

Council

Wednesday 1 February 2017

2.00 pm

**Council Chamber, Town Hall,
Pinstone Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

COUNCIL

**Wednesday 1 February 2017, at 2.00 pm
Council Chamber, Town Hall, Pinstone Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

MEMBERS OF THE COUNCIL

THE LORD MAYOR (Councillor Denise Fox)
THE DEPUTY LORD MAYOR (Councillor Anne Murphy)

1	<i>Beauchief & Greenhill Ward</i> Andy Nash Bob Pullin Richard Shaw	10	<i>East Ecclesfield Ward</i> Pauline Andrews Andy Bainbridge Steve Wilson	19	<i>Nether Edge & Sharrow Ward</i> Nasima Akther Mohammad Maroof Alison Teal
2	<i>Beighton Ward</i> Helen Mirfin-Boukouris Chris Rosling-Josephs Ian Saunders	11	<i>Ecclesall Ward</i> Roger Davison Shaffaq Mohammed Paul Scriven	20	<i>Park & Arbourthorne Ward</i> Julie Dore Ben Miskell Jack Scott
3	<i>Birley Ward</i> Denise Fox Bryan Lodge Karen McGowan	12	<i>Firth Park Ward</i> Abdul Khayum Alan Law Abtisam Mohamed	21	<i>Richmond Ward</i> Mike Drabble Dianne Hurst Peter Rippon
4	<i>Broomhill & Sharrow Vale Ward</i> Michelle Cook Kieran Harpham Magid Magid	13	<i>Fulwood Ward</i> Sue Alston Andrew Sangar Cliff Woodcraft	22	<i>Shiregreen & Brightside Ward</i> Dawn Dale Peter Price Garry Weatherall
5	<i>Burngreave Ward</i> Jackie Drayton Talib Hussain Mark Jones	14	<i>Gleadless Valley Ward</i> Lewis Dagnall Cate McDonald Chris Peace	23	<i>Southey Ward</i> Leigh Bramall Tony Damms Jayne Dunn
6	<i>City Ward</i> Douglas Johnson Robert Murphy Moya O'Rourke	15	<i>Graves Park Ward</i> Ian Auckland Sue Auckland Steve Ayris	24	<i>Stannington Ward</i> David Baker Penny Baker Vickie Priestley
7	<i>Crookes & Crosspool Ward</i> Craig Gamble Pugh Adam Hanrahan Anne Murphy	16	<i>Hillsborough Ward</i> Bob Johnson George Lindars-Hammond Josie Paszek	25	<i>Stocksbridge & Upper Don Ward</i> Jack Clarkson Richard Crowther Keith Davis
8	<i>Darnall Ward</i> Mazher Iqbal Mary Lea Zahira Naz	17	<i>Manor Castle Ward</i> Lisa Banes Terry Fox Pat Midgley	26	<i>Walkley Ward</i> Olivia Blake Ben Curran Neale Gibson
9	<i>Dore & Totley Ward</i> Joe Otten Colin Ross Martin Smith	18	<i>Mosborough Ward</i> David Barker Tony Downing Gail Smith	27	<i>West Ecclesfield Ward</i> John Booker Adam Hurst Zoe Sykes
				28	<i>Woodhouse Ward</i> Mick Rooney Jackie Satur Paul Wood

John Mothersole

Chief Executive

Contact:

Paul Robinson, Democratic Services

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PUBLIC ACCESS TO THE MEETING

The Council is composed of 84 Councillors with one-third elected three years in four. Councillors are democratically accountable to the residents of their Ward. The overriding duty of Councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them

All Councillors meet together as the Council. Here Councillors decide the Council's overall policies and set the budget each year. The Council appoints the Leader and at its Annual Meeting will appoint Councillors to serve on its Committees. It also appoints representatives to serve on joint bodies and external organisations.

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information. These items are usually marked * on the agenda.

Members of the public have the right to ask questions or submit petitions to Council meetings and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Council meetings are normally open to the public but sometimes the Council may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**COUNCIL AGENDA
1 FEBRUARY 2017**

Order of Business

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members to declare any interests they have in the business to be considered at the meeting.

3. MINUTES OF PREVIOUS COUNCIL MEETING

To receive the record of the proceedings of the meeting of the Council held on 4th January 2017 and to approve the accuracy thereof.

4. PUBLIC QUESTIONS AND PETITIONS AND OTHER COMMUNICATIONS

(a) To receive any questions or petitions from the public, or communications submitted by the Lord Mayor or the Chief Executive and to pass such resolutions thereon as the Council Procedure Rules permit and as may be deemed expedient.

(b) Petitions Requiring Debate

The Council's Petitions Scheme requires that any petition containing over 5,000 signatures be the subject of debate at the Council meeting. Two qualifying petitions have been received as follows:-

1. *Petition Calling on the Council to Reverse the Decision to Close Hurlfield View*

To debate an electronic petition <https://you.38degrees.org.uk/petitions/save-hurlfield-view> containing 5,467 signatures (as at 24th January) calling on the Council to "reverse the decision to close Hurlfield View". The wording of the e-petition is as follows:-

"Hurlfield View is the only facility in Sheffield that has day services and respite care for severely challenging individuals with dementia, the most complex cases in Sheffield."

2. Petition to “Save the Trees on Rivelin Valley Road”

To debate a combined electronic and paper petition entitled “Save the Trees on Rivelin Valley Road”. The online petition – [Rivelin Valley Trees](#) - contains 4,034 supporters (as at 24th January) and the paper petition will increase the number to above 5,000. The e-petition includes the following wording:-

“We, the undersigned, refute the assertion that the felling of 31 trees on Rivelin Valley Road, Sheffield is necessary. This road is the second longest avenue of Lime trees in the UK and is an invaluable asset to Sheffield and its heritage. We demand, and believe it imperative, that sensitive, alternative highway engineering specifications for footway, kerb and drain be adopted and implemented to enable the long-term retention of these trees.”

5. MEMBERS' QUESTIONS

- 5.1 Questions relating to urgent business – Council Procedure Rule 16.6(ii).
- 5.2 Supplementary questions on written questions submitted at this meeting – Council Procedure Rule 16.4.
- 5.3 Questions on the discharge of the functions of the South Yorkshire Joint Authorities for Fire and Rescue and Pensions – Section 41 of the Local Government Act 1985 – Council Procedure Rule 16.6(i).

(NB. Minutes of recent meetings of the two South Yorkshire Joint Authorities have been made available to all Members of the Council via the following link –

<http://democracy.sheffield.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13165&path=0>)

6. REPRESENTATION, DELEGATED AUTHORITY AND RELATED ISSUES

To consider any changes to the memberships and arrangements for meetings of Committees etc., delegated authority, and the appointment of representatives to serve on other bodies.

7. AUDIT COMMITTEE ANNUAL REPORT 2015/16

To receive the annual report of the former Audit Committee providing an overview of the activity undertaken during 2015/16.

The Chair of the Committee (Councillor Josie Paszek) will briefly introduce the report.

8. HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN & HRA BUDGET 2017-18

Report of the Acting Executive Director, Resources containing recommendations made by the Cabinet at its meeting held on 18th January 2017.

9. NOTICE OF MOTION GIVEN BY COUNCILLOR ADAM HURST

That this Council:-

- (a) notes the recent publication of analysis by the Trade Union Congress (TUC), from Office for National Statistics (ONS) figures, finding that the proportion of household debt is at its highest level for five years; on average UK homes owed 26.5% of their annual income to loans and credit cards in the third quarter of 2015, the highest rate since 2008; and the average amount owed by households is now £12,887, the highest figure recorded, and the calculations do not include mortgages;
- (b) is concerned by the need for households to be relying on such high levels of debt, demonstrating that the Government's handling of the national economy is fundamentally flawed – with average earnings falling below 2% since October - as increases in earning slow, household debt increases and this situation could have serious detrimental long term consequences for raising families out of poverty;
- (c) recalls the findings in July 2015, by the Institute for Fiscal Studies (IFS) which found that 63% of children living in poverty were in working families in 2013/14 (compared with 54% in 2009/10); and regrets that in the last year, according to the IFS, child poverty has increased by over 200,000 and notes further reports by the IFS which suggest that the UK is set for the biggest increase in child poverty in a generation and that by 2020 child poverty will have risen by 50%;
- (d) wishes to further highlight that the cycle between debt and poverty is well known, and that for children in debt-ridden families, they are more likely to be locked into a cycle of poverty; the Children's charity Barnardo's states that "poverty is the single greatest threat to the wellbeing of children and families";
- (e) reiterates the motion passed at December's Full Council meeting, which noted that Sheffield Brightside and Hillsborough has the 14th highest levels of child poverty of any constituency in the country with 39.7% of children (11,706 children) living in poverty and in Sheffield Central 34.9% of children (5,452 children) are living in poverty;

- (f) believes it is outrageous that in the fifth richest country in the world [i.e. the UK] children are increasingly having to suffer the consequences of poverty, and notes that from the beginning of the Coalition Government in 2010, children's charities have been warning that the Government's policies would result in increased child poverty and this has been seen through the significant growth in foodbanks in recent years;
- (g) regrets that the changes to Universal Credit announced in the Autumn Statement do not address the huge cuts made by this Government and recalls that the cuts to Universal Credit introduced by this Government have taken £2,100 per year from 2.5 million working families today and the measures in the Autumn Statement will give them back as little as £150;
- (h) notes research from the Joseph Rowntree Foundation which highlights that lone parents with 2 children, working full time on the National Living Wage, have lost £2,586 per year due to changes in benefits since 2015; and
- (i) welcomes Labour's proposal to reverse cuts to Universal Credit Work Allowances, to restore the important principle abandoned by this Government that work will always pay.

10. NOTICE OF MOTION GIVEN BY COUNCILLOR GEORGE LINDARS-HAMMOND

That this Council:-

- (a) believes that all health and social care staff should be thanked for their tremendous hard work and that their commitment and dedication should be acknowledged; it is not staff who are to blame for the continuing crisis at the NHS, but a government who consistently fail to fund this vital service;
- (b) recognises that staff at the Northern General Hospital have been under incredible pressure this Autumn and Winter, and in October 2016, Sheffield Teaching Hospitals NHS Foundation Trust missed their A&E target with only 85.6 per cent of patients being seen within the four hours, against a target of 95 per cent (meaning that 2,633 patients waited too long), and believes this pressure on health services is leading to greater pressure on social care;
- (c) supports NHS England's four-hour standard, which sets out that a minimum of 95 per cent of all patients to A&E will be treated within four hours; notes the widespread public and medical professional support for this standard, and believes that it is most concerning that the Secretary of State for Health, the Rt. Hon. Jeremy Hunt MP, recently suggested that the four-hour target may be

downgraded and no longer apply to minor injuries, and further believes that abandoning the four hour waiting time would be, in the words of Jonathan Ashworth MP, Shadow Secretary of State for Health, “a total admission of failure by this government”;

- (d) notes that ambulance services are also increasingly under pressure and deep condolences are given to the friends and family of a gentleman, aged 79, who died in the city after waiting two hours and forty minutes for an ambulance; the call was initially assessed as code Yellow, meaning that the incident involved a “potentially serious condition” and, under guidelines, the ambulance should have arrived in 40 minutes;
- (e) wishes to further highlight that the NHS is coming under increasing pressures, in part due to the crisis in social care - £4.6 billion has been cut from the social care budget since 2010, and that NHS funding will fall per head of population in 2018-19 and 2019-20;
- (f) supports calls on the Government to bring forward extra funding now for social care to help hospitals cope this winter, and to pledge a new improved funding settlement for the NHS and social care in the March 2017 Budget;
- (g) welcomes the Labour Party’s call to the Government for an urgent £700 million for social care, and is deeply concerned that the Prime Minister Theresa May’s government rejected this proposal, implicitly failing to understand the impact social care has on the wider NHS;
- (h) believes that Sheffield’s Children’s Hospital should be commended for seeing 98 per cent of youngsters within four hours, but raises concerns that such achievements will become increasingly unlikely without appropriate funding; and
- (i) understands that the NHS is experiencing the largest financial squeeze in its history and that 2017 will be a make or break moment for adult social care for local services provided by local councils and the NHS.

11. NOTICE OF MOTION GIVEN BY COUNCILLOR SHAFFAQ MOHAMMED

That this Council:-

- (a) notes that the election of the regional mayor for Sheffield City Region has been postponed until May 2018;
- (b) notes with concern the press statement issued by the Leader of Barnsley Council (Councillor Sir Stephen Houghton) and the Mayor of Doncaster (Ros Jones) in support of exploring a Yorkshire-wide

devolution option;

- (c) asserts that there is currently no Yorkshire-wide devolution deal on the table and notes the comments made by Northern Powerhouse Minister, Andrew Percy MP “I would urge leaders in South Yorkshire not to walk away because they will be in a position like the North-East where we take the proposal off the table because they have rejected it.”;
- (d) believes that the economic geography of the Sheffield City Region is distinct from the rest of Yorkshire and has strong links across the county borders with areas such as Bassetlaw and Chesterfield;
- (e) wants the best for our local economy and is therefore disappointed that devolved powers and funding for Sheffield City Region are now at risk because of local leaders’ parochial disagreements;
- (f) believes this is further evidence, along with the disagreements on HS2, of a lack of effective local leadership; and
- (g) calls on the Leader of the Council to do everything in her power to reassure the public and businesses of Sheffield and to get the SCR Devolution Deal back on track.

12. NOTICE OF MOTION GIVEN BY COUNCILLOR NEALE GIBSON

That this Council:-

- (a) fully supports the commencing in February of LGBT (lesbian, gay, bisexual and transgender) History Month and welcomes the promotion of this throughout the city by the City Council and local LGBT groups;
- (b) acknowledges the importance of raising awareness and advancing education on matters affecting the LGBT community; to work to make educational and other institutions safe spaces for all LGBT communities and to promote the welfare of LGBT people, by ensuring that the education system recognises and enables LGBT people to achieve their full potential, so they contribute fully to society and lead fulfilled lives, which in turn benefits society as a whole;
- (c) believes LGBT History Month is a time when we can explore and share some hidden aspects of our country’s past, both recent and remote and that this hidden history belongs to all of us and is part of our inheritance;
- (d) recognises that throughout history we can find many examples of people who refused to conform to the outward signs of the sex to

which they were born, and we also find many stories of people who loved their own sex; some of them experienced serious persecution and some are remembered for the contributions they made to our culture and society, in particular in Sheffield, the Socialist, Edward Carpenter;

- (e) acknowledges that their personal lives have often been suppressed or censored; to understand our present and imagine our future, we must first gain insight into our past; this is true of us as individuals, it is also true of societies; and believes that the Council has a moral obligation to ensure that this is well understood and as such:-
 - (i) supports the Rt. Hon. Jeremy Corbyn MP, Leader of the Labour Party, in his stance that a Labour government would add LGBT History Month to the national curriculum and that radical policy changes in the school curriculum would be implemented to better reflect gay issues;
 - (ii) supports the issuing of a formal apology to all gay men who were convicted under now abolished restrictive sex laws – and deplores the actions of the Conservative government in “talking out” a Private Member's Bill – the so-called Turing Bill - which would have pardoned all men living with UK convictions for same-sex offences committed before the law was changed; and
 - (iii) will fight against inequality and injustice wherever it is seen, and recognises that a key part of this battle is in raising awareness and levels of education on these issues and this is why initiatives such as LGBT History Month are so important and should be encouraged throughout Sheffield.

