

Finance Sub-Committee

Meeting held 22 March 2023

PRESENT: Councillors Bryan Lodge (Co-Chair), Zahira Naz (Co-Chair), Mike Levery (Deputy Chair), Maroof Raouf (Group Spokesperson), Mike Chaplin, Mary Lea, Joe Otten and Douglas Johnson (Substitute Member)

1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillor Marieanne Elliot. Councillor Douglas Johnson attended as a substitute member.

2. EXCLUSION OF PRESS AND PUBLIC

2.1 It was noted that appendix 1 to item 14 on the agenda, appendices A and C to item 15 on the agenda and the report and appendices to item 16 on the agenda were not available to the public or press because they contained exempt information. If Members wished to discuss the exempt information, the Committee would ask the members of the public and press to kindly leave for that part of the meeting and the webcast would be paused.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest made at the meeting.

4. MINUTES OF PREVIOUS MEETING

4.1 The Minutes of the meeting of the Committee held on 21 February 2023 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 There were no public questions or petitions.

6. BUDGET MONITORING AND FINANCIAL POSITION MONTH 10, 2022/23

6.1 The Director of Finance and Commercial Services submitted a report bringing the Committee up to date with the Council's financial position as at Month 10 2022/23 including the General Fund revenue position, Housing Revenue Account and Capital Programme Monitoring (Appendix 1).

6.2 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee notes the Council's financial position as at the end of January 2023 (month 10).

6.3 Reasons for decisions

6.3.1 The paper brought the Committee up to date with the Council's current financial

position as at Month 10 2022/23 including the Capital Programme.

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. LOCAL AUTHORITY DOMESTIC ABUSE DUTY: 2023 TO 2024 AND 2024 TO 2025 FUNDING ALLOCATION FOR SHEFFIELD

7.1 The Strategic Commissioning Manager for Domestic and Sexual Abuse submitted a report seeking approval for the commission of services and support following the award of £1,356,134 for 2023/24 and £1,381,721 for 2024/25 by the Department of Levelling Up, Housing and Communities to Sheffield City Council (SCC) to provide support for people living in safe accommodation because of domestic abuse.

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

1. notes that the Council has been awarded a grant of £1,356,134 for 2023/24 and £1,381,721 for 2024/25 by the Department of Levelling Up Housing and Communities to meet its new statutory duties under Domestic Abuse Act 2021 as outlined in this report;
2. approves the commission strategy relating to this funding via the contracts and grant variations as outlined in this report, in respect of the grant funding being awarded to the Council;
3. to the extent not covered by existing delegations, delegates authority to the Director of Integrated Commissioning in consultation with the Director of Finance and Commercial Services and the Director of Health and Social Care to approve a commissioning strategy regarding any funds as yet unallocated in order to provide specialist support services to domestic abuse victims / survivors in safe accommodation, in line with this report; and
4. where no such authority exists, delegates authority to the Director of Integrated Commissioning in consultation with the Director of Finance and Commercial Services, the Director of Health and Social Care and the Director of Legal and Governance to take such other steps as may be necessary to meet the outcomes and objectives of this report.

7.3 Reasons for decisions

7.3.1 Sheffield had been allocated £1,356,134 for 2023/24 and £1,381,721 for 2024/25 to enable the Council to meet the statutory duties introduced by the Domestic Abuse Act 2021 and outlined within the report. Commissioning the services and support as outlined within the report would support the Council to meet those statutory duties.

7.4 Alternatives Considered and Rejected

7.4.1 The Council could decide to not accept the funding however that would mean that it would be unlikely to be able to meet the statutory duties in the Domestic Abuse Act 2021.

7.4.2 The contracts, grants and variations were all working well and alleviating hardship, promoting recovery and supporting children and young people impacted by domestic abuse.

8. SUPPORTING PEOPLE THROUGH THE COST OF LIVING VIA CITIZENS ADVICE SHEFFIELD

8.1 The Strategic Commissioning Manager submitted a report seeking approval for a one-off grant investment of £300,000 from the Public Health grant reserve to Citizens Advice Sheffield (CAS) to increase their capacity to support people with managing their money at such a challenging time.

8.2 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee:-

1. notes the proposal as part of the Council's incident management response action plan to the Cost of Living; and
2. approves a one-off grant investment from the Public Health grant reserve of £300,000 to Sheffield Citizen's Advice for the proposal, as detailed in this report.

8.3 Reasons for decisions

8.3.1 The recommendations build on the commitments made by the Strategy and Resources Committee on 31st May and 5th July 2022 to support Sheffielders through the cost-of-living crisis.

