes to the existing Capital Programme as brought forward in Months 03&4 2020/21.

7.2 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. Approve the proposed additions and variations to the Capital Programme listed in Appendix 1 & Appendix 2 of the report.

7.3 Reasons for Decision

7.3.1 The proposed changes to the Capital programme will improve the services to the

people of Sheffield

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

7.4 **Alternatives Considered and Rejected**

- 7.4.1 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.

8. **SHEFFIELD CITY REGION URBAN DEVELOPMENT FUND (JESSICA FUND)**

- 8.1 The Head of strategic Development and External Programmes presented the report which updated the Committee on the progress of the Sheffield City Region Urban Development Fund (the JESSICA Fund) over the past ten years and seeks approval for the Fund to retain its initial allocation of capital funding for a further ten years to enable additional commercial investment loans across South Yorkshire.

Approval was also sought to expand the Investment Strategy of the Fund to include investment in residential, leisure and retail developments.

- 8.2 Members raised questions and gave comments and responses were given surrounding funded areas, investment strategy, the focus of energy generation, potential commercial funding, repayment terms and renewable energy.

8.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. Notes the progress of the JESSICA Fund over the past 10 years and approves the Council maintaining its lead role in the oversight of the JESSICA Fund;
2. Approves the JESSICA Fund retaining the Growing Places Fund Legacy for a further ten-year period with an expansion of the associated Investment Strategy to include residential, retail and leisure development; and
3. Notes the JESSICA Fund's intention to retain, with the permission of the Department for Levelling Up Housing and Communities, the original ERDF investment and the existing Sheffield City Region funding for a further 10 years.

8.4 **Reasons for Decision**

- 8.4.1 The underlying benefit that this proposal brings is that it retains a sustainable source of finance that can be used for future capital developments that might not be feasible through traditional commercial (private sector) finance and will support the economic regeneration of the City and wider region. A successful JESSICA Fund represents an opportunity to progress the local and regional regeneration

agenda creating jobs and wealth.

8.4.2 Retaining the JESSICA Fund with its Legacy funding and newly procured Fund Manager for a further ten years with an expanded Investment Strategy will:

- I. Retain £32m in the South Yorkshire economy to support property development and the wider economy through the accommodation of indigenous business growth and inward investment.
- II. Enable a local Fund to invest in a broader range of property investments thereby improving the opportunity for businesses to access finance. iii)
- III. Provide an innovative local investment vehicle to attract additional private and public sector investment into the region.

8.5 **Alternatives Considered and Rejected**

8.5.1 A do-nothing option would see the Fund end its activity in supporting activity in South Yorkshire and its capital proportionally returned to DLUHC to be invested in the UK and to SYMCA with investment in the South Yorkshire economy.

8.5.2 The Fund could be 'sold' as an ongoing asset to a private investment vehicle. This would likely generate a small return for the Funds original investors but would see a loss of control of the Funds activity. It is likely that the geographic and sector restrictions in the Investment Strategies would be removed, and investments would no longer be directed at those that have both economic and social benefits for South Yorkshire.

9. **PROJECT FEASIBILITY FUND**

9.1 The Head of Strategic Development and External Programmes presented the report which sought approval from the Sub-Finance Committee to accept £6.6m from the South Yorkshire Mayoral Combined Authority (SYMCA) to support the implementation of a Project Feasibility Fund (PFF) and to note the proposed governance arrangements for the PFF.

9.2 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. Sheffield City Council through the Programmes and Accountable Body Team will act as the Accountable Body for the Project Feasibility Fund.
2. The Council to enter into a funding agreement with the South Yorkshire Mayoral Combined Authority in order to accept a grant of £6.6 million.

9.3 **Reasons for Decision**

9.3.1 Entering into the Fund Agreement will allow the Council to:

1. Develop and complete of the City Strategy which will also include Policies and Spatial Strategies and the Sheffield Place Based Plan.
2. Enable the development of project ideas from prioritised City strategic objectives.
3. Turn ideas into deliverable projects with developed and costed business cases

that can deliver against South Yorkshire Strategic Economy Plan (SEP) objectives.

9.4 **Alternatives Considered and Rejected**

- 9.4.1 A do-nothing option would see the Council with very little capacity and resource to complete the City Strategy and Place Based Plan. In addition, there would be extremely limited ability to proactively develop project ideas and business cases to delivery strategic outcomes for the City.
- 9.4.2 No alternative external funding sources have been identified for this type of activity to be undertaken.

10. **LEISURE INVESTMENT UPDATE**

- 10.1 The Head of Sport, Leisure and Health presented the report which provided an update on the lifecycle maintenance work outlined in the Leisure Investment and Facility Review report, approved at Cooperative Executive in November 2021.