13. NOTICE OF MOTION GIVEN BY COUNCILLOR JOE OTTEN

That this Council:-

- (a) notes the recent Cabinet report “Waste Management Policies” which was passed by the Administration last month;
- (b) has concerns about some of the policy changes laid out by the Administration in this report, in particular, the proposal for a £20 charge for replacement black bins, even when a replacement is needed through no fault of the resident, such as theft or criminal damage;
- (c) believes that this charge is unfair and, with other savings that the Administration expects to be delivered through changes to the waste management contract and other policy changes, unnecessary;

- (d) believes that this charge will lead to more thefts of bins and more littering and fly tipping, which in turn will incur cleaning costs for the Council; and
- (e) calls on the Administration to reconsider this charge until further consultation is undertaken.

14. NOTICE OF MOTION GIVEN BY COUNCILLOR JOHN BOOKER

That this Council:-

- (a) recognises that boxing and related training can help where many social problems manifest themselves, for example, deprived communities and disadvantaged people, many who face a world of "gritty" social issues, such as gang-related crime, violence in their schools and local areas;
- (b) acknowledges that boxing has been described as "a universal language" and as a "working class sport played all over the world";
- (c) believes that, rather than serving as a release for aggression, the role of boxing is better viewed as a replacement for aggression;
- (d) further believes that everyone involved in boxing knows its benefits; it is a vehicle to learn or develop values and skills which lead to discipline, self-control and defence, exercise, fitness and diet, and above all, self-belief and confidence;
- (e) hopes to see more boxing gyms in more areas and boxing training available in all schools for those who wish to take part; and
- (f) further recognises that sport holds a unique position within the field of development, despite a limited understanding of the vital role it plays.



Chief Executive

Dated this 24 day of January 2017

The next meeting of the Council will be held on 3 March 2017 at the Town Hall

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ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Audit and Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

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Agenda Item 3

Minutes of the Meeting of the Council of the City of Sheffield held in the Council Chamber, Town Hall, Pinstone Street, Sheffield, S1 2HH, on Wednesday 4 January 2017, at 2.00 pm, pursuant to notice duly given and Summonses duly served.

PRESENT

THE LORD MAYOR (Councillor Denise Fox)
THE DEPUTY LORD MAYOR (Councillor Anne Murphy)

1	<i>Beauchief & Greenhill Ward</i> Andy Nash Bob Pullin Richard Shaw	10	<i>East Ecclesfield Ward</i> Pauline Andrews Andy Bainbridge Steve Wilson	19	<i>Nether Edge & Sharrow Ward</i> Mohammad Maroof Alison Teal
2	<i>Beighton Ward</i> Helen Mirfin-Boukouris Chris Rosling-Josephs Ian Saunders	11	<i>Ecclesall Ward</i> Roger Davison Shaffaq Mohammed Paul Scriven	20	<i>Park & Arbourthorne</i> Julie Dore Ben Miskell Jack Scott
3	<i>Birley Ward</i> Denise Fox Bryan Lodge Karen McGowan	12	<i>Firth Park Ward</i> Alan Law Abtisam Mohamed	21	<i>Richmond Ward</i> Mike Drabble Dianne Hurst Peter Rippon
4	<i>Broomhill & Sharrow Vale Ward</i> Michelle Cook Kieran Harpham Magid Magid	13	<i>Fulwood Ward</i> Sue Alston Andrew Sangar Cliff Woodcraft	22	<i>Shiregreen & Brightside Ward</i> Dawn Dale Peter Price Garry Weatherall
5	<i>Burngreave Ward</i> Jackie Drayton Mark Jones	14	<i>Gleadless Valley Ward</i> Lewis Dagnall Cate McDonald Chris Peace	23	<i>Southey Ward</i> Leigh Bramall Tony Damms Jayne Dunn
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8	<i>Darnall Ward</i> Mazher Iqbal Mary Lea Zahira Naz	17	<i>Manor Castle Ward</i> Lisa Banes Terry Fox Pat Midgley	26	<i>Walkley Ward</i> Olivia Blake Ben Curran Neale Gibson
9	<i>Dore & Totley Ward</i> Joe Otten Colin Ross Martin Smith	18	<i>Mosborough Ward</i> David Barker Tony Downing Gail Smith	27	<i>West Ecclesfield Ward</i> John Booker Adam Hurst Zoe Sykes
				28	<i>Woodhouse Ward</i> Mick Rooney Jackie Satur

1. APOLOGIES FOR ABSENCE

- 1.1 Apologies for absence were received from Councillors Nasima Akther, Talib Hussain, Abdul Khayum and Paul Wood.

2. DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest by Members of the Council.

3. MINUTES OF PREVIOUS COUNCIL MEETING

- 3.1 RESOLVED: On the Motion of Councillor Peter Rippon, seconded by Councillor Olivia Blake, that the minutes of the meeting of the Council held on 7th December 2016 be approved as a true and accurate record.

4. PUBLIC QUESTIONS AND PETITIONS AND OTHER COMMUNICATIONS

4.1 Petitions

4.1.1 Petition Requesting the Council to Reassess the Need for a Crossing Patrol Outside Loxley Primary School

The Council received an electronic petition containing 156 signatures, requesting the Council to reassess the need for a crossing patrol outside Loxley Primary School.

Representations on behalf of the petitioners were made by James Connolly. Mr Connolly stated the school crossing patrol outside of Loxley Primary School needed to be reinstated. There was little in the way of traffic management or calming and there was poor road signage. Both he and the Deputy Headteacher had found it necessary to intervene in order to stop children from running out across the road. There had been other instances where vehicles had had to stop to allow children to cross safely and other vehicles had then gone on to attempt to overtake those cars, thereby causing a dangerous situation.

The crossing point was also used by children from Bradfield School who were dropped off by bus. Alternative crossing points were also used. An audit was carried out following the retirement of the previous School Crossing Patrol Warden and this had resulted in a score which it was believed would have been much higher if the audit had been undertaken at a different time. The petitioners rejected the principle of using audits of this type. Mr Connolly said that he could state that there were now more risk factors to take into account and that an accident was likely to occur. The costs of a School Crossing patrol were £2.5K per annum and this was considered to be worthwhile given the safety concerns. There was, he said, someone who was interested in applying for the School Crossing Patrol role. The Council was asked to consider the policy relating to school crossing patrols and put children's lives first.

The Council referred the petition to Councillor Mazher Iqbal, the Cabinet Member for Infrastructure and Transport. Councillor Iqbal stated that he had met with the petitioners on 23 November to discuss the issues which had been raised by the petition and technical issues had been set out in writing to the petitioners. There were national guidelines which were followed by the Council. A review was undertaken of the number of children and young people and vehicles in the location of the school between 8am and 9am and again in the afternoon. The results of the review were that the school was close to a score of 4 million, although, had a greater number of children crossed the road, the score would have been higher.

There were many primary schools in Sheffield and the cost of providing School Crossing Patrol wardens had to be considered. The Council was, with the School, examining the technical data associated with the location and Councillor Iqbal stated that he was to review the relevant policy. Some schools no longer required School Crossing Patrols and posts were not filled as people retired. Other schools were sometimes able to find the resources required to fund a crossing patrol.

Councillor Iqbal stated that he hoped that the results of the review would be known in approximately six weeks and that he would be pleased to meet again with the school and petitioners.

4.2 Public Questions

4.2.1 Public Question Concerning Devolution

Nigel Slack stated that the win in the High Court for Derbyshire County Council, against Chesterfield Borough's desire to join the core Councils of the Sheffield City Region, effectively delayed the 'geographically' appropriate City Region deal which was one of this Council's 'red lines' in agreeing this deal. He added that further consultation appeared to be required.

He said that the Government had stated that they were still ready and eager to go ahead with the deal. This suggested that the City Region could either go ahead without Chesterfield or wait until the Chesterfield question was finally settled.

Mr Slack asked firstly, how the Council was currently intending to proceed. Was it to go ahead without Chesterfield, against the original 'red line' decision; or await the final outcome for Chesterfield before further progress to the Parliamentary approval of the deal? And secondly, he asked what the impact would be on the May 2017 election for the City Region Mayor?

Councillor Julie Dore, the Leader of the Council, stated that with regard to the outcome of the Judicial Review, it was premature to answer the question precisely. The Sheffield City Region would need to address the question collectively as to what the judgement meant and what the options were. A meeting of Sheffield City Region Leaders would take place early next week to consider the judgement, how to move forward and to consider options.

As regards the 'red line', she said that she believed that the geography of the Sheffield City Region for an economic deal was the right geography. The deal was an economic deal and not one based around policing or health matters and the City Region was a functional economic area.

4.2.2 Public Question Concerning Highways Trees

Nigel Slack stated that in relation to a question in full Council on 1st July 2015 regarding the disposal of trees felled under the 'Streets Ahead' contract with Amey, the response from the previous Cabinet Member for Environment, clearly indicated that felled trees were sent for biomass use as, "The wood was often decayed...". He quoted the extract of the minutes of that meeting, which referred to the question and the response given by the Cabinet Member.

Mr Slack said that [the response given] seemed now to be somewhat inaccurate. None of the trees removed on Rustlings Road were decayed and a brief review of the Independent Tree Panel (ITP) reports suggested that most trees removed were not decayed. He asked who was responsible for this 'inaccurate' answer to his original question; and who received the income from the felled trees sent to Biomass "cash strapped Council or profit focussed Amey".

Councillor Bryan Lodge stated that the answer given to the previous question was accurate. Most timber sent to the biomass market was material from trees that were not of a high quality. Some timber was given to community groups and schools and there were examples of its use for local projects. Councillor Lodge stated that the answer provided by the Cabinet Member in July 2015 did not indicate that every tree which had been felled was decayed. Detail of income and costs were included in the contract pricing information. Decisions regarding the replacement of trees were made by the Council. Income from the sale of timber would go back into the contract and result in a cheaper price for the Council.

4.2.3 Public Question Concerning The Council's Major Contractors

Nigel Slack stated that he was disappointed to have to ask again for an answer to a question first posed at full Council in November 2016, with respect to Council's Major Contractors, their value and the overall profit margin for the contracts. He said that, despite repeated requests, this information was still outstanding and the relevant page on the website was no longer available.

Councillor Ben Curran, the Cabinet Member for Finance and Resources responded that the delay in obtaining the information was due to the fact that it was not easy to obtain the information that Mr Slack had requested.

Accounts were examined for the Council's major contractors Veolia, Amey, Capita and Kier. The terms of some contracts had changed and some contracts had been renegotiated, so the figures were not necessary like for like. Not all companies disclosed in their accounts the figures relating solely to their contracts with Sheffield City Council. Based on what these contractors were paid in aggregate for the calendar year 2015, it was estimated from the accounts that the

profits were just under two percent.

4.2.4 Public Questions Concerning Trees

Sharmaan Freeman Powell asked a question concerning the Cabinet Member's views about best practice by other local authorities which were able to maintain trees that were larger than those in Sheffield and whether the Cabinet Member could describe the criteria upon which the Council would question its decision about felling large trees.

Councillor Bryan Lodge, the Cabinet Member for the Environment stated that the Council used the '6 Ds' criteria to assess and decide whether a tree would be felled. This approach did fit with that used by other local authorities, for example in Hounslow. With reference to discriminatory trees, the Council had a duty to provide access on the highway under the Highways Act and guidance relating to disability discrimination and inclusive mobility.

4.2.5 Public Questions Concerning Health and Safety and Streets Ahead

Richard Davis asked a question concerning health and safety with regards to Amey and the Streets Ahead contract. He said that he had contacted Councillor Bryan Lodge by email in relation to this matter but had not yet received a reply. He asked if Amey was found to be in breach of health and safety law, would the Council contemplate ending its contract with them.

He said that there had been 10 reports made to the Council under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). However, the Health and Safety Executive had no records of any incidents. He referred to the health and safety section of the contract between the Council and Amey at paragraph 37.3.1. He asked that in view of this safety record, would the Council commit to terminating the contract with Amey, if they were in breach and if not, why not?

Councillor Julie Dore, the Leader of the Council, stated that the Cabinet Member for the Environment, Councillor Bryan Lodge, may have more detail and that he had previously given information as regards Amey's record as regards health and safety, which she did not have to hand at this point in time and so was not able to comment in detail. However, in general terms with regards contracts made with the Council, the contractor had to be contract compliant. She said that if a contractor was in breach of health and safety regulations relating to that contract, then she believed there could be penalties. Such penalties might include termination of a contract.

In contract law, both parties, i.e. the Council and Amey, had responsibilities. If there was a breach of the contract, this would be a matter for the Council's compliance unit and penalties would be applied as was the case in relation to other contracts. If there was a breach of the contract and it meant that the Council was able to terminate the contract without consequences, then this was an option which would be considered.

Councillor Bryan Lodge, the Cabinet Member for Environment, stated that a question relating to health and safety had been asked at the meeting of the Council in December 2016 and his response was recorded in the minutes of that meeting. For clarity, he read out the question which had been asked and repeated the answer that had been given. The Health and Safety Executive (HSE) had not issued stop notices to Amey and there was no reason for Amey to cease felling work. The HSE had not considered that a stop notice was required and it would have issued such a notice if this was necessary. At present, and since November, only emergency works were being carried out and no works had been undertaken outside of the general terms of the Streets Ahead contract.

4.3 Petition Requiring Debate

4.3.1 Petition Requesting the Council to Save Western Road First World War Memorial Trees from Destruction

- 4.3.2 The Council received a joint paper and electronic petition containing 5,197 signatures, requesting the Council to “save *Western Road First World War Memorial Trees from destruction.*”

The Council’s Petitions Scheme required that any petition containing over 5,000 signatures would be the subject of debate at a Council meeting. The wording of the qualifying petition was as follows:-

*“The trees on Western Road in Sheffield were planted to honour pupils of Westways School who gave their lives in the Great War. Sheffield City Council plan to honour their memory in the Centenary of the Great War by destroying this Memorial and felling the trees. Independent arboricultural advice from leaders in the industry has confirmed that these trees have many years of useful life left if **properly** maintained. The outcry within Sheffield and beyond is growing and we need your help to raise a minimum of 5000 signatures to force a debate in full council.”*

Representations on behalf of the petitioners were made by the lead petitioner, Dave Dillner. Mr Dillner stated that in 1914, former pupils of Westways School signed up to serve and fight in the First World War. 67 men aged between 17 and 23, lost their lives. 97 trees were planted on Western Road and Gillott Street to commemorate those who had lost their lives. This was something which was especially emotional on the centenary of the First World War. The Sheffield Trees Action Group’s (STAG) Arboriculturalist had concluded that not one of the 23 trees which were listed to be felled needed to be felled.

Mr Dillner said that in September 2015, the Council’s Head of Highways Management had told a meeting of the Tree Forum that Flexipave was a listed option in the Streets Ahead Contract and this was a reasonable alternative engineering measure which could be taken at no additional cost to the taxpayer.

The trees on Western Road and Gillott Street were registered as a war memorial and it was not too late for the Council to act regarding the trees listed to be felled.

Mr Dillner commented that the membership of the STAG had doubled but that it was also attracting people to the campaign that might cause public disorder and extremists and that was not something that he wished to see. He asked the Council to do the right thing and save the trees on Western Road.

In accordance with Council Procedure Rule 13.1(b), the Cabinet Member for the Environment responded to the petition, following which the Shadow Cabinet Member the Environment spoke on the matter.