8.4 Alternatives Considered and Rejected

8.4.1 Do nothing – this was rejected as communities across Sheffield were being impacted on by the cost-of-living crisis. It was hoped that, by working with CAS, the impacts of the cost-of-living crisis on communities would be mitigated and support and interventions would be co-ordinated around those that needed it the most.

9. COMMISSION OF REVENUES, BENEFITS AND FINANCE SYSTEMS

9.1 The Head of Revenues and Benefits submitted a report seeking approval for the commissioning of IT systems for revenues and benefits, finance and payment processing. The current contractual arrangements would come to an end in 2025 and new contracts would be individually procured with one or more external providers for a period up to 30 June 2035.

9.2 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee approves the commissioning of the following IT systems:

- a) Revenues & Benefits Systems

- b) Finance System
- c) Payment Processing Platform

on the basis set out in this report for a period up to 30th June 2035 noting that it will be delivered by contracts with one or more external providers.

9.3 **Reasons for decisions**

- 9.3.1 The commissioning decision enables the Council to commence active market engagement and begin planning for its requirements in 2025 and beyond.

9.4 **Alternatives Considered and Rejected**

- 9.4.1 The relevant IT systems identified in the report enable the Council to conduct its work in the most efficient way. Moving away from these to a more manual and/or paper-based operation would be counter-productive.
- 9.4.2 The Council is not in a position to be able to design IT systems to carry out these functions. It does not have the technical skills or capacity, nor would there be time to complete the design and testing of such systems in a sufficiently robust way to ensure continuity of service from 2025 onwards.
- 9.4.3 As a result separately procuring external suppliers to deliver these functions is the recommended option. This enables the Council to take advantage of best practice as well as the innovation and development capacity provided by the private sector.

10. **ACCEPTANCE OF CITY REGION SUSTAINABLE TRANSPORT SETTLEMENT REVENUE GRANT**

- 10.1 The Head of Regeneration and Property Services presented a report informing members of a revenue grant offer from South Yorkshire Mayoral Combined Authority (SYMCA) of £2,856,916 as part of the City Region Sustainable Transport Settlement (CRSTS) Fund. The funding would be used to design and deliver the first gateway outputs (Strategic Outline Business Case (SOCB) and Outline Business Case (OBC)) including programme level costs and other complementary activities (such as data collection, communications, training and publicity) of the transport projects identified within the SYMCA CRSTS business case submission to the Department for Transport.
- 10.2 The report sought approval for SCC to be the accountable body for the revenue funding from SYMCA only. All future capital expenditure would be subject to compliance with the Council's budget processes, financial regulations and capital approval process, and the details, risks and financial implications would be included within the individual business cases for each project and submitted for authorisation via the capital approval process. Once the capital business unit had been approved, the revenue spend would be capitalised – thus enabling a proportion of this fund to be recycled to develop other transport schemes within the programme.
- 10.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee approves the Council

as accountable body for the revenue grant offer from SYMCA of £2,856,916 as part of the CRSTS Fund.

10.4 Reasons for decisions

10.4.1 It was recommended that the Council agree to be accountable body for the revenue grant. This would enable the Council to benefit from £2.9m of revenue funding to undertake data collection, modelling, policy and strategic alignment, and development of optioneering recommendations to support the development of the projects within the CRSTS programme.

10.4.2 It would help protect the Council's finances in the coming years, by providing revenue for staff costs, third party consultant support, and early specialist public participation resources.

10.4.3 Accepting the revenue grant and developing the project within CRSTS programme would ultimately unlock £137m of capital investment to deliver them.

10.5 Alternatives Considered and Rejected

10.5.1 Not accepting the revenue grant would significantly affect the viability of the projects within the CRSTS programme. They would either be delayed until an alternative funding source is found for their development or fail to come to fruition at all. Consequently, it would mean that the take-up of sustainable travel choices would be considerably slower than with the projects, it would also mean that the Council was unable to provide safe and reliable sustainable routes for many residents travelling to employment and to local facilities.

10.5.2 This would result in a delay to the Transport Strategy outcomes, along with no contribution to the one-year plan.

10.5.3 The benefits that would result from the enhancement of sustainable travel provision, such as reduced car usage and increased economic activity, would not be felt under this alternative option, or would be felt some time in the future, and therefore their benefit would be significantly diminished. Similarly, not moving forward with the projects now would mean that the wider social and environmental benefits would not be realised.

11. RURAL ESTATE MANAGEMENT PLAN

11.1 The Head of Regeneration and Property Services submitted a report seeking approval for the Rural Estates Management Plan which outlined how SCC would effectively and efficiently manage and develop its Rural Estate over a 10-year-plan period, with interim reviews. The Council's Rural Estate had the potential to play a significant role in delivering a wide range of objectives and positive outcomes for the inhabitants of Sheffield.