The report also provided an update on the above work that has been carried out to date and an update on the planned work between now and 2024, including a breakdown of the required investment for each of the facilities and the planned work.

The report asked for committee approval to draw down the next tranche of funding to allow this planned work to proceed.

It was noted that in the original report there was investment proposed for Upper Thorpe Healthy Living which will be subject to a further report

Members raised questions and gave comments and responses were given surrounding levels of investment and timeframes, increased participation and revenue, facilities and upfront investment, long term 'investing to save' model. The Head of Sport, Leisure and Health agreed to follow up with further detail and an update on the work around Heeley. It was clarified that the financial model was 30 years. Responses were also provided on concessions already in place and expectations around generating energy efficiencies.

- 10.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. Approves the drawdown of funding to SCT for essential health and safety/maintenance and lifecycle improvements through to 2024 of up to £19.2m, to be funded as identified in the Leisure Facility Investment Review (LIFR) approved at the November 2021 Cooperative Executive.
2. Notes that a further report will be brought to a future Finance Sub Policy Committee meeting in relation to maintenance and lifecycle work at Upperthorpe Healthy Living Centre.

10.4 **Reasons for Decision**

- 10.4.1 It is expected that investment into improved facilities will help to retain participation

and usage of venues. Improved facilities will better meet customer expectations of a modern and welcoming leisure and entertainment offer.

10.5 **Alternatives Considered and Rejected**

- 10.5.1 Option 1 - Do nothing. This is not a realistic option because without investment facilities will continue to deteriorate and there is a significant risk that facilities would have to be closed.
- 10.5.2 Option 2 – Delay Investment to 2024 Page 101 Page 8 of 8 Investment could be delayed until the appointment of a new operator in 2024. This is not the preferred option because there is a risk that plant and equipment may fail prior to 2024 resulting in unplanned building closures and disruption to customers. It is also our preferred option to progress as much work as possible in advance of handing over facilities to a new operator to help support a smooth transition and mobilisation process.

11. **APPROPRIATION OF THE FORMER BOLE HILL VIEW OLDER PERSONS RESIDENTIAL HOME FOR HOUSING PURPOSES**

- 11.1 The Housing Growth Service Manager presented the report which sought approval for the former Bole Hill View Older Persons' Residential Home site (Eastfield Road, Crookes, Sheffield, S10 1QL) to be appropriated¹ for the purposes of Part II of the Housing Act 1985. The vacant former Older Persons' Residential Home, which has been disused for several years, currently occupies part of the site. The site and building have been declared surplus to requirements in terms of their original/ previous use. The site has been identified as suitable for the delivery of new affordable homes as part of the Council's Stock Increase Programme. The site needs to be formally appropriated for 'housing purposes' to enable work to progress (e.g. disconnection of utilities, demolition of existing structures, completion of ground investigation surveys) on the delivery of new affordable Council homes.
- 11.2 Members raised questions and gave comments and responses were given surrounding the Stock Increase Programme, re-purposing, demand for affordable housing, risk management and appropriation of the site. It was agreed that the Housing Growth Service manager would send specifications onto the Committee and also provide details on costings to maintain the site since 2013. Responses were also given on consideration of different methods to heat the building and use of external funding for environmental upgrades.
- 11.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-
 - 1. Approve that the former Bole Hill View Older Persons' Residential Home site is appropriated for the purposes of Part II of the Housing Act 1985
- 11.4 **Reasons for Decision**
 - 11.4.1 In Planning terms, the preferred use for the site is C2 (residential institutions) and C3 (housing).

- 11.4.2 The site is in the Urban West Housing Market Area. This is the area of the City with the largest shortfall of affordable homes, which includes demand for 1-bed apartments which this project will ultimately deliver (subject to further detailed design work, the outcome of a Planning Application and Council approval via the Capital Approval process).
- 11.4.3 The site is in an area with limited surplus Council-owned land suitable for housing development and where competition for and cost of sites on the open market is high.
- 11.4.4 Provides an opportunity to regenerate a Council-owned brownfield site (removing liabilities associated with a vacant building/ disused site).

11.5 **Alternatives Considered and Rejected**

- 11.5.1 'Do nothing': The site was declared surplus in 2013. It has been disused for several years, with part of the site is occupied by a former older persons' unit. The site remains a maintenance liability for the Council and is an underutilised brownfield site in Council ownership. 'Do nothing' is not considered a suitable long-term option.
- 11.5.2 Disposal of the site and subsequent marketing for a commercial use: Marketing the site for commercial use is also likely to generate a land receipt for the Council which could be re-invested in services. However, whilst other uses may be acceptable, in Planning terms, the preferred use for the site is C2 (residential institutions) and C3 (housing). Given the location of the site in an established residential area, with good access to public transport and local services – a residential use is preferred.
- 11.5.3 Disposal of the site and subsequent marketing for a residential use: Marketing the site for residential use is also likely to generate a land receipt for the Council which could be re-invested in services. Given the need for affordable housing in this area of the City, coupled with limited surplus land in Council ownership suitable for housing development to meet this need, the preference is to secure the site for the delivery of affordable Council homes as part of the Stock Increase Programme.