Councillor Bryan Lodge, the Cabinet Member for the Environment, thanked the petitioners for bringing this matter to Council. He said that it was important to make sure that the war memorial and trees were maintained for the future. It was proposed that a working group was established to work with the community and organisations including the War Memorials Trust. Ward Councillors in Crookes and Crosspool Ward had started speaking with local people and obtaining their responses with regard to the memorial and trees. A multi-disciplinary team would be set up and would be led by Lisa Firth, the Head of Parks and Countryside and this would include the community, local councillors, the War Memorials Trust and other interested parties, such as the British Legion. A clear timetable was required and it was recognised that Western Road was a special case. The Council's contractor, Amey, had been requested to look at engineering solutions and would also undertake some excavation work to enable them to look at what could be done and the associated costs.

Councillor Lodge said that Frecheville Memorial was an example of where the local community, including the local school, had been involved and an interpretation board had been installed at that site. He hoped that, similarly, people could become involved in the memorial on Western Road. Western Road would also be referred to the Independent Tree Panel and the Panel would be requested to prioritise the matter so that a response was made by February or March. The Council would consider the Panel's advice and options including the need to source funding. There would also be consultation on any revised proposals.

Councillor Lodge stated that if no action was taken there was a danger that more trees might be lost. Trees on Western Road which had previously died had not been replaced. The Council would do what was possible on this issue and at the same time would consider its duties and responsibilities under the Highways Act and with regard to the Disabilities Discrimination Act. In some cases, trees were categorised as discriminatory and there were guidelines in relation to access and footpath dimensions. The Council had to comply with legislation with regards to work carried out as part of the Streets Ahead programme.

It was possible that there could be a rededication of the trees as a memorial and an appropriate target date for such an event might be Armistice Day. There would also be work done to restore the stonework on the memorial. Councillor Lodge said that he hoped that agreement could be reached on this issue.

The Shadow Cabinet Member for the Environment then spoke on the matter and

Members of the City Council then debated the matters raised by the petition, as summarised below:-

It was generally welcomed that the Council was looking again at this matter. The trees formed part of the war memorial, and it was important that appropriate respect was shown to that memorial. The issue was of a sensitive nature and people wanted to remember those who had lost their lives in conflict.

It was suggested that the matter was referred to the Economic and Environmental Wellbeing Scrutiny Committee so that a cross party working group might be established to consider the matter further. This would need to be done in a timely manner.

It was hoped that ward councillors for the area would also be involved in the scrutiny exercise and kept informed of developments relating to grant funding and work with the community etc. Criticism was made of some of the reasons given for the proposed felling of trees on Western Road and the validity of those reasons.

The petitioners were thanked for their work in bringing the petition to Council. It was important to remember the significance of the Western Road memorial and especially for the families of those who lost their lives in the First World War. The Council's contractor Amey had been tasked with looking at engineering solutions and the Council would work with the local community to explore options.

The Council was right to see Western Road as special case. There were differences between the approach taken in Sheffield and in Hounslow, for example, it was felt that Sheffield City Council and Amey did not look to use engineering solutions to retain trees as a first principle.

Ward Councillors had been working with residents with regard to the memorial trees and to find out their views and the War Memorials Trust and Royal British Legion were also engaged. The Council was committed to working with community groups, including with regard to preservation and maintenance of the memorial. A bid had been submitted to the War Memorials Trust and this had been done in conjunction with residents.

The Council was asked to consider applying engineering solutions to all highway trees in the City that might otherwise be felled.

It had been made clear at the meeting of Council in December that the Council was committed to look at streets with trees with war memorial status. The Cabinet Member had worked with officers to explore options and local councillors had engaged with local residents. Sheffield had a proud history of recognising the fallen in conflicts and this included events such as Remembrance Sunday and Armed Forces and Veterans Day and the memorial to the Women of Steel. The Council was also committed to supporting the Armed Forces community through the Community Covenant. The Freedom of the City had been granted to the Armed Forces.

The Council was requested to make sure it addressed issues of trust and respect

that had arisen in relation to highways trees and consider solutions to retain trees in other areas. If it was necessary to remove trees then they should be replaced. If possible, an independent body should consider issues relating to the removal of trees and consider the views of both interested parties.

It was important not to forget why trees had been planted as a memorial to those former pupils who had died in the First World War and that children today were made aware of the significance of the memorial. The Council had a duty to consider the preservation of the memorial in the long term. It was also noteworthy that in some places, people had requested the removal of trees which were damaging walls and drains and affecting light in people's homes and access on the pavements.

On behalf of the petitioners, Helen McIlroy, exercised a right of reply. She said that trees would not all die at the same time and that the trees should only be cut down if there were good reasons. She welcomed suggestions that the Council work with the community in relation to the trees on Western Road and said that this was something that she would like to see extended across the City. It was felt that more education was needed in relation to trees and asked how many replacement trees had been vandalised. The replacement of a large tree with a small one was not acceptable because the tree canopy was lost. The trees on Western Road had been planted in memory of people who had lost their lives in the First World War and trees were symbolic in that they had a long lifespan and they were there for generations to remember. It was acknowledged that with initiatives such as the Women of Steel, the Council did recognise women and families. The trees on Western Road were war graves and they should be permitted to live their natural lifespan.

Councillor Bryan Lodge, the Cabinet Member for the Environment, responded to matters which were raised during the debate. He thanked the petitioners and commented that the subject was an emotional one. He stated that it had not been said that all the trees had reached the end of their lives. The Council had a duty to maintain highways to enable the free movement of people. It was recognised that the canopy cover provided by large trees would not be replaced by the planting of a smaller tree. All trees had to be maintained as did the memorial in the case of Western Road and there was considerable work required to clean and maintain the memorial. There was also a policy with regard to the Streets Ahead programme which was available. He welcomed the proposal to refer the matter to a cross party working group of the relevant Scrutiny and Policy and Development Committee.

The outcome of the debate on the petition was as follows:-

RESOLVED: On the Motion of Councillor Bryan Lodge, seconded by Councillor Peter Rippon: That this Council notes the petition calling on the Council to “ <i>save Western Road First World War Memorial Trees from destruction</i> ”, acknowledges the work already initiated by the Council, as reported at this meeting, following the Notice of Motion containing reference to this matter which was considered at the last meeting of the Council, and refers the petition to the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee to enable a

cross party working group, working with relevant interested parties, to consider the issue and develop recommendations for the Committee to consider.

The votes on the above Motion were ordered to be recorded and were as follows:-

- | | |
|-----------------------------|---|
| For the Motion (76) | - The Deputy Lord Mayor (Councillor Anne Murphy) and Councillors Andy Nash, Bob Pullin, Richard Shaw, Helen Mirfin-Boukouris, Ian Saunders, Bryan Lodge, Karen McGowan, Michelle Cook, Kieran Harpham, Jackie Drayton, Mark Jones, Douglas Johnson, Robert Murphy, Moya O'Rourke, Craig Gamble Pugh, Adam Hanrahan, Mazher Iqbal, Mary Lea, Zahira Naz, Joe Otten, Colin Ross, Martin Smith, Pauline Andrews, Andy Bainbridge, Steve Wilson, Roger Davison, Shaffaq Mohammed, Paul Scriven, Alan Law, Abtisam Mohamed, Sue Alston, Andrew Sangar, Cliff Woodcraft, Lewis Dagnall, Cate McDonald, Chris Peace, Ian Auckland, Sue Auckland, Steve Ayris, Bob Johnson, George Lindars-Hammond, Josie Paszek, Lisa Banes, Terry Fox, Pat Midgley, David Barker, Gail Smith, Tony Downing, Mohammad Maroof, Alison Teal, Julie Dore, Ben Miskell, Jack Scott, Mike Drabble, Dianne Hurst, Peter Rippon, Dawn Dale, Peter Price, Garry Weatherall, Leigh Bramall, Tony Damms, Jayne Dunn, David Baker, Penny Baker, Vickie Priestley, Jack Clarkson, Richard Crowther, Keith Davis, Olivia Blake, Ben Curran, Neale Gibson, John Booker, Adam Hurst, Mick Rooney, and Jackie Satur. |
| Against the Motion (0) | - Nil |
| Abstained on the Motion (1) | - The Lord Mayor (Councillor Denise Fox). |

5. MEMBERS' QUESTIONS

5.1 Urgent Business

- 5.1.1 There were no questions relating to urgent business under the provisions of Council Procedure Rule 16.6(ii).

5.2 South Yorkshire Joint Authorities

- 5.2.1 There were no questions relating to the discharge of the functions of the South Yorkshire Joint Authorities for Fire and Rescue or Pensions, under the provisions of Council Procedure Rule 16.6(i).

6. REPRESENTATION, DELEGATED AUTHORITY AND RELATED ISSUES

- 6.1 RESOLVED: On Motion of Councillor Peter Rippon, seconded by Councillor Olivia Blake, that (a) it be noted that, in accordance with the authority given by the City Council at its annual meeting held on 18 May 2016, the Chief Executive had authorised the appointment of Councillors Craig Gamble Pugh and Adam Hurst as additional Scrutiny Committee Substitute Members with effect from 12th December 2016; and.

(b) (i) Mr. Mark Power (Group Risk Manager, SIG plc) be re-appointed to serve as a private sector representative on the Council's Independent Remuneration Panel for a 2nd four year term ending 6th February 2021 and (ii) Mr. Edward Fleming (former Independent Co-optee on the Standards Committee) be appointed to serve as an additional private sector representative on the Independent Remuneration Panel, filling a vacancy until 6th February 2020.

7. APPOINTMENT OF EXTERNAL AUDITORS 2018/19 AND BEYOND

- 7.1 RESOLVED: On the motion of Councillor Josie Paszek, seconded by Councillor Vickie Priestley, that approval be given to the recommendations contained in the report of the Acting Executive Director, Resources now submitted, to (a) accept Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for 5 financial years commencing 1 April 2018 and (b) authorise the Acting Executive Director, Resources, to give notice of acceptance of the invitation to 'opt in' to the PSAA prior to the closing date for acceptance of the invitation.

8. POLICING IN SOUTH YORKSHIRE

The Council received a presentation by the Chief Constable of South Yorkshire Police, Mr Stephen Watson concerning his plans and approach for policing in South Yorkshire. Dr Alan Billings, the South Yorkshire Police and Crime Commissioner, was also in attendance.

Mr Watson outlined his analysis of South Yorkshire Police and referred to the present context and situation. There was he said, a need for substantial improvement and the organisation was not performing to its potential. However, he said that South Yorkshire Police would improve and had potential to do so. There had been issues which had undermined confidence and trust in the organisation but there was also goodwill and people wished see a police force in

South Yorkshire that was successful. The building of confidence and trust were both matters which were included in the plans for the organisation.

There were reports relating to the force in the public domain, including those by HM Inspectorate of Constabulary and a peer review, the results of which had been published. These were felt to be a fair and objective assessment of South Yorkshire Police at this time and they underpinned his assertion that the organisation was underperforming against its latent potential. He considered that there was both adequate capacity and capability to achieve the improvements required within the necessary timescales.

As regards morale, it was acknowledged that people had been affected by the recent and historic events and context for the organisation and this had damaged morale. Nonetheless, he said that he was generally pleased with peoples' response and the evident desire to get back to winning ways quickly and their sense of optimism. He had not detected resistance to proposed programme of change which the organisation was to embark upon. Support would be provided by peer support and the College of Policing and there were leading practitioners assisting with the implementation of the Peer Review and Recovery Plan.

Turning to his analysis of the situation and plans for recovery, Mr Watson said that the force did appear to have lost its strategic direction from senior officers. There was clarity in respect of the Police and Crime Plan but insufficient understanding of how to achieve its objectives. Whilst there were many pockets of good practice in the organisation, these were not as systematic as they needed to be. The force had been favourably recognised in HMI reports on both serious and organised crime and custody. However, these were not systematised and greater strategic clarity was required.

As with other public services, including the City Council, South Yorkshire Police was operating in a context of relative scarcity of resources and working to make best use of those resources to achieve required outcomes. The force had a budget of £72.4 million less than it did in 2011/12. With the benefit of learning, it could be seen that South Yorkshire Police had undergone a programme of unsophisticated cost cutting. It had also been seen to act defensively and struggle to deal effectively with problems because it was an organisation under pressure, a point illustrated by its approach in response to Child Sexual Exploitation in Rotherham.

Demand had undermined the organisation's ability to deal with issues as it had been reactive and had not dealt with those problems 'upstream'. As a result, the organisation was effectively 'chasing its tail' and demand would continue to increase and situations would worsen if this were to continue. In order to proactively solve problems, there needed to be an understanding of the nature of demand, to get 'upstream' of it and work to reduce or stop the flow of demand. A key issue in structural terms was the force's ability to problem solve and effective neighbourhood policing, focussed on problem solving was thought to be an important part of the solution. However, this was not in place at the present time and therefore a neighbourhood policing offer would have to be established. South Yorkshire Police was committed to working with partner organisations, including

local authorities, to develop place-based co-designed services which provided a sophisticated response to issues relating to policing and crime. Mr Watson commented that he had been heartened by conversations with local authorities in the region and he believed that South Yorkshire Police would be well supported.

There were other issues which were affected by a lack of strategic direction, including performance management, in relation to which a structure would need to be developed. There was insufficient capacity in relation to delivery of change and this affected the capacity for effective continuous improvement and organisational development. It was important to create a successful team which was pulling in the same direction. The response to this issue was the creation of a strategic delivery plan to deliver the Police and Crime Plan with the core priorities being crime and anti-social behaviour and protecting vulnerable people. The plan was simple and focussed and written on a single page.

A number of key appointments were being made to ensure that a strong and stable leadership team was in place by spring 2017. A business change team was examining the design of the organisational structure and demand; and undertaking ward needs analysis to inform the allocation of resources. The structure was underpinned by the assumption that there would be a neighbourhood policing offer, together with other specialist policing resources. Whilst resources were limited, the force would be reoriented to deal with demand and in order to prevent crime and anti-social behaviour. In addition, services such as call handling were important in improving the quality of care for victims of crime.

Mr Watson stated that it was his view, that in the next 18 months South Yorkshire Police should strive to be assessed as 'good' in all areas. It should implement best practice and put the right people in the right place. There were some issues in relation to which the organisation could not problem solve on its own. For example, control of licensed premises required a number of organisations to work together with the police, including the local authority, health organisations and the Fire and Rescue Service.

The force would seek to achieve improved outcomes in relation to crime-fighting, reducing crime and improving detection rates, victim satisfaction and trust and confidence. This would be done in the context of South Yorkshire Police's core values.

Members of the Council asked questions and made comments to which the Chief Constable responded as summarised below:

There was support for the change in approach towards neighbourhood policing. A question was asked about the role of local councillors in relation to the neighbourhood approach and with regards to anti-social behaviour. In response, Members were informed that effective neighbourhood policing would help to reassure people and it was also a good way to engage with communities. Neighbourhood policing was a necessary part of the requirement to get upstream of demand as regards crime. Local councillors could influence and help to facilitate the development of neighbourhood policing through neighbourhood fora

and the local authority and through named police personnel who would be tethered to communities and would be more visible. Whatever engagement model was employed was up for debate, but local authorities would have a key role and it was important that the police worked with its partners in this regard. Existing neighbourhood structures would be examined and every councillor should have a satisfactory way of accessing the police.