11.2 The Plan provided an overarching vision, strategy and principles to guide decision making as well as being a practical working document to guide activity.

11.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee approves the Rural Estate Management Plan, attached at Appendix 1, and adopts the Strategic Ambitions, Objectives, Action Points and Recommendations on pages 43 to 50 of the Rural Estate Management Plan to ensure effective management of the rural estate.

11.4 **Reasons for decisions**

11.4.1 The Rural Estate, whilst providing challenges, creates a number of opportunities for the Council to meet corporate objectives. The Rural Estate Management Plan provides a clear set of strategic objectives which would enable more active management of the estate.

11.5 **Alternatives Considered and Rejected**

11.5.1 The following alternative options have been identified:

11.5.2 **Dispose of the whole Rural Estate**

Holding a rural estate portfolio could be considered as outside of SCC's core objectives and some local authorities have disposed of rural land holdings in their entirety. However, given the location and limitations of the majority of SCC land holdings this would not be straightforward or favourable as elements of the land holdings are held in Trust and were gifted to the people of Sheffield by benefactors. Also, areas of the Estate offer opportunities to deliver wider SCC objectives particularly in the upland areas working in collaboration with tenants and stakeholders. If the Rural Estate was disposed of this potential would not be realised. Some areas of the estate would, however, be considered for disposal at the appropriate time where they do not form part of the core estate.

11.5.3 **Continue without a Rural Estate Management Plan**

The Council could do nothing; resulting in continued ad hoc decision making and a lack of focus on priority action. Budgetary constraints and a significant maintenance backlog have impacted on tenant relationships. The Estate subsequently suffers from underinvestment with many elements in a poor and deteriorating condition. Without action the Rural Estate would continue to deteriorate eventually resulting in worsening tenant relationships and missed opportunities to work with other bodies to realise wider environmental benefits for the City and its people.

11.5.4 **Rural Estate Management Plan**

The rural estate management plan sets out a clear framework, objectives and actions to ensure proactive management of the Council's land holdings over the next 10 years and would ensure that the assets are effectively managed, that the Council meets its legal duties as landlord and that wider benefits can be gained from proactive management for the benefit of the city and its people.

12. **SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY GRANT FUNDING AGREEMENTS**

12.1 The Head of Regeneration and Property Services presented a report that updated

the Committee on two grant offers from SYMCA totalling approximately £7m. The report sought approval in principle to accept the funding, subject to the final terms of proposed funding agreements being broadly on the terms previously from SYMCA and as set out in the report.

12.2 The funding would be used to support two major private sector led regeneration projects at Attercliffe Waterside and West Bar. Part of the funding would reimburse the Council for acquisitions made in Attercliffe which the Council had already completed in this financial year. The remainder would be paid subsequently to the developers of the projects when they had completed the relevant works, which was likely to be by the end of March 2024.

12.3 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee, subject to the finalised grant agreements being broadly on the terms set out in this report, approves the Council as accountable body for the grant offers from the South Yorkshire Mayoral Combined Authority.

12.4 **Reasons for decisions**

12.4.1 The preferred option was to accept the funding as this would support the continuation of two major private sector led regeneration projects which were likely to either stall or be reduced in quality as a result.

12.4.2 If the grant towards Attercliffe Waterside was not accepted the costs of acquisition which the Council had incurred and paid through the Brownfield Housing Fund would not be reimbursed resulting in less Council funding being available to support other projects in future.

12.5 **Alternatives Considered and Rejected**

12.5.1 The Council just could decide not to accept the funding but officers were unable to provide any reason or justification for that course of action.

13. **CENTRE FOR CHILDHEALTH TECHNOLOGY**

13.1 The Head of Regeneration and Property Services presented a report seeking approval for SCC to enter into a lease to deliver a new research facility for the development of innovative technologies for child health together with an adjoining office building at the Sheffield Olympic Legacy Park (SOLP).

13.2 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee:-

1. pursuant to the terms of the development agreement between the Council and Scarborough, agrees in principle the disposal of land through a lease for a term of 250 years, as detailed in this report; and
2. delegates to the Executive Director City Futures in consultation with the Chief Property Officer and the Director of Legal and Governance the final decision to dispose land as set out in this report.

13.3 **Reasons for decisions**

13.3.1 The proposed National Centre for Child Health Technology was another exciting new development which would further enhance the existing facilities in accordance with the SOLP Vision, accelerate its growth and bring a range of economic benefits for both the local community and wider city region. The results of the research which would be carried out would potentially improve the health of children throughout the world.