Whilst market disposal of the site for residential use cannot be ruled out in its entirety (if a Council-led scheme is considered unviable) it is not the preferred option for this site.

12. **SHEFFIELD AND ROTHERHAM CLEAN AIR PLAN - GRANT FUNDING**

- 12.1 The Head of Strategic Development and External Programmes introduced the report which sought acceptance for £4,033,566 of DEFRA / DfT Implementation Fund grant funding awarded towards delivery of the Sheffield and Rotherham Clean Air Plan to achieve legal NOX levels within the shortest possible time.

Approval was also sought for £6.176m of the existing DEFRA / DfT Clean Air Fund (CAF) award to be included in the Capital Programme to enable Financial Support

Measures (grants) be provided to owners of Clean Air Zone (CAZ) non-compliant to upgrade their vehicles.

12.2 Members raised questions and gave comments, and responses were given surrounding funding, infrastructure, level of support to taxi drivers, timings to launch the scheme and funding. It was clarified that the £6.17m and the £4m was not applicable to taxi drivers but that part of the £20m package of wider support will be available to taxi drivers and LGVs.

12.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. Accept the additional grant funding of £4,033,566 awarded to Sheffield City Council as the accountable body by the Department for Environment Food & Rural Affairs (DEFRA) and the Department for Transport to enable the Council to comply with its statutory duty to implement the Sheffield & Rotherham Clean Air Plan as the Direction from the Secretary of State received on 13th July 2022.
2. Approve the inclusion of in the Capital Programme of a scheme of grant assistance to Bus, Coach and HGV owners as described in the report to a value of £6.176m.

12.4 **Reasons for Decision**

12.4.1 The £4,033,566.00 Implementation fund grant award needs accepting to enable implementation to progress to progress within the required timescale. Without this the funding will not be available when required and could cause delay and / or will require expenditure at risk.

12.4.2 The £6.7m of the CAF funding needs including on the capital programme to progress within the required timescale. Without this approval the funding will not be available when required and may delay roll-out of the FSM's grant and loans designed to mitigate some of the financial impacts of the CAZ charging zone.

12.5 **Alternatives Considered and Rejected**

12.5.1 Options were assessed throughout the outline business Case and Full business case process. Proposals are now final and the Local Authority is Directed to implement the measures to achieve legal compliance by 2023.

13. DISPOSALS FRAMEWORK - POLICY ON DISPOSAL OF COUNCIL PROPERTY

13.1 The Head of Property Services presented the report which outlined that Sheffield City Council holds a substantial portfolio of land and property assets some of which are no longer required for the delivery of services to the public. This report seeks approval of a Disposals Framework for council land and property.

The Framework provides guidance to decision makers, officers and Elected Members to ensure that the Council is compliant with its legal, financial and statutory duties.

13.2 Members raised questions and gave comments, and responses were given surrounding views on disposals, estate management, accommodation review and household waste recovery site.

13.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. That the attached Disposals Framework be adopted as Council Policy.
2. That the Council's Chief Property Officer be authorised in consultation with the Chair of Finance Sub-Committee and the Director of Legal Services to revise and reissue the Disposals Framework as required.

13.4 **Reasons for Decision**

13.4.1 Disposal of Land and Property by public authorities can be controversial and there has been recent scrutiny of a number of Local Authorities regarding estate management practice, disposals and achieving best value in property transactions. It is therefore important that decision makers, Officers and Elected Members are provided with clear guidelines and procedures for good governance to reduce the risk of challenge.

13.5 **Alternatives Considered and Rejected**

13.5.1 The main alternative option is to continue using the Disposals Framework approved by the Cabinet Member for Finance and Resources in 2013. However, this does not take account on the new governance arrangements and committee system introduced in 2022, recent case law and best value reviews of Local Authorities and best practice, neither does it fully address certain areas of policy such as disposal at less than best consideration. This leaves the Council at risk of exposure to challenge and the requirement to use scarce resources to defend actions.

14. SUBSTANCE MISUSE SERVICES

14.1 The Head of Commissioning presented the report which outlined that the Council is the lead commissioner in the city for drug and alcohol treatment and recovery services which fall under the Council's Public Health statutory duties. Services are funded via the Public Health Grant with a contribution from the Office of the Police and Crime Commissioner.

The Office of Health Improvements and Disparities (OHID) have made additional funding available to support Local Authorities to achieve the aims of the new National Drug strategy 'From Harm to Hope' published in December 2021.