A comment was made that policing was done with the consent and support of the community. Concern was expressed that due to recent and historical events, what were once good community relationships may have been eroded and a question was asked about the extent to which reassurance could be given to people now that a neighbourhood policing model was being put forward. Secondly, reference was made to comments that South Yorkshire Police should be amalgamated or disbanded and whether it was fit for purpose. Mr Watson responded that a small number of people may have advocated the disbanding of the force, but he did not think that was a serious suggestion. The answer was to make what was in place better. He did think South Yorkshire Police was fit for purpose and that it would be made much better quickly and within the agreed timescales.

Questions were asked in relation to tackling gun crime in some parts of the City; how he might ensure that attention was given to the issues which most matter to people and how the police could work better with the local authority and others; and how anti-social behaviour could be dealt with most effectively as people were sceptical that it could be dealt with.

In response, Mr Watson explained that he had experience of dealing with gun crime and gang related crime as Commander for both an area of East London and Liverpool. Best practice in both London and Merseyside was also reflected in Sheffield. It was important to be proactive at a neighbourhood level in terms of interventions and diverting young people at risk of criminality and imprisoning people only when other measures had failed. There was evidence of engagement and a positive community spirit in Sheffield, but it was essential that this was nurtured and not taken for granted. The perceived withdrawal of the police service in communities might mean that the police were not as close to the community as they had been previously. With regard to anti-social behaviour, it was necessary to apply measures consistently and to work with young people, families and schools. Neighbourhood policing would help to solve problems including radicalisation, sex offending and anti-social behaviour. Public Service Reform was also an area which might lead to integrated services for vulnerable young people.

A question was put regarding the effect of the external perceptions of South Yorkshire Police on the wider community and the ability to attract people to the region and what was planned to address the issues of perception and reputation. In response, Mr Watson said that collective reputations were important and he felt a strong sense of responsibility in this regard. Whilst Hillsborough and Child Sexual Exploitation in Rotherham became increasingly historical events, there was a need to make sure they did not reoccur. HM Inspectorate of Constabulary, the Home Secretary, Permanent Secretary to the Home Office and the Home Office were supportive of the strong desire to bring about improvements. The force could learn from the past and be optimistic about the future.

Questions were asked regarding public confidence in the police's ability to deal with criminal behaviour including anti-social behaviour; communication between local councillors and the Police, councillors being able to provide intelligence and acting as ambassadors for the Police and councillors being kept informed in relation to events which had occurred locally; the extent to which the workforce reflected communities; and with regard to joint commissioning. Responding to those issues in turn, Mr Watson said that improvements were needed with regard to performance and engagement. The loss of neighbourhood policing in recent years had also resulted in a loss of communication. The role of community Inspector would be re-introduced to enable community impact assessments and responses to incidents. The force was recruiting at this time and was actively looking at issues of diversity and ways to support under-represented groups. This would take time to address. People wishing to become a Police Officer and who were not university graduates would, if recruited, be placed on an apprenticeship programme leading to a policing degree.

Questions were asked concerning the role of the police in events on Rustlings Road relating to highways trees and with regard to the use by the police of body cameras and the approach to dealing with the proceeds of crime. Mr Watson said in response that the Police worked in partnership and sometimes things did not go right and that there would be learning from such issues. Body worn video was not yet routinely used in South Yorkshire Police but this was something which he was interested in implementing and he was also more generally supportive of the use of mobile technology. As regards the proceeds of crime, there was not enough done at present and this was due to capacity and the force was actively looking to support this activity further.

Mr Watson said that he did not know what the safer neighbourhood teams would look like. However, each neighbourhood area would have dedicated personnel, an engagement function and they would be designed in partnership with the local authority, with ward councillors having a role. Firm proposals would be developed for discussion.

In response to a question concerning licensing, Members were informed that as part of the review of neighbourhood policing, it was implicit that neighbourhoods would have licensed premises within their areas. The licensing policy should be robust, fair and include an enforcement policy. People who ran well managed premises were potentially undermined by those with bad practice. It was necessary to control licensed premises to control safety in the City. Sheffield was a safe place and this was largely as a result of practical problem solving through partnership.

In relation to a question concerning the urgency of implementing a neighbourhood policing model, Mr Watson stated that he was conscious of the time pressure to implement neighbourhood policing, although it would take time to make sure it was co-designed and not something which was imposed. The development of neighbourhood policing was an existential matter for the force and proposals would be developed. With regard to public confidence to report incidents to the police, dedicated personnel were in place to deal with demand.

A question was asked concerning collaboration and partnership with the Fire and Rescue Service and other emergency services and Mr Watson said that collaboration did take place with the Fire and Rescue Service. If this could be developed further as regards joint procurement of assets or sharing of premises, it would help to achieve financial savings, which might enable more resources to be used for front line services. It may be possible to widen the extent of collaboration to joint use of other resources. However, it was sometimes better to deploy the specific resources available to the Fire Service to incidents which they were trained to deal with. It might also be possible to train Fire Officers in relation other areas, for example to identify vulnerable children. There were structural issues between the Police and the Fire and Rescue service which might be examined with a view to bringing about efficiencies and it was beneficial that both organisations had a coterminous boundary.

Following a question concerning intelligence sharing, it was thought that broader intelligence sharing was beneficial but this was not to neglect intelligence at a local level. There were good intelligence structures in place but there was more that could be done.

A question was asked concerning how the confidence of residents of Rustlings Road could be rebuilt and Mr Watson responded that the police were engaging with the Sheffield Trees Action Group via the Police and Crime Commissioner, to understand the issues and residents had views about the collective approach to this issue.

Comments were made concerning hate crime towards Muslim women and under-reporting of such incidents and that people did not have confidence that the Police would take the issue seriously. Questions were also asked concerning action that would be taken with regard to anti-social behaviour and drug related crime and ensuring residents' safety; and concerning the Police and Crime Panel not being representative of the Community. Mr Watson stated in response that he would be pleased to discuss specific issues relating to particular areas of the City. He believed that action was taken with regard to crime and drug related crime and anti-social behaviour. However, the performance was not as good as he would like it to be. Effective neighbourhood policing was the right approach to deal with the type of issues outlined. The question concerning the composition of the Police and Crime Panel would be referred to the Police and Crime Commissioner with a request that he provide a written response.

Mr Watson emphasised that what he outlined to Members was his analysis of the situation with regard to South Yorkshire Police. There was a plan and vision for the organisation and good people were being put in place. Once these things were aligned, it was hoped that the force would get back to winning ways.

Comments were made in relation to difficulty in inputting details on the 101 website. Questions were asked about whether there would be a transitional period with regard to the implementation of the neighbourhood policing model; and in relation to tangible activities and priorities which local councillors, as ambassadors, could use in their communications with local people. Two

supermarkets had said that they would not deliver to an estate in the City because of safety concerns and the Chief Constable was asked to comment. In responding, Mr Watson stated that the work would be done to improve the website. Core communications would be produced to be given to local councillors and others with regard to South Yorkshire Police. The issue relating to the supermarkets was of the type that a neighbourhood Inspector would deal with. However, that was something which was intolerable and would need to be dealt with. In relation to prioritisation, there was sufficient capacity not to leave people without support. There was a wish to take a victim centred approach and it was believed that if the organisation looked at issues from the perspective of a victim, the priorities would become clear.

Members were requested by the Lord Mayor to put any further questions in writing to the Chief Constable.

The Council noted the information reported in relation to policing in South Yorkshire and thanked the Chief Constable for his contribution to the meeting.

9. HATE CRIME

The Council received a presentation on Hate Crime which was given by Maxine Stavrianakos (Head of Neighbourhood Intervention and Tenant Support, Sheffield City Council) and Acting Chief Inspector Ian Proffitt (South Yorkshire Police). The presentation was followed by a question and answer session.

The presentation outlined definitions of hate crime together with the national context which was that hate crime was significantly underreported but in recent years had increased as people became more confident in reporting incidents. The local situation was summarised, including the upward trend in reported incidents, increased successful outcomes and 'hotspots' in the City centre and on public transport.

Developments included a multi-agency strategic group to provide a City-wide strategy and operational response and a local action plan had been produced. A Scrutiny Task Group had undertaken an exercise on hate crime and had looked at the issue of third party reporting, which enabled people to report incidents to a third party organisation, which was then referred to the police. There was regular attendance by the police at Equality Hubs and continued attention was given to awareness, resources, sign-posting for victims and training for first line supervisors.

Members of the Council asked questions and made comments to which Maxine Stavrianakos and Acting Chief Inspector Ian Proffitt responded, as summarised below:

In response to a question concerning schools, it was confirmed that work took place with schools in relation inclusion and cohesion and this linked with the Council's cohesion policy. Early intervention was essential although it was acknowledged that it would take time to alter people's attitudes. There was a

dedicated resource for schools in Sheffield. As regards the Prevent agenda, work was carried out with partners including colleagues in the Children, Young People and Families portfolio.

Stop Hate UK had, with South Yorkshire Police, developed a Hate Crime Scrutiny Panel, to review the way in which incidents of hate crime were investigated. The Tell Mama initiative was an important part of this process of improving the way such incidents were addressed. Financial resources had also been made available from the Police and Crime Commissioner and work took place with other local authorities.

Concerns were expressed about incidents which occurred at the Pride event in Sheffield during which people were verbally abused and it was confirmed that the Police and Pride were in communication and that the events which took place during Pride had been duly recorded as an incident. There were cases which supported freedom of speech under the Human Rights Act and there was a fine line between people expressing their views and those views being insulting to another person. Incidents motivated by bias were recorded on the crime system. Some incidents were not a criminal offence and were recorded as a non-crime incident. There was challenge in relation to the definition and categorisation of incidents.

In relation to prevention, 'hotspots' were being examined and it had been found that for example in the night-time economy, people working in take away establishments were subject to abuse and incidents also took place on the bus network, in relation to which work was taking place with Hope Not Hate and bus operators and drivers. Anti-social behaviour legislation could also be used to deal with hate crime incidents and some incidents were recorded through neighbour disputes.

The raising of awareness was thought to be fundamental with regard to demonstrating acceptable behaviours and this would include events which raised awareness and promoted tolerance. People working on the ground were being trained and the relevant services also spoke with community groups and organisations about these issues.

As the time limit for the meeting had been reached, The Lord Mayor asked Members to contact Maxine Stravrianakos and Acting Chief Inspector Ian Proffitt direct if they had further questions to put to them on the subject of hate crime.

The Council noted the presentation and thanked Maxine Stavrianakos and Acting Chief Inspector Ian Proffitt for their contributions to the meeting.

AUDIT COMMITTEE

ANNUAL REPORT 2015/16

To be considered at the Council Meeting on 1 February 2017



FOREWORD

I am pleased to present this report on the work of the Audit Committee in 2015/16.

Over the six meetings that were held the Committee has focussed on its core areas of business and followed up on issues where it considered that this was necessary.

We continued to monitor the implementation of recommendations from the high opinion audit reports and 11 audits were removed from the action tracker as sufficient progress had been made.

One of the functions of the Committee is to approve the Annual Accounts. The Committee were given assurance by officers that they would be able to meet the change to the statutory deadline for approval and publication of the accounts from 30 September to 31 July from 2017/18.

The Committee could not function without the hard work of its members. They provided robust challenge and scrutiny to the reports and issues that were considered during the year.

I would also like to thank all the officers from both the Council and KPMG that attended meetings and supported the Committee.

Rick Plews term of office as one of the Committee's independent co-opted members ended in May 2016 and Rick was thanked for his valuable contribution to the work of the Committee.

This is the last Annual Report of the Audit Committee as it was merged with the Standards Committee in September 2016.

Finally, there are no issues or areas of concern I wish to draw to the attention of the Council and I recommend that Council receives this report on the work of the Audit Committee in 2015/16.



Councillor Josie Paszek
Chair of the Audit and Standards
Committee

1. INTRODUCTION

- 1.1 The Committee was established in 2007 and this annual report highlights the work of the Committee from July 2015 to July 2016, prior to the merger with Standards Committee.
- 1.2 The Audit Committee is a key part of the Council's corporate governance arrangements. It oversees and assesses the Council's risk management, control and corporate governance arrangements and advises the Council on the adequacy and effectiveness of these arrangements. It also has responsibility for the statutory financial reporting process through approval of the Statement of Accounts and considering the External Auditor's audit of the accounts.

2. COMMITTEE INFORMATION/SUPPORT

- 2.1 There were six meetings of the Committee during the year and details of the membership are attached at Appendix A.
- 2.2 The work programme is based around the Committee's Terms of Reference and items requested during the year and is reviewed at each Committee meeting. A list of the items that have been considered by the Committee is attached at Appendix B to the report.
- 2.3 The Committee is well supported by the Chief Executive, Acting Executive Director, Resources, Head of Strategic Finance, Director of Legal and Governance, Senior Finance Managers (Internal Audit and Accounts) and officers in Finance, Internal Audit and Legal and Governance. There is also close working with the Partner/Director and Senior Audit Manager at KPMG, the Council's External Auditor. Officers from the relevant Portfolios also attend meetings as and when required.

3. ACCOUNTS

- 3.1 The Committee approved the 2014/15 Statement of Accounts and accepted the External Auditor's Report to those Charged with Governance (ISA 260). The External Auditor issued an unqualified audit opinion on the accounts and an unqualified value for money conclusion that meant that they were satisfied that the Council had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness. The Annual Audit Letter summarised the key findings from KPMG's audit of the accounts.
- 3.2 Officers were confident that the Council could meet the change to the statutory deadline for approval and publication of the final accounts that would move from 30 September to 31 July from 2017/18, with the accounts to be approved at the July Committee meeting.

4. EXTERNAL AUDIT

- 4.1 The Committee received Annual Reports on the certification work that KPMG had undertaken on the grant claims and returns. For 2014/15, the work was in relation to the Housing Benefit Subsidy Claim (completed under the Public Sector Audit Appointment certification arrangements), Pooling Capital Receipts and the Teachers' Pension return. The recommendations from the Annual Report had

been accepted by the Council.

- 4.2 The External Audit Plan for 2015/16 described the audit of the Council's financial statements, the value for money arrangements work and other areas of audit focus that included the new Fair Value Measurement (IFRS 13) and the Better Care Fund. Although some additional work had been identified as part of the audit, no major issues had emerged from the work undertaken.

5. **INTERNAL AUDIT ACTIVITY**

5.1 **Progress on High Opinion Audit Reports**

- 5.1.1 A report is issued with a High Opinion where, as a result of an audit review, Internal Audit considers the risk of an activity not achieving its objectives to be high and that sufficient controls were not present. Each High Opinion Audit report was circulated to Members of the Committee who had the opportunity to submit questions to the Senior Audit Manager (Internal Audit) for a response.

- 5.1.2 The Committee were updated twice a year on progress on the high opinion audits. Six audit reports with a high opinion were issued during the year and 11 were removed from the action tracker as sufficient progress had been made in implementing Internal Audit's recommendations and addressing the risks identified by the audit.

- 5.1.3 Where considered appropriate, the Committee will ask management for further information about action taken in response to the High Opinion audits. In September 2015, the Committee were updated on progress with the six outstanding recommendations from the Internal Audit report on the Markets Service issued in January 2015. The Committee agreed in January 2016 to the item being removed from the High Opinion Audit action tracker report.

5.2 **Internal Audit Plan 2016/17**

- 5.2.1 The Internal Audit Plan set out the Internal Audit planning methodology and programme of work for 2016/17 and was presented to the Committee in April 2016. This Plan focussed on areas of high-risk activity in order to provide assurance that risk and internal control systems were being properly managed by Directors in service areas. The planning process was based on perceived areas of risk and emerging issues.