13.3.2 The new offices in the Grow-on Centre would deliver further private investment and attract attention and interest from other organisations and businesses who wished to be associated with the ongoing success of the SOLP.

13.3.3 The proposed disposal of the site to Scarborough, as set out in the report and in Part 2, would enable both of these developments to proceed, subject to officers agreeing the final terms of the lease.

13.4 **Alternatives Considered and Rejected**

13.4.1 The Council could decide not to enter into the proposed agreement to dispose of the site to Scarborough and to try to persuade them to allow it to be withdrawn from the development agreement in order that it be developed by the Trust.

13.4.2 There are commercial and logistical reasons not to do this as set out in the report in Part 2 of this agenda.

14. **ESSENTIAL COMPLIANCE AND MAINTENANCE ASSET MANAGEMENT PLAN**

14.1 The Director of Direct Services presented a report informing members of the challenges being faced in terms of the maintenance of SCC's property estate and the associated risks, such as non-compliance with legal standards and possible building closures due to unsafe conditions. The report set out how, pending the outcome of the Strategic Accommodation Review agreed by this Committee in November 2022, SCC would ensure the management of these risks and

14.2 A detailed breakdown of the investment required to address current maintenance issues across SCC's estate was provided in the appendices to the report.

14.3 The report sought approval for an approach to the prioritisation of repairs which would minimise disruption to services and building users, ensure any maintenance issues were resolved in a timely manner and allocate funding in accordance with a prescribed prioritisation framework.

14.4 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee approves the approach to the prioritisation of maintenance works within the current funding envelope, as set out in this report.

14.5 **Reasons for decisions**

- 14.5.1 To approve the strategy for prioritising works within the current funding envelope as described in the Policy Committee Report.

Outcome: Capital Works would be within affordability and prioritised in such a way as to minimise risk and avoid building failure / closure

- 14.5.2 To approve the business rules for prioritising repairs to the Corporate Estate.

Outcome: Repairs would be within affordability and prioritised in such a way as to minimise risk and avoid building failure / closure. The Capital Works progress and expenditure reporting would be transparent and timely and open to scrutiny in accordance with all council policies and procedures using a methodology which is robust and familiar to all stakeholders.

14.6 **Alternatives Considered and Rejected**

- 14.6.1 To approve the strategy for prioritising works within the current funding envelope as described in this Policy Committee Report:

Do nothing would result in the continued underinvestment in SCC's properties leading to building failures and potential risks to safety

- 14.6.2 To approve the approach to prioritising repairs to the Corporate Estate:

Do nothing would result in pressure on the revenue budget with repairs being carried out beyond affordability, leading to building failures and potential risks to safety.

15. **SHEFFIELD MUSEUMS SUPPORT**

- 15.1 **RESOLVED:** That the public and press be excluded from the meeting and the webcast be paused before discussion takes place on this item of business on the grounds that, if the public and press were present during the transaction of such business, there would be a disclosure of exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.

- 15.2 The Director of Economic Development, Skills and Culture submitted a report seeking approval for an increase to the 2023/24 Contract Price to Sheffield Museums Trust, this would be funded from reserves (specifically the energy/inflation reserve).

- 15.3 Inflation, National Living Wage increases and variable post-Covid visitor numbers, alongside significant energy cost pressure has created budget pressure. Through co-working with SMT and SCC, various actions have been taken already to mitigate this pressure on budgets. SMT are now included in the SCC energy tariff and have introduced other commercial and cost saving measures.

- 15.4 The meeting was re-opened to the public and press, and the webcast was recommenced, prior to the decisions being taken by the Committee.

15.5 **RESOLVED UNANIMOUSLY:** That Finance Sub-Committee:-

1. increases the 23/24 revenue grant to Sheffield Museums by £360,000, as set out in the report, to be funded from reserves (specifically the energy/inflation reserve);
2. notes that provision for a permanent service charge increase for 24/25 and onwards will be made within the Medium Term Financial Analysis and taken through the usual SCC annual budgeting process; and
3. notes that SCC will continue to work in partnership with SMT to refine revenue forecasts, mitigate pressures and secure funding for energy saving initiatives (such as the Local Renewable Energy Fund) and other invest to save proposals.

15.6 **Reasons for decisions**

- 15.6.1 Sheffield Museums is a high-quality, efficient organisation which brings many benefits to the city. The additional funding would support them to continue to provide an excellent service for the city, its communities and visitors.

15.7 **Alternatives Considered and Rejected**

- 15.7.1 A comprehensive process by officers considered alternative options, these were detailed in the report. SCC would continue to work in partnership with SMT to refine revenue forecasts, mitigate pressures and secure funding for energy saving initiatives (such as the Local Renewable Energy Fund) and other invest to save proposals.