The purpose of the report was to seek approval to spend the new Supplemental Substance Misuse Treatment and Recovery Grant (SSMTRG) to deliver against the objectives of the national drug strategy and to seek approval to accept and spend the Rough Sleeper Drug and Alcohol Treatment Grant (RSDATG) funding to support the prevention, treatment and recovery associated with drugs and alcohol in the city for those who are rough sleeping or at risk of rough sleeping.

14.2 Members raised questions and gave comments, and responses were given surrounding tender and procurement, improvement, and expansion of mental and physical health with drug treatment services. The Head of Commissioning agreed to report back on the total budget.

14.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. notes the receipt of the Supplemental Substance Misuse Treatment and Recovery Grant for which the Council we will be accountable.
2. accepts and thereby agrees to be the Accountable Body for the Rough Sleeper Drug and Alcohol Treatment Grant.
3. notes the objectives that the Council is required to address using the two grants and agrees the approach taken.
4. endorses the planned interventions and, where these are reserved decisions in accordance with the Constitution, approves the outlined commissioning strategies and grant awards and approves the establishment of the enhanced recovery support grant fund.
5. delegates authority to the Director of Public Health to agree the final eligibility criteria for the enhanced recovery support grant fund.
6. delegates authority to the Director of Public Health to take any further reserved commissioning decisions necessary to deliver the outcomes outlined in this report, where such decisions are within agreed budgets including the additional funding outlined in this report.

14.4 **Reasons for Decision**

14.4.1 OHID have made their intention to monitor and scrutinise local authorities against the investment explicit. Sheffield is one of the areas in the Yorkshire and Humber region to receive the greatest allocations of funding and will be challenged if progress against the plan slips. There is a reputational risk if SCC fails to deliver.

14.4.2 Both grants offer significant opportunity to provide support to some of the most vulnerable residents in Sheffield and to improve the city's public health and equality outcomes.

14.5 **Alternatives Considered and Rejected**

14.5.1 The Council could decide that it wishes to put forward different proposals. However, this would either require further approval by OHID otherwise there is financial risk if we are unable to spend the grant in the way it is intended and reputational risk if we are unable to deliver against the new national strategy.

14.5.2 The Council could decide not to spend the money, in which case it would have to be repaid. However, if expenditure is not approved, Sheffield risks not being able to deliver against the National Drug Strategy and risks losing the associated funding. This would be a lost opportunity for Sheffield residents.

15. ADDITIONAL HOME CARE TO SUPPORT HOSPITAL DISCHARGE

- 15.1 The Director of Adult Health and Social Care presented the report which sought approval to accept and allocate monies from NHS South Yorkshire Integrated Care Board to the value of £2.427m on a non-recurring basis.

The purpose of this new funding from NHS is to enable an increase in social care capacity to enable the safe and timely provision of discharge from hospital and reduction of 40 beds on average per month.

- 15.2 Members raised questions and gave comments, and responses were given surrounding temporary funding and the new model of home care delivery.

- 15.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Policy Committee:-

1. Approves the Council accepting £2.427m of non-recurrent funding from the NHS South Yorkshire Integrated Care Board and thereby becoming the Accountable Body for such funding as set out in this Report.
2. Approves the establishment of a grant fund(s) of a maximum £2m, with eligibility criteria to be agreed with NHS South Yorkshire Integrated Care Board, from which grants will be allocated to successful providers to provide the additional social care support.
3. Delegates authority to the Director of Adult Health and Social Care to set the eligibility criteria for the grant fund(s), in consultation with the NHS South Yorkshire Integrated Care Board, and to award any grants in excess of £50,000

15.4 Reasons for Decision

- 15.4.1 The additional social care support and funding will:-

- Alleviate short and long-term pressures which will lead to people being discharged from hospital on a timely basis and within 48 hours of being 'Medically fit for discharge'.
- Support the existing home care providers who are dealing with increased demand pressures.
- Support and enable where possible the individual to return home if they are able to do so.
- Reduce the number of people deconditioning due to extended stays in hospital.
- Free up acute beds for other purpose
- Support increased demand due to winter pressures and other spike in demand due to COVID/Flu etc

15.5 Alternatives Considered and Rejected

- 15.5.1 The Council could decline the grant funding but it is anticipated that demand would still increase and there would be no additional funding to meet those costs. In addition, it is highly unlikely that the homecare sector could provide the additional capacity without the measures proposed in this Report.
- 15.5.2 The Council could agree to be Accountable Body for the funding but only look to directly provide additional capacity or contract for it without the grant funding arrangements proposed in this Report. However, as above, it is highly unlikely that the homecare sector could provide the additional capacity without the grant funding measures proposed in this Report. It is believed that those grant funding arrangements will stimulate the market and enable them to increase capacity so that we are able to enter into additional call off contracts under existing contractual arrangements.