- 5.2.2 The Committee endorsed the programme of work and requested that the Internal Audit Annual Report included the impact of any additional fraud work on other areas of the Internal Audit Plan.

5.3 **Internal Audit Annual Fraud Report**

- 5.3.1 The Committee received a report in April 2016 informing them of Internal Audit's work on fraud and corruption in 2015/16 and the outcomes of the work from its investigations and the National Fraud Initiative. 15 investigations were undertaken by Internal Audit that had been reported by management and they also gave advice on a further 20 cases where investigations remained with management.

- 5.3.2 This was the first report since the creation of the Single Fraud Investigation

Service that now investigated housing benefit fraud and which was previously the largest element of fraud investigation undertaken by the Council. Following the closure of the Audit Commission, two bodies came forward to undertake the survey on fraud previously undertaken by the Commission called Protecting the Public Purse. It was decided not to take part in either exercise in 2015 due to the short notice and the work involved.

5.3.3 The Committee noted the report and the Governance Checklist for Fraud 2015/16 for those responsible for governance and this highlighted the Council's processes compared to best practice. CIPFA were developing a new process that would be used for this exercise in future years.

5.4 **Public Sector Internal Auditing Standards External Assessment Process 2016/17**

5.4.1 The Committee received a report in April 2016 setting out the proposed approach to the Public Sector Internal Auditing Standards External Assessment Process. There was a requirement for an external assessment of the Internal Audit service to be undertaken once every five years by a qualified independent assessor or assessment team. The purpose of the external assessment was to help improve delivery of the audit service and establish whether governance requirements relating to provision of the service are embedded.

5.4.2 The Committee approved participation by the Council in the peer review process developed by the Core Cities' Chief Internal Auditors' Group which would address the requirement for an external assessment using a validated self-assessment approach.

6. **REGULATORY FRAMEWORK AND RISK MANAGEMENT**

6.1 **Annual Governance Statement**

6.1.1 The Annual Governance Statement (AGS) forms part of the Council's Statutory Accounts and is intended to identify any significant control weaknesses and also set out how the Council intended to address any weaknesses identified. The 2015/16 AGS was presented to the Audit Committee in July 2016.

6.1.2 The Committee were informed that no significant control weakness had been identified through the 2015/16 AGS process.

6.2 **Strategic Risk Management**

6.2.1 As in previous years, the Corporate Risk Manager gave a presentation to the Committee every six months that assessed:-

- the Council's current Risk Management arrangements and the measures being implemented to further strengthen and improve those arrangements
- the Risk Management trend analysis; and
- the current and emerging risks to delivery of the Council's strategic objectives and the controls in place to manage those risks.

6.3 Information Commissioner's Office Consensual Audit

6.3.1 The Committee received a report in September 2015 that outlined the recommendations following a consensual audit of the Council's processing of personal data undertaken by the Information Commissioner's Office (ICO). The audit focused on Freedom of Information, Subject Access Requests and Information Sharing mainly within Communities and Children & Young People Services and made 69 recommendations from areas such as providing training to staff to updating policies and procedures. An Executive Summary provided an outline of the good practice that had been identified, assessment scores and areas for improvement. An action plan was in place to ensure that the areas of improvement were addressed and the plan was overseen by the Information Governance Board.

6.3.2 A further report in April 2016 informed the Committee of a follow-up data protection audit report from the ICO and indicated that progress had been made in all the areas. Internal Audit intend to review progress made against those recommendations that were partially completed. The ICO was pleased with the progress that the City Council had made to date and that areas would be prioritised to continue to meet all the initial recommendations.

6.4 Compliance With International Auditing Standards

6.4.1 As part of the International Auditing Standards (IAS), there was a requirement for those charged with governance (for the Council this was the Audit Committee) to formally demonstrate that they have exercised adequate oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control. For the past few years similar reports have been produced for the Audit Committee to enable it to demonstrate that it has taken the appropriate overview of the entire governance framework of the Council and have therefore exercised the necessary oversight to meet the requirements of the IAS.

6.4.2 In April 2016, the Committee confirmed that it had an overview of the Council's systems of internal control so it was assured that it was fulfilling the requirements of 'those charged with governance' under the IAS.

7. FOLLOW UP REPORTS

7.1 KPMG Report on Adult Social Care

7.1.1 Two update reports were considered by the Committee in July 2015 and January 2016 arising from the KPMG report "Adult Social Care – Financial Grip" to provide assurance that the issues within the report were being appropriately addressed within the Finance Service. The reports also provided an update on the Finance input into a number of other initiatives which would support and facilitate better financial management within the Communities Portfolio and across the Council as a whole.

7.1.2 The Committee noted that progress would be dealt with through the business as usual Internal Audit monitoring process.

7.2 Adult Social Care

- 7.2.1 Further to the report on the Adult Social Care Management Review regarding the overspend position of the Communities Portfolio in July 2014, the Committee received a number of progress reports.
- 7.2.2 The final update report in January 2016 provided an overview of the completed and ongoing management improvement actions in Adult Social Care and gave details of a management update regarding the interventions and change processes that had been undertaken throughout the Communities and Resources Portfolios and further actions that were planned.
- 7.2.3 The Committee agreed that as it was sufficiently appraised of management action in relation to Adult Social Care it would accept the report as the final progress report and to return to the business as usual Internal Audit monitoring process.

8. EXTERNAL AUDITOR ARRANGEMENTS

- 8.1 In January 2016, the Committee were briefed by KPMG on considerations for the local government sector in appointing their external auditor. This resulted from the closure by the Government of the Audit Commission on 31 March 2015 who were previously responsible for appointing external auditors to local government. The existing contract for external audit appointments has been extended by one year to include the audit of the 2017/18 financial year and the new external auditor had to be appointed by December 2017.
- 8.2 The new Audit and Standards Committee supported joining the Public Sector Audit Appointments Limited (PSAA) for the procurement of audit contracts from 2018/19. The meeting of Full Council on 4 January 2017 accepted PSAA's invitation to 'opt in' to the sector led option for the appointment of external auditors for 5 financial years commencing 1 April 2018.

9. INDEPENDENT CO-OPTED MEMBERS

- 9.1 The term of office for one of the independent members expired in May 2016 and recruitment for two new co-opted members should be completed early in 2017.

10. TRAINING AND DEVELOPMENT

- 10.1 As in previous years, a briefing session was held with an external facilitator to assist members in advance of consideration of the Statement of Accounts and External Auditor's Report (ISA 260).
- 10.2 One of the Co-opted members of the Committee was due to attend a Development Day for Local Authority Audit Committees but the event was subsequently cancelled by the organiser due to the low number of potential delegates.

11. **OUTCOMES**

11.1 The Audit Committee aims to add value through its activity and, in particular, it has:-

- Approved the Statement of Accounts.
- Accepted the Report to Those Charged with Governance (ISA 260)
- Continued to monitor implementation of the recommendations and actions arising from audit reports with a high opinion.
- Endorsed the programme of Internal Audit work in 2016/17.
- Confirmed that it had an overview of the Council's systems of internal control so it was assured that it was fulfilling the requirements of 'those charged with governance' under the International Auditing Standards.

12. **MERGER WITH THE STANDARDS COMMITTEE**

12.1 The Council Meeting on 6 July 2016 approved the merger of the Audit and Standards Committees with effect from 1 September 2016.

12.2 It was the view of the Section 151 Officer and the Monitoring Officer, as well as the Chairs of the two Committees, that the relatively low volume of Standards-related business could be accommodated within the work programme and frequency of meetings of the Audit Committee. A single committee, meeting on a regular basis, would more readily facilitate the consideration of the low level of standards-related business, than has been the case with the stand alone Standards Committee meeting on an ad-hoc basis.

12.3 Future Annual Reports will cover both audit and standards items.

13. **RECOMMENDATION**

13.1 That Council receives this report on the work of the former Audit Committee in 2015/16.

Appendix A – Committee Membership

From May 2015 to May 2016

- Councillor Steve Jones (Chair)
- Councillor Joe Otten (Deputy Chair)
- Councillor John Campbell
- Councillor Tony Damms
- Councillor Rob Frost
- Councillor Dianne Hurst
- Councillor Sioned-Mair Richards (replaced by Councillor Josie Paszek from 4 November 2015)
- Rick Plews - Independent non-voting co-opted member (term ended 17 May 2016)
- Liz Stanley - Independent non-voting co-opted member

From 18 May to 31 August 2016

- Councillor Josie Paszek (Chair)
- Councillor Penny Baker
- Councillor David Barker
- Councillor Dianne Hurst
- Councillor Bob Johnson
- Councillor Paul Scriven
- Liz Stanley - Independent non-voting co-opted member

Appendix B - Items Considered During the Year

21 July 2015

- Annual Governance Statement 2014/15
- Summary of the 2014/15 Statement of Accounts
- Certification of Claims and Returns Annual Report 2013/14 and Completed Action Plan
- Progress on High Opinion Audit Reports
- Update on the Finance Service Actions Arising from the KPMG Report on Adult Social Care
- Update on the Adult Social Care Change Programme
- Work Programme

24 September 2015

- Information Commissioner's Office Consensual Audit
- Internal Audit Annual Report 2014/15
- Markets High Opinion Audit Report Follow Up
- 2014/15 Statement of Accounts and External Auditor's Report to Those Charged with Governance (ISA 260)
- Adult Social Care Progress Report
- Work Programme

12 November 2015

- Annual Audit Letter 2014/15
- Proposed Audit Work Programme and Scale of Fees for 2016/17
- Summary of Internal Audit Output by Opinion 2014/15
- Strategic Risk Management
- Work Programme

14 January 2016

- Update on the Adult Social Care Programme
- Update on the Finance Service Actions Arising from the KPMG Report on Adult Social Care
- Progress Against High Opinion Audit Reports
- Summary of the key Recommendations Made in the Medium-High Opinion Audit Reports from 2014/15
- External Auditor Arrangements from 2018/19
- Work Programme

14 April 2016

- Update on the Information Commissioner's Office consensual Audit
- Certification of Claims and Returns Annual Report 2014/15
- External Audit Plan 2015/16
- Internal Audit Plan 2016/17
- Internal Audit Annual Fraud Report
- Public Sector Internal Auditing Standards External Assessment Process 2016/17
- Compliance with International Auditing Standards
- Revised Terms of Reference

- Work Programme

14 July 2016

- Annual Governance Statement 2015/16
- Summary of the Statement of Accounts 2015/16
- Progress on High Opinion Audit Reports
- Work Programme

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HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN & HRA BUDGET 2017/18

At its meeting on 18th January 2017, the Cabinet received a report of the Executive Director, Communities providing the 2017/18 update of the Housing Revenue Account (HRA) Business Plan. The report also presented a 2017/18 revenue budget for the HRA.

Approval of the Housing Revenue Account is a function reserved to full Council.

The Cabinet's minute is set out below, and the Council is asked to approve the recommendations:-

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN & HRA BUDGET 2017/18

The Executive Director, Communities submitted a report providing the 2017/18 update of the Housing Revenue Account (HRA) Business Plan, including a number of proposals.

RESOLVED: That Cabinet recommends to the meeting of the City Council on 1st February 2017 that:-

- (a) the HRA Business Plan report for 2017/18 as set out in appendix A to the report is approved;
- (b) the HRA Revenue Budget 2017/18 as set out in appendix B to the report is approved;
- (c) rents for council dwellings, including temporary accommodation, are reduced by 1% from April 2017 in line with the requirements in the Welfare Reform and Work Act 2016;
- (d) from 2017/18, garage rents will change to a single rate for garage plots and a single rate for garage sites; once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots;
- (e) the community heating unit charge for tenants who receive metered heating is reduced by 10% from April 2017; community heating charges for those tenants receiving unmetered heating will remain unchanged from April 2017;
- (f) following the review of sheltered housing service charges in 2015, as approved by the Cabinet Member for Housing, and work undertaken on future charging for communal heating in sheltered schemes, as reported to the Cabinet Member, the existing weekly charge of £14.89 will be amended to £15.54 to recover the cost for communal heating in sheltered schemes;
- (g) burglar alarm charges are to remain unchanged from April 2017;

- (h) charges for furnished accommodation are to remain unchanged from April 2017; and
- (i) the Director of Housing and Neighbourhoods and Director of Finance, in consultation with the Director of Legal and Governance and the Cabinet Member for Housing, be granted delegated authority to authorise prudential borrowing as allowed under current government guidelines.

(NOTE: A copy of the report submitted to the Cabinet is attached.)

Eugene Walker
Interim Executive Director, Resources



Author/Lead Officer of Report: Louise Cassin,
Housing Business Plan Officer

Tel: 0114 2930240

Report of: Laraine Manley
Report to: Cabinet
Date of Decision: 18 January 2017
Subject: Housing Revenue Account (HRA) Business Plan
and HRA Budget 2017/18

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Housing		
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given?	1033	
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Purpose of Report:

The report provides the 2017/18 update of the Housing Revenue Account (HRA) Business Plan. It includes proposals to:

- Continue with our commitment of 1,000 new/replacement council homes, with a switch of focus from acquisitions to new build with no overall increase in the cost of the programme. A higher percentage of new builds within the programme will help us to build the mix of housing that we need
- Continue to deliver, as planned, improvements to our tenants' homes to make sure they continue to be well maintained over the next 5 years
- To change garage rents to a single rate for garage plots and a single rate for garage sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been

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made to existing sites and plots

- Prepare to implement new government housing policies when legislation comes into force, ensuring we work with our affected tenants to make sure they are fully supported
- Explore potential savings to the HRA allowing time to consult on options in order to help mitigate against anticipated future financial pressures to the HRA

Recommendations:

It is recommended that Cabinet recommends to the meeting of the City Council on 1 February 2017 that:

1. The HRA Business Plan report for 2017/18 as set out in appendix A to this report is approved
2. The HRA Revenue Budget 2017/18 as set out in appendix B to this report is approved
3. Rents for council dwellings including temporary accommodation are reduced by 1% from April 2017 in line with the requirements in the Welfare Reform and Work Act 2016
4. From 2017/18, garage rents will change to a single rate for garage plots and a single rate for garage sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots
5. The community heating unit charge for tenants who receive metered heating is reduced by 10% from April 2017. Community heating charges for those tenants receiving unmetered heating will remain unchanged from April 2017
6. Following the review of sheltered housing service charges in 2015, as approved by the Cabinet Member for Housing, and work undertaken on future charging for communal heating in sheltered schemes as reported to the Cabinet Member, the existing weekly charge of £14.89 will be amended to £15.54 to recover the cost for communal heating in sheltered schemes.
7. Burglar alarm charges are to remain unchanged from April 2017
8. Charges for furnished accommodation are to remain unchanged from April 2017
9. The Director of Housing and Neighbourhoods and Director of Finance, in consultation with the Director of Legal and Governance and the Cabinet Member for Housing, be granted delegated authority to authorise prudential borrowing as allowed under current government guidelines

Background Papers:

Equalities Impact Assessment (appendix F)

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Karen Jones
		Legal: Andrea Simpson
		Equalities: Louise Nunn
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Jayne Ludlam
3	Cabinet Member consulted:	Councillor Jayne Dunn
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Louise Cassin</i>	Job Title: <i>Housing Business Plan Officer</i>
	Date: <i>09.01.17</i>	

1. PROPOSAL

1.1 Summary

1.1.1 The report provides the 2017/18 update of the Housing Revenue Account (HRA) Business Plan. Section 1.5.1 lists the key proposals.

1.1.2 This report also presents a 2017/18 revenue budget for the HRA.

1.1.3 A separate report on the Capital Programme, which includes the council housing investment programme 2017/18, will be considered by Cabinet on 15 February 2017. This will include details of the council's funded capital investment plan for council housing which complements the service and financial plans for the HRA in this report.

1.2 The HRA Business Plan

1.2.1 The HRA Business Plan sets out how all aspects of council housing will be funded from income (predominately rents) the local authority is able to generate in its capacity as landlord. It sets budgets for the coming year and provides a 5 year plan in the context of a 30 year affordability profile.

1.2.2 Each year the HRA Business Plan is reviewed and updated to set budgets and charges for the year ahead and to provide an updated 5 year plan in the context of a 30 year affordability profile. Some of the key achievements of the HRA Business Plan over the last 5 years are listed in appendix A to this report.

1.3 The HRA Ring-fence

1.3.1 The HRA is the financial account of the council as landlord. It is ring-fenced in law for income and expenditure in respect of council housing and housing land and certain activities in connection with the provision of council housing only. Other council services are funded through council tax and central government support which benefits all citizens of Sheffield regardless of tenure.

1.4 Summary of Key Changes for 2017/18

1.4.1 The HRA report to Cabinet in February 2016 set out some of the key policy changes contained in the forthcoming Housing and Planning Bill which it was envisaged would have a significant and detrimental impact to the HRA Business Plan. These included Pay to Stay, the extension of Right to Buy to housing association tenants (to be funded nationally through payments by local housing authorities to the government based on estimated receipts from the sale of higher value council homes as they fall vacant) and the implementation of

fixed term tenancies.

1.4.2 The Housing and Planning Act 2016 received royal assent in May 2016 although most of the social housing provisions are not yet in force. The government announced in the Autumn Statement (November 2016) and in correspondence to local housing authorities that there would be a number of changes to these original proposals. This included:-

- No longer proceeding with the compulsory Pay to Stay proposals
- The extension of Right to Buy to housing association tenants is to continue. There will be a large scale regional pilot on Right to Buy extension which the government will fund
- No higher value asset payments from local authorities in 2017/18
- The implementation of fixed term tenancies policy is still to be introduced, however government are yet to announce any timescales for this

1.4.3 Tenants have been kept up to date throughout the year on the latest developments and have been reassured that the Director of Housing and Neighbourhoods and the Cabinet Member for Housing have been working closely with central Government on these issues to ensure the best outcome for Sheffield and to minimise the risk to tenants.

1.5 Headlines

1.5.1 The key headlines for the HRA Business Plan are:-

- Continue with our commitment of 1,000 new/replacement council homes, with a switch of focus from acquisitions to new build with no overall increase in the cost of the programme. A higher percentage of new builds within the programme will help us to build the mix of housing that we need
- Continue to deliver, as planned, improvements to our tenants' homes to make sure they continue to be well maintained over the next 5 years
- To change garage rents to a single rate for garage plots and a single rate for garage sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots
- Prepare to implement new government housing policies when legislation comes into force, ensuring we work with our affected tenants to make sure they are fully supported

- Explore potential savings to the HRA allowing time to consult on options in order to help mitigate against anticipated future financial pressures to the HRA

1.5.2 The financial viability of the HRA Business Plan is measured by its ability to repay debt over 30 years. In last year's update, mitigations as a result of the 1% rent reduction were factored into the 30 year business plan such as extending investment lifecycles, to ensure the plan was financially viable and secure over the 30 year life of the plan.

1.5.3 These mitigations remain factored into the plan for 2017/18.

1.6 Income and Resources

1.6.1 Dwelling rents for 2017/18 including temporary accommodation are to reduce by 1% in line with the Welfare Reform and Work Act 2016. This will be the second year of rent reductions as part of the Act. The 1% decrease is equivalent to an average reduction of £0.76 per week. Appendix D sets out the average rents per house size in Sheffield.

1.6.2 The process of making all council housing rents equitable over time by letting vacant properties at the target rent level will continue. Currently the average rent is £0.90 less than 'target' compared with a difference of £0.96 last year.

1.6.3 It is proposed from 2017/18 that garage rents will change to a single rate for garage plots and a single rate for garage sites. Charges for garage plots and sites vary across the city; therefore a change to a single rate will provide a simpler and fairer charging mechanism for both garage plots and sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots. All garage tenants will be given notification of any change to their existing garage rent rate.

1.6.4 The community heating unit kilowatt hour (kWh) charge will reduce by 10% from 3.38 pence to 3.04 pence per kWh for 2017/18. This will apply to all tenants who receive a metered heat supply. This reduction reflects reducing commercial gas prices meaning there has been scope to reduce the pence per kWh rate. The 10% reduction also applies to the weekly hot water charge which covers unmetered hot water used in customer's dwellings (in certain sheltered schemes). This reduces the weekly charge from £0.70 to £0.63 per week.

The weekly standing charge levied on heat metered properties remains unchanged and will remain at £4.00 per week for the third

consecutive year.

For a small number of tenants who still receive an unmetered heat supply, their charge will be held at 2016/17 rates. It is envisaged that these will be converted to a metered heating supply early in 2017/18 in accordance with the provisions of the Heat Network (Meter and Billing) Regulations 2014.

A full breakdown of all community heating service charges is set out in appendix D to this report.

- 1.6.5 Following the review of sheltered housing service charges in 2015, as approved by the Cabinet Member for Housing, and work undertaken on future charging for communal heating in sheltered schemes as reported to the Cabinet Member, the existing weekly charge of £14.89 will be amended to £15.54 to recover the cost for communal heating in sheltered schemes. This is a result of the installation of heat meters in sheltered housing schemes during 2016/17, as required by the Heat Network (Meter and Billing) Regulations 2014, so that tenants pay individually for the heat supplied to their homes rather than through a community heating charge. The £0.65 increase per week will be an eligible charge for housing benefit.
- 1.6.6 The procurement for the installation and maintenance of burglar alarms has completed resulting in the burglar alarm charge remaining unchanged for 2017/18.
- 1.6.7 The furnished accommodation charge will remain unchanged for 2017/18.
- 1.6.8 Further detail on Income and Resources is available in the HRA Business Plan 2017/18 appendix A.
- 1.7 Homes
- 1.7.1 The aim of the investment programme has been to create an affordable plan to match expected resources and to address as much of the higher risk backlog elements quickly in order to minimise costs overall.
- 1.7.2 In 2011, when the first business plan was drafted, the investment backlog was estimated to be around £257m. By March 2017 the backlog is expected to have reduced to £101m.
- 1.7.3 A number of fully and partially unfunded investment areas still remain in the business plan. Each year as the business plan is reviewed efforts are made to incorporate elements of the unfunded items into the 5 year programme.

- 1.7.4 The 5 year investment programme will continue to prioritise and deliver, as planned, improvements to people's homes (kitchens, bathrooms, windows, doors, roofs, boilers, communal areas etc) to make sure homes continue to be well maintained.
- 1.7.5 The commitment to optimising the number of new/replacement council homes continues to be a high priority despite pressures. The current stock increase programme is made up of a mix of acquired properties and new build properties. It is proposed that in 2017/18 the stock increase programme continues to work to a target of 1,000 new/replacement homes, with a higher proportion of new build units in order to provide the mix of properties we want to achieve. It is expected that the overall cost of the programme will remain the same.
- 1.7.6 A repairs strategy that will help to develop new and more efficient ways of working is continuing to be developed. The Housing Repairs and Maintenance Service will be insourced in April 2017, as approved by Cabinet in March 2015.
- 1.7.7 Further detail on Homes is available in the HRA Business Plan 2017/18 appendix A
- 1.8 Tenant Services
- 1.8.1 Universal Credit was rolled out in Sheffield on 18 January 2016 for single new benefit claimants. The roll out to couples and families will take place in two tranches, July 2018 for the Bailey and Cavendish Court Jobcentres and September 2018 for the Eastern Avenue, Hillsborough and Woodhouse Jobcentres, with migration of existing claimants in Sheffield expected to take place between 2019 and 2022. Supporting tenants through this transition to Universal Credit as well as supporting tenants affected by other welfare reform changes such as the reduction to the benefits cap will continue to be a key priority for the business plan in 2017/18 and beyond. This will be of importance to those tenants identified as vulnerable and those tenants who may be affected by several welfare reform changes.
- 1.8.2 'Housing+' was implemented citywide on 3 October 2016 as a major change in the way that housing services are delivered across the city. Housing+ adopts a patch-based approach meaning there is much more emphasis on face to face contact with tenants. As well as delivering front-line services, the teams will work with other providers and local people to help strengthen the local community. By providing advice and low-level preventative work in ways of working outside the 'traditional' housing boundaries, neighbourhood officers will help tenants maintain their tenancy and reduce their need for more costly interventions. This will in turn achieve savings for the HRA and incidental benefits for other council services.

1.8.3 On 1 May 2015, the delivery of a housing grounds maintenance single service was implemented and involved the transfer of housing estate officers to the Parks and Public Realm service. Savings factored into the HRA Business Plan last year as a result of the integrated service remain profiled for 2017/18. It is proposed that the current standards of delivery and service level agreement (SLA) arrangements continue to be monitored and reviewed in 2017/18.

1.8.4 Further detail on Tenant Services is available in the HRA Business Plan 2017/18 appendix A.

1.9 Debt and Treasury Management

1.9.1 The HRA funds a large investment programme which will continue in the next few years.

1.9.2 In order to accommodate the investment programme, the HRA will need to support further borrowing but it will be a question of when this debt is taken and at what rate. This is closely monitored by active treasury management activity throughout the year.

1.9.3 The key considerations that shape these decisions are:

- The interest rate environment
- The HRA's cash requirements for investment and debt management
- Affordability in the context of the overall 30 year HRA business plan

1.9.4 Further detail on Debt & Treasury Management is available in the HRA Business Plan 2017/18 appendix A.

1.10 Forecast Outturn 2016/17

1.10.1 Regular revenue budget monitoring reports have been presented during the year to Cabinet. These have shown a more favourable outturn compared with the original budget.

1.10.2 Early indications suggest an improved full-year outturn position. This will continue to support the 30-year business plan in line with the HRA's financial strategy.

1.10.3 Further monitoring reports updating the 2016/17 position will be presented in accordance with the Council's budget monitoring timetables.

1.11 HRA Budget 2017/18

1.11.1 The HRA Business Plan 2017/18 (at appendix A) sets out the recommended budget for 2017/18 and includes the key changes described in the Income and Resources, Homes, Tenant Services

and Debt & Treasury Management sections above.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The proposals in this report are aimed at maximising financial resources to deliver outcomes to council tenants in the context of a self-financing funding regime, developments in national policy, the current economic climate and reductions in government funding. They will contribute towards the Corporate Plan priorities of Thriving Neighbourhoods and Communities, Tackling Inequalities and being an In-touch Organisation.
- 2.2 The Council must ensure that as a self-financing entity council housing in Sheffield has a sustainable future. The purpose of the HRA Business Plan report for 2017/18 is to ensure the cost of council housing - including investment in homes, services to tenants, the servicing of debt and overheads - can continue to be met by the income raised in the HRA.
- 2.3 The foundation of the HRA Business Plan is ensuring council homes are occupied because letting homes generates the rental income which funds all aspects of council housing.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Tenants have been kept informed of progress in relation to the Housing and Planning Act 2016 via a number of communications. This has included the Housing and Neighbourhoods Panel (HANAP), an update on the council housing web page, an article in 'In Touch' magazine that is delivered to all tenants and an article in 'The Bridge' magazine that is delivered to all Tenants and Residents Associations (TARAs) and Citywide Forum. Tenants will continue to be kept informed once any further updates are provided from government and any Regulations affecting how change is to be implemented have been published.
- 3.2 This report will be discussed with tenant representatives at the Citywide Forum on 12 January 2017. Comments and views expressed will be offered verbally to the Cabinet meeting.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

- 4.1 Equality of Opportunity Implications
- 4.1.1 Consideration has been given to equalities relating to HRA budgets and business plan options and a full Equalities Impact Assessment (EIA) has been completed. Issues raised will be addressed through regular monitoring against actions in the EIA.
- 4.1.2 The Capital Programme report to Cabinet on 15 February 2017 will

deal with any equalities considerations relating to the council housing investment programme.

- 4.1.3 Any in-year proposed change in policy or service provision will require an individual EIA.

4.2 Financial and Commercial Implications

- 4.2.1 The 2017/18 budget is the sixth annual budget set under the self-financing system. It follows the principles set out in the original business plan and allows for a continuation of services to tenants, revenue repairs to properties and also financial support for the council housing investment programme by means of a contribution from revenue.
- 4.2.2 Any annual revenue surpluses on the account will continue to support the 30-year business plan.
- 4.2.3 The council housing capital programme will require the HRA to support further borrowing as allowed under the current government guidelines. In these early years of self-financing the debt strategy for the HRA will continue to be reviewed and developed in accordance with the Council's treasury management policy.
- 4.2.4 Further details on the council housing capital programme will be set out in the report to Cabinet on 15 February 2017.
- 4.2.5 Appendix B details the initial 5 year projections for the HRA income and expenditure account. These are based on current assumptions and will be reviewed during 2017/18 in the light of any known changes.

4.3 Legal Implications

- 4.3.1 The duty to keep a Housing Revenue Account and prevent a debit balance on it and restrictions as to what may be credited or debited to the account ("the ringfence") are governed by Part VI of the Local Government and Housing Act 1989 (the 1989 Act). This formerly included provision for annual HRA subsidy paid by central Government to local housing authorities, as determined by the Secretary of State. HRA subsidy was abolished by the Localism Act 2011, which provided for the Secretary of State to make a determination providing for the calculation of a settlement payment to or from each local housing authority. This settlement and its implications for the self-financing HRA continue to inform the HRA Business Plan.
- 4.3.2 The HRA provisions in the 1989 Act include the duty in January or February each year to formulate proposals relating to HRA income and expenditure. Those proposals are contained in this report.

These proposals must be made on the best assumptions possible at the time as to all matters which may affect the amounts to be credited and debited to the account, and the best estimates possible as to those amounts.

- 4.3.3 By section 24 of the Housing Act 1985 (the 1985 Act) the Council has a broad discretion in setting such reasonable rents and other charges as it may determine and must from time to time review rents and make such changes as circumstances may require. Such circumstances will of course include other statutory requirements such as those described in this report. The duty to review rents and make changes is itself subject to the requirements for notice of a variation set out in Section 103 of the 1985 Act. The notice must specify the variation and the date on which it takes effect which must be at least four weeks after the date of service. To implement the rent variation recommended in this report notice of the variation must be sent to all tenants within the first week of March at the latest.
- 4.3.4 The HRA report to Cabinet in February 2016 set out a number of anticipated legislative changes as a result of the impending Housing and Planning Act and Welfare Reform and Work Act, both of which were then bills before parliament but have since been passed, and other welfare reforms. These are set out below, updated to reflect progress or any changes to government policy since then.

Change to Rent Policy

An annual 1% reduction in social housing rents (whether social or affordable rent) for 4 years is set out in the Welfare Reform and Work Act 2016 and has been implemented with effect from April 2016. The reduction is calculated by reference to the applicable rent on 8 July 2015 and significantly reduces funding for council housing.

Extension of the *Right to Buy* to Housing Association tenants

The extension of the *Right to Buy* to Housing Association tenants is enabled by the Housing and Planning Act 2016. Though the legislation does not expressly make the link, this is to be funded nationally through payments by local housing authorities to the government based on the estimated receipts from the sale of 'high value' council homes as they fall vacant. The government has now confirmed that initially there will be an expanded regional pilot of housing association Right to Buy which will be funded by government, and no Higher Value Asset payments will be required from local authorities in 2017/18.

'Pay to Stay' – Higher Rents for Higher Earners

The Housing and Planning Act also provided for social landlords to be required to charge a market or near market rent to tenants whose household income exceeded £31,000, with local authorities paying the resulting additional income to the Treasury for deficit reduction.

This had been anticipated to come into force from April 2017 but the government has now confirmed that it will not proceed with the policy.

The Implementation of Fixed Term Tenancies

The Housing and Planning Act includes provisions so that in future, except in circumstances to be specified by the Secretary of State, secure tenancies may only be granted for a fixed term of between 2 and 10 years (or until the 19th birthday of the youngest child in the household if that is longer). Also, a successor to an existing secure tenancy who is not a partner succeeds to a tenancy automatically converted to a fixed term of 5 years. Shortly before the end of the fixed term the landlord must carry out a review and decide whether to (1) offer to grant a new (fixed term) tenancy of the dwelling, (2) seek possession of the dwelling but grant a tenancy of another dwelling instead or (3) seek possession of the dwelling without offering a tenancy of another dwelling. There has been no formal announcement of the timetable for implementing the changes and the relevant provisions are not yet in force but the anticipated date is April 2017. The government has confirmed that it still intends to proceed with the policy and has indicated that a tenancy should not be renewed on review if a change of circumstances mean that the family is now 'higher income'.

Further Welfare Reforms

- The benefits cap has been reduced to £20,000 from £26,000 as a result of the Welfare Reform and Work Act 2016.
- The 2015 Summer Budget included an announcement that from April 2017 those out of work aged 18-21 making new claims to Universal Credit (UC) would no longer be automatically entitled to the housing element although there would be some exceptions. This has now been clarified. It will apply to 18-21 year olds who make a new claim for UC after the full roll out, so from July or September 2018 in Sheffield depending on which Jobcentre is involved. It will not apply to those already in receipt of HB or the housing element of UC before that date and there will be exemptions including those young people who do not have a parental home in which they can reasonably live.

The 2015 Autumn Statement set out a proposal that from 2018 the Government proposes to limit HB (or the housing element of UC) for claimants in social rented housing who started their tenancy after April 2016 to the relevant Local Housing Allowance (LHA) rates. This will include the Shared Accommodation Rate for single claimants aged under 35 without dependent children. This has also been clarified recently in a ministerial written statement to the House of Commons. The LHA limitation will commence in April 2019. For HB claimants it will apply to tenancies that began in or after April 2016; for UC claimants it will apply to **all** tenancies, whenever they

began. There will be transitional protection arrangements for claimants who move from HB to UC after April 2019 and claimants who move from UC to HB on reaching state pension age and whose tenancies began before April 2016 will be protected.

4.4 Risk Management

- 4.4.1 The risk management plan is the basis of the council's risk management strategy for the HRA Business Plan.
- 4.4.2 The key risks to the business plan have been identified and are listed in section J of the appendix report.
- 4.4.3 Following an assessment of the risks to the HRA in the coming 5 years it is proposed for 2017/18 for a reserve level of £5m.
- 4.4.4 The main viability test for the business plan is its capacity to repay debt over the life of the business plan. Having this capacity provides cover for interest rate rises and mitigates the need to refinance borrowing in times of high interest rates.
- 4.4.5 The long term viability of the plan is dependent on the delivery of additional savings that will be required in the coming years.

4.5 Other Implications

- 4.5.1 Any environmental and sustainability issues arising from the council housing investment programme within this report will be dealt with in the Capital Programme report to Cabinet on 15 February 2017.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The stock increase programme as agreed in last year's business plan is a combination of new/replacement council housing with an emphasis on acquisitions. The option to continue with a profile geared towards acquisitions was considered but rejected as it no longer provides the mix of housing that we need.

6. REASONS FOR RECOMMENDATIONS

- 6.1 To optimise the number of good quality affordable council homes in the city;
- 6.2 To maximise the financial resources to deliver key outcomes for tenants and the city in the context of a self-financing funding regime;
- 6.3 To ensure that tenants' homes continue to be well maintained and to optimise investment in estates; and
- 6.4 To assure the long term sustainability of council housing in Sheffield.

**Sheffield City Council Housing Revenue Account (HRA)
Business Plan 2017/18**

1. INTRODUCTION

a) Purpose of this Report

This is the Housing Revenue Account (HRA) Business Plan report for 2017/18. This report:-

- Proposes HRA rents and charges for 2017/18
- Proposes budgets for 2017/18
- Reports on progress and sets out new policy choices for 2017/18
- Refreshes the 5 year planning budgets and where appropriate updates long term planning assumptions
- Provides a 30 year affordability profile based on updated financial assumptions

b) Report and Structure

The HRA Business Plan 2017/18 report is presented in the following structure:-

1. Introduction
2. Income and Resources
3. Homes
4. Tenant Services
5. Debt and Treasury Management

c) Background

In England the HRA operates using a self-financing funding model which means that each local housing authority has to fund its council housing from the income it is able to generate from rents and other charges. There is therefore a limit to what can be afforded by the business plan in order that forecasted spend does not exceed income.

The HRA Business Plan 2017/18 report is the fifth annual update since the approval of the original plan in 2012 which marked the start of the self-financing arrangements.

d) The HRA Ring-fence

The HRA is the financial account of the Council as landlord. It is ring-fenced in law for income and expenditure in respect of council housing and housing land and certain activities in connection with the provision of council housing only.

Other council services are funded through council tax and central government support which benefits all citizens of Sheffield regardless of tenure.

Certain traditional housing management functions including rent collection, repairs, rehousing and tenancy management through tenancy conditions (including responding to anti-social behaviour) are essential for the housing service to function and to meet the landlords' contractual and statutory obligations and must, therefore, be funded by the HRA.

It should also be recognised that although the HRA through the ring-fence can only be invested in council housing services, these services can result in wider benefits that can have a positive impact to other council services.

e) Impact of Policy Changes to the HRA Business Plan

In 2015, the government announced as part of its summer budget, a change to national rent policy for social housing. This was included within the Welfare Reform and Work Act 2016, and in April 2016 the first of a statutory 1% reduction in social rents for 4 years was applied and included as part of last year's business plan update. This had a significant impact to the business plan with a reduction in the plan's forecast income. Mitigations were factored into the business plan last year which included:-

- Extending lifecycles for investment items such as bathrooms, windows and heating systems
- Reductions to repairs budgets
- Applying savings from local policy changes
- Updating longer term forecasts where we have a better understanding of probable costs
- Back-office savings

In addition to the 1% rent reduction, a number of major changes for social housing were announced, some of which were included in the Housing and Planning Act 2016 that received royal assent on 12 May 2016 although most of the provisions are not yet in force.

It was originally envisaged that some of the key policy changes contained in the Housing and Planning Act 2016 would have a significant and detrimental impact to the HRA Business Plan. This included:-

- **Pay to Stay** - a mandatory scheme whereby local authorities would have to charge up to a market rent to tenants whose household income exceeds a proposed £31,000 per year (£40,000 in London).
- **The Extension of Right to Buy to Housing Association Tenants** – a scheme involving the government reimbursing housing associations in relation to the discounts made available to their tenants exercising their Right to Buy as part of the voluntary agreement. This is to be funded nationally through payments by local housing authorities to the

government based on estimated receipts from the sale of higher value council homes as they fall vacant.

- **Implementation of Fixed Term Tenancies** - councils will be required to offer fixed term tenancies of between 2 -10 years to new tenants (or until the 19th birthday of the youngest child in the household if that is longer).

Since the enactment of the Housing and Planning Act 2016, the government announced in the Autumn Statement (November 2016) a number of changes to these original proposals. These included:

- No longer proceeding with the compulsory Pay to Stay proposals
- The extension of Right to Buy to housing association tenants is to continue. There will be a large scale regional pilot on Right to Buy extension which the government will fund
- No higher value asset payments from local authorities in 2017/18
- The implementation of fixed term tenancies policy is still to be introduced, however government are yet to announce any timescales for this

f) Responding to the Housing and Planning Act 2016

In response to the Housing and Planning Act 2016, work has been on-going in order to determine the impacts of the policies.

Tenants have been kept informed of progress in relation to the Housing and Planning Act 2016 via a number of communications including the Housing and Neighbourhoods Panel (HANAP), Citywide Forum, an update on the council housing web page, an article in 'In Touch' magazine that is delivered to all tenants and an article in 'The Bridge' magazine that is delivered to all Tenants and Residents Associations (TARAs).

The Director of Housing and Neighbourhoods and the Cabinet Member for Housing have also been working closely with central government on these issues to ensure the best outcome for Sheffield is achieved to minimise the risk to tenants.

g) HRA Business Plan Achievements

This is the fifth update of the HRA Business Plan and since 2012 the HRA Business Plan has accomplished a number of achievements. These achievements have helped to benefit our tenants and the council housing services we are able to provide.

Some of our key achievements over the last 5 years are illustrated on the following page.



h) HRA Business Plan Headlines for 2017/18

The key headlines for the HRA Business Plan 2017/18 are:

- Continue with our commitment of 1,000 new/replacement council homes, with a switch of focus from acquisitions to new build with no overall increase in the cost of the programme. A higher percentage of new builds within the programme will help us to build the mix of housing that we need
- Continue to deliver, as planned, improvements to our tenants' homes to make sure they continue to be well maintained over the next 5 years
- To change garage rents to a single rate for garage plots and a single rate for garage sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots
- Prepare to implement new government housing policies when legislation comes into force, ensuring we work with our affected tenants to make sure they are fully supported
- Explore potential savings to the HRA allowing time to consult on options in order to help mitigate against anticipated future financial pressures to the HRA

i) 30 Year Affordability and Future Savings Options

The financial viability of the HRA Business Plan is measured by its ability to repay debt over 30 years. In last year's update, mitigations as a result of the 1% rent reduction were factored into the 30 year business plan such as extending investment lifecycles, to ensure the plan was financially viable and secure over the 30 year life of the plan.

These mitigations remain factored into the plan for 2017/18.

j) Summary of Risks

The key risks to the HRA Business Plan for 2017/18 include:

- Welfare Reform
- Right to Buy
- Rent loss from vacant properties
- Investment backlog
- Unfunded items
- Implementation of fixed term tenancies
- Interest rate risk

Further details on the key risks to the business plan are contained within chapters 2-5 in this report.

A risk based reserve has been established in order to mitigate the risks listed above. It is proposed for 2017/18 for a reserve level of £5m.

2. INCOME AND RESOURCES

a) Overview

This section of the HRA Business Plan is concerned with income into the HRA. It includes rent setting and charges payable by tenants to the council as landlord.

b) Risks

i. Welfare Reform

The government's welfare reform continues to be a significant risk to the business plan. Universal Credit was rolled out in Sheffield on 18 January 2016 for single new benefit claimants. The roll out to couples and families is confirmed in 2 phases, July 2018, and September 2018, with migration of existing claimants in Sheffield expected to take place between 2019-2022.

Total arrears at the end of 2015/16 had reduced from £10.81m to £10.67m. This is mainly due to a number of mitigations in place to help support tenants affected by welfare reform such as funding additional officers to manage additional impacts of welfare reforms, Hardship Fund payments and Discretionary Housing Payments (DHPs). As well as helping to reduce arrears, these mitigations have also helped tenants to sustain their tenancies. Arrears collection will however become increasingly difficult as Universal Credit continues to be rolled out and other welfare reforms such as the benefit cap are introduced.

Welfare reform impact on arrears is expected to peak in 2023/24, mainly due to additional arrears arising from Universal Credit.

Other impacts to arrears will include a reduction to the benefit cap from £26,000 to £20,000. This has been applied from November 2016 to tenants who had an existing cap, tenants who are newly capped as a result of a reduction in the threshold will have their benefits capped from January 2017. It is too early at this stage to see what the actual impacts have been, however additional arrears are expected, with arrears due to the benefit cap expected to peak in 2017/18.

From April 2017 those out of work aged 18-21 making new claims for Universal Credit after the full roll out in the area (so from July 2018 or September 2018 in Sheffield) will no longer be automatically entitled to the housing element although there will be some exceptions.

From April 2019, the government proposes to limit Housing Benefit for claimants in social rented housing who started their tenancy after April 2016 to the relevant Local Housing Allowance (LHA) rates. For tenants receiving Universal Credit, the LHA rates will apply to all new and existing tenancies.

There will be transitional protection arrangements for claimants who move from Housing Benefit to Universal Credit after April 2019. Claimants who move from Universal Credit to Housing Benefit on reaching state pension age and whose tenancies began before April 2016 will be protected.

ii. Right to Buy

Right to Buy sales are forecasted to continue to peak in 2017/18 at around 350 sales expected. Increased sales in Right to Buy creates implications for the HRA as the stock profile is reduced, meaning less rental income into HRA as a result.

iii. Rent Loss from Vacant Properties

Rent loss from vacant properties continues to be a risk for the HRA. The vacant rent loss target has been set at 1.5% for 2017/18 and beyond. Further pressures to vacant rent loss are likely as a result of Housing and Planning Act 2016 policy changes that are likely to increase tenancy turnover.

c) Key Developments

i. Rents

- Dwellings

Social rents will reduce by 1% for 2017/18 equivalent to an average reduction of £0.76 per week. This is in-line with the national social housing rent policy included in the Welfare Reform and Work Act 2016 that social rents reduce by 1% for four years. This will be the second 1% rent reduction.

Vacant properties will continue to be re-let at the 'target' (formula) rent in order to continue the process of making council rents equitable over time following the ending of the national 'rent convergence' policy by government one year early. Target rents will also reduce by 1% in April.

The Council has a small but increasing number of properties that are let at an Affordable Rent (up to 80% of market rent). These are predominately new build properties and properties acquired as part of the stock increase programme. The 1% annual reduction applies to all social housing rents so properties let at an Affordable Rent will also be reduced.

- Garages

Garage rents have been frozen since 2014/15. It is proposed from 2017/18 that garage rents will change to a single rate for garage plots and a single rate for garage sites. Charges for garage plots and sites vary across the city; therefore a change to a single rate will provide a simpler and fairer charging mechanism for both garage plots and sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots. All garage tenants will be given notification of any change to their existing garage rent rate.

ii. Other Charges

- Community Heating

The new heat metering installation programme has been underway and other than a small number of properties where access has been denied, it is planned that almost 6,000 new meters will have been installed by the end of March 2017. Having meters fitted means that our customers have a greater choice on the amount of heat they consume and therefore the amount they pay for their heating.

The community heating kilowatt hour (kWh) unit charge will reduce by 10% from 3.38 pence per kWh to 3.04 pence per kWh for 2017/18. This will apply to all tenants who receive a metered heat supply. This reduction reflects reducing commercial gas prices meaning there has been scope to reduce the pence per kWh rate. The 10% reduction also applies to the weekly hot water charge which covers unmetered hot water used in customers' dwellings (in certain sheltered schemes). This reduces the weekly charge from £0.70 to £0.63 per week.

The weekly standing charge levied on heat metered properties remains unchanged and will remain at £4.00 per week for the third consecutive year.

For a small number of tenants who still receive an unmetered heat supply, their charge will be held at 2016/17 rates. It is envisaged that these will be converted to a metered heating supply early in 2017/18.

Once all 6,000 properties are connected to heat metering and we have complete data across all seasons, we will be in a better position to fully understand the annual trading position on the community heating account. Until we reach this point it would be prudent to keep prices relatively stable. Relative price stability in the energy market over recent years and the incremental utilisation of reserves have made it possible for us to keep our community heating prices stable for our customers. We know our customers do not want to see spikes in prices, and longer term price stability is very important to them. At present and also moving forward we are well placed to deliver this price stability.

It is proposed to retain a community heating reserve of £1.9m. This is to enable the Council to absorb risks such as significant future increases in gas prices and in doing so avoid the need to implement sharp/reactive price increases for tenants.

- Sheltered Housing

Following the review of sheltered housing service charges in 2015, as approved by the Cabinet Member for Housing, and work undertaken on future charging for communal heating in sheltered schemes as reported to the Cabinet Member, the existing weekly charge of £14.89 will be amended to £15.54 to recover the cost for communal heating in sheltered schemes. This is a result of the installation of heat meters in Sheltered Housing schemes during 2016/17, as required by the

Heat Network (Meter and Billing) Regulations 2014, so that tenants pay individually for the heat supplied to their homes rather than through a community heating charge. The £0.65 increase per week will be an eligible charge for housing benefit.

- Furnished Accommodation

The furnished accommodation charge will remain unchanged for 2017/18.

- Burglar Alarms

The procurement for the installation and maintenance of burglar alarms has completed resulting in the burglar alarm charge remaining unchanged for 2017/18.

3. HOMES

a) Overview

This section of the HRA Business Plan is interested in the physical condition of council homes and estates. This section includes the capital investment into homes such as new kitchens, bathrooms and boilers as well as repairs.

b) Risks

i. Investment Backlog

The investment backlog is investment to homes which is due now. The investment backlog is a key risk to the plan because delaying investment work increases the likelihood of responsive repairs being required in the interim. Responsive repairs are by their nature more expensive than planned works and so the later in the plan the backlog is tackled, the higher the overall cost of the business plan.

Work Element	Investment Backlog (forecasted as at end 2016/17)
Bathrooms, Kitchens, Windows, Doors	£8.5m
Full & Partial Decent Homes Omissions	£14.3m
Heating	£4.7m
Roofs	£47.2m
Electrics	£26.3m
Total	£101.0m

In 2011, when the first business plan was drafted, the investment backlog was estimated to be around £257m. By March 2017 this is expected to have reduced to £101m.

ii. Partially or Unfunded Items

These are investment items which were deemed unaffordable when the first business plan was developed in 2011 and so were not factored into the 30 year investment programme at all.

Each year as the business plan is reviewed efforts are made to incorporate elements of this into the five year programme. The following table provides an update on work being undertaken to include these items into the ongoing investment plan:

Investment Area	Current Position
Communal areas of maisonettes	Scoping work has begun on the investment needed in the communal areas of maisonettes. Detailed business cases will be brought forward following the conclusion of surveying and

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	analysis. It has been estimated a total in the region of £15m will be required, all of which has been factored into 2019/20 and 2020/21.
Externals – canopies, pointing and render	The estimated funding required for this work has increased to £12m
Work to complement Streets Ahead – communal drives, street lighting etc	In the 2015/16 update a £4m provision was made for 2019/20 and this remains. Total costs for this works are estimated to be around £35m
Additional environmental works – drying areas, steps, paths, handrails, walls etc	In conjunction with the maisonettes, work has begun to scope out the options for improving the external environment. This includes any work not picked up through the Highways PFI. This is a significant piece of surveying work that will take some time to conclude. Approximately £14m allocated to this project has been slipped from the 5 year programme following a review of savings.
Plastering and internal doors	The provision to deal with the emerging issue of plastering has been increased within the 5 year programme to £6m. There is still no provision for internal doors in the 5 year programme or in the longer term business plan.
Non-dwelling assets	A small provision of £800k has now been added to the programme in 2021/22

c) Key Developments

i. 5 Year Investment Programme

The aim of the investment programme has been to create an affordable plan to match expected resources and to try and address as much of the higher risk backlog elements as possible in order to minimise costs overall.

The 5 year investment programme will continue to prioritise and deliver as planned, improvements to people's homes (kitchens, bathrooms, windows, doors, roofs, boilers, communal areas etc) to make sure homes continue to be well maintained.

Key Commitment	Progress Update
Addressing 90% of the 2012 heating backlog by March 2017	The obsolete heating programme which began in 2009 completed at the end of 2015/16. There is still a significant number of systems that could not be completed due to access/refusals. These will be completed when access can be gained. The future programme will move to concentrate on replacing boilers on a 15 year age cycle.
All higher priority roofs to be addressed by March 2019	All roofing projects have been procured and are progressing quickly. The initial flat roofing programme has been completed which is earlier than expected.
Replacement kitchens, bathrooms, windows and doors for 7,000 of 12,800 homes still needing some work by March 2019	The kitchen, bathroom, windows & doors projects have been awarded to contractors and work has begun on site. Less work is being found within

	properties than was originally forecast which is expected to result in a saving to the HRA.
Electrical backlog to be addressed after Decent Homes, heating and roofs	Work set out in the electrical strategy to make improvements and to ensure electricians are maintained in line with the latest safety requirements and to modernise properties to bring them to a standard fit for the future is to be approved.
Refurbishment of communal areas to all 12,000 low rise flats by March 2019	The communal area programme is now procured and making good progress on site.
Energy Efficiency work	Business cases will be developed during 2016/17 for an external wall insulation programme which will support the targets set out in the energy strategy to improve the thermal comfort to the most poorly performing dwellings.
Garage Strategy	Garage demolition work was agreed in June 2016 and work to deliver this started in November 2016. Further garage improvement works is to be developed and expected to be agreed later in 2016/17.

The table below sets out the proposed indicative capital programme over the next 5 years of the business plan. It adds a new 'year 5' resource allocation for 2021/22 and the 2016/17 column shows the anticipated outturn.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2017-22
HRA Programme	<i>Outturn</i>						<i>Total</i>
EXPENDITURE (In £millions)							
Essential investment work (health & safety, etc)	3.3	1.2	1.5	1.2	0.9	3.0	7.8
Adaptations & Access	1.8	1.9	2.0	2.2	2.5	2.5	11.1
Regeneration	1.1	-	-	-	-	8.0	8.0
Garages Capital	0.4	2.4	0.8	-	-	0.2	3.4
Waste	0.5	1.2	1.4	-	-	-	2.6
Community Heating	-	-	2.4	1.2	1.4	0.9	5.9
Area Investment Environmentals	0.2	0.1	-	-	-	-	0.1
Heating & Insulation	6.1	2.2	6.5	6.9	7.2	1.7	24.5
Roofs & externals	26.6	22.8	25.5	14.3	14.1	19.2	95.9
Communal areas investment	5.8	8.5	3.4	5.2	5.0	5.0	27.1
Electrics	-	7.9	7.7	6.9	4.7	4.0	31.2
Kitchens, Windows, Bathrooms & Doors	7.6	12.2	7.3	7.8	7.0	5.0	39.3
Other planned elementals	-	2.3	2.0	2.0	2.3	2.8	11.4
Sub-Total Core Investment Programme	53.4	62.7	60.5	47.7	45.1	52.3	268.3
Capital management fee	3.2	3.0	3.0	3.0	3.0	3.0	15.0
LTE Purchase & Repair (CHS)	1.4	0.2	-	-	-	-	0.2
Acquisitions (CHS)	0.9	0.5	0.6	0.6	0.6	-	2.3
Total Capital Programme	58.9	66.4	64.1	51.3	48.7	55.3	285.8
Stock increase programme	11.1	9.7	15.4	14.0	29.2	-	68.3
Overall Total HRA Programme	70.0	76.1	79.5	65.3	77.9	55.3	354.1

The 2016/17 programme is profiled in line with expected procurement and delivery timescales.

ii. Stock Increase Programme

The commitment to optimising the number of new/replacement council homes continues to be a high priority.

The stock increase programme includes a mix of acquisitions and new build, working to a target of 1,000 new/replacement homes. The makeup of the previously agreed programme comprised of a higher proportion of acquisitions compared to new builds. To date (December 2016) the programme has achieved 285 acquisitions and 89 general needs new build properties which are near to completion.

A review of the current programme, which included the types and locations of properties which were acquired and potential design and unit price of new build units, has taken place. It is proposed from 2017/18, a higher proportion of new build units are included within the programme in order to provide the mix of properties we want to achieve. A higher proportion of new builds will also allow us more flexibility in design specification and present opportunities for us to provide purpose build housing such as older persons living and supported living accommodation.

Acquisitions of properties for sale on the open market in Sheffield remain important to the programme as the purchase of these units is generally faster and therefore enables us use funding when required.

The council housing stock increase programme is a key part to achieving the council's wider Housing Strategy and contributes to delivering affordable homes to support growth in the city.

The Council will continue to make residual contributions to past social housing projects.

iii. Repairs

The HRA Business Plan 2017/18 continues to factor in efficiencies relating to fewer repairs as a result of planned investment works made to roofs, kitchens, bathrooms and boilers etc.

The changes in the Housing and Planning Act 2016 are likely to present some extra pressures on the repairs budget such as anticipated increases in tenancy turnover as a result of the implementation of fixed-term tenancies. Once this has been implemented and we have a better understanding of the impacts, this will help to determine a future position.

The Housing Repairs and Maintenance Service will transfer into the Council on 1 April 2017. Work is in progress to prepare for an in-house service. There may be a period of stabilisation following the transfer. A review will take place to ensure the service is fully integrated with the housing service and with other essential functions in the council.

A repairs strategy that will help to develop new and more efficient ways of working is continuing to be developed. Efficiencies in the Housing Repairs & Maintenance Service originally approved by Cabinet in March 2015 are being assumed at this stage; however the insourcing of the service from April 2017 may have an impact on future repairs budget provision.

4. TENANT SERVICES

a) Overview

This section of the business plan is concerned with services provided to tenants. It includes services such as tenancy management, income management and re-housing services together with tenancy enforcement (ASB), supported housing, and estate services.

b) Risks

i. Implementation of Fixed Term Tenancies

The implementation of fixed term tenancies for new council housing tenancies may have implications for other council housing policies such as housing allocations and tenancy conditions, however it is not known at the time of writing this report when this policy is to be implemented.

c) Key Developments

i. Income Management

Supporting tenants through welfare reform and investing in activity to mitigate the impacts has been a key commitment since the first HRA Business Plan in 2012. This has included visiting affected tenants, recruiting additional staff including specialist debt workers, support for tenants to downsize, training staff on welfare benefits and alternative payment methods such as helping tenants to set up jam-jar accounts and direct debits.

A Hardship Fund was set up in 2013/14 to help tenants impacted by the 'bedroom tax'. The fund has been successful and in 2015/16 saved the HRA a minimum of £365,000 and helped 375 tenants sustain their tenancies.

The council housing service will continue to support tenants through welfare reform and the HRA Business Plan 2017/18 will continue to fund these provisions, especially with expansion to families and couples of Universal Credit in 2018.

ii. Housing+

Housing+ was rolled out citywide on 3 October 2016 and is a major change in the way that housing and other council services are delivered across the city. The service adopts a patch-based approach meaning there is much more emphasis on face to face contact with tenants. There will be an emphasis on more contact with customers in their own homes and all households will be offered an annual visit to discuss their tenancy, and support or advice will be drawn-in from the relevant specialists for those households who need it. There will be 7 neighbourhood teams, based on electoral ward boundaries. As well as delivering

front-line services, the teams will work with other providers and local people to help strengthen the local community. By providing advice and low-level preventative work in ways of working outside the 'traditional' housing boundaries, neighbourhood officers will help tenants maintain their tenancy and reduce their need for more costly interventions. This will in turn achieve savings for the HRA and incidental benefits for other council services.

iii. Attractive Neighbourhoods

- Green and Open Space Management

On 1 May 2015, the delivery of a housing grounds maintenance single service was implemented and involved the transfer of housing estate officers to the Parks and Public Realm service. Savings factored into the HRA Business Plan last year as a result of the integrated service remain profiled for 2017/18. It is proposed that the current standards of delivery and service level agreement (SLA) arrangements continue to be monitored and reviewed in 2017/18.

- Waste Management

A number of waste management initiatives with the purpose of making efficiencies and reducing the costs of fly-tipping were factored into the original business plan. Work continues with such initiatives with efficiencies as a result factored into the business plan.

Waste management initiatives include:

- Closure of dry stores
- Education and enforcement programme
- Removal of bulky waste

5. DEBT & TREASURY MANAGEMENT

a) Overview

This section of the HRA Business Plan concerns the management of housing debt. The HRA has a large investment programme which will continue in the next few years.

In order to accommodate the investment programme, the HRA will need to borrow but it will be a question of when this debt is taken and at what rate. This is closely monitored by active treasury management activity throughout the year.

The key considerations that shape these decisions are:

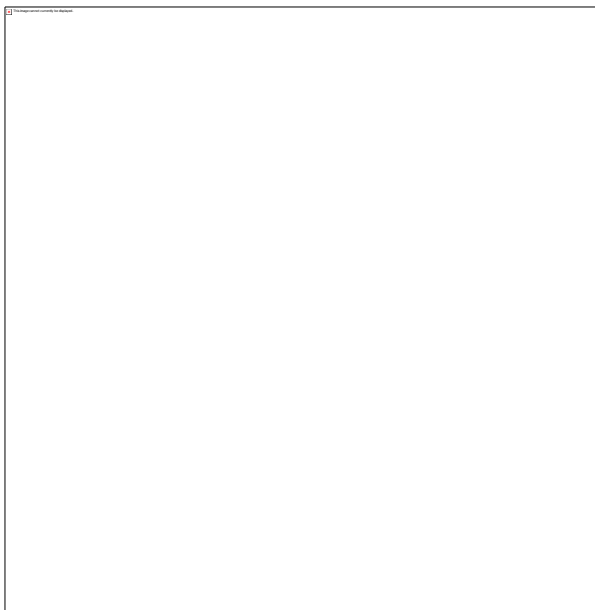
- The interest rate environment
- The HRA's cash requirements for investment and debt management
- Affordability in the context of the overall 30 year HRA business plan

b) Risks

The HRA currently supports a Capital Financing Requirement of £346m of which around 31% is exposed to interest rate variations. Part of the role of treasury management is to manage the HRA's exposure to interest rate fluctuation which is a key risk to the HRA Business Plan. However, it is also important to retain a degree of flexibility to take advantage of borrowing at low interest levels should opportunities arise.

c) Key Developments

i. Loan Portfolio



n Fixed

The HRA's fixed borrowing portfolio is made up of n 28% market loans (including LOBOs not yet in their call period) and n 41% Public Works Loan Board (PWLB) loans.

Lender Option Borrower Option (LOBOs) loans are loans that are generally very long term that incorporate two linked options; the lender option – for the lender to set revised interest rates at predetermined set periods, and the borrower option – once the lender has exercised their option, for the borrower to pay the revised interest rate or to repay that loan and refinance the borrowing elsewhere.

PWLB loans are taken out from UK Debt Management Office (part of HM Treasury) and are generally longer term loans with fixed interest rates.

n Internal borrowing

Currently internal borrowing represents 16% of the total HRA capital financing requirement (CFR). Using cash reserves instead of externalising borrowing saves the HRA costs it would otherwise incur in interest payments and avoids the need to invest cash with counterparties to earn low returns.

However, this only represents a temporary position because the HRA will need to replace the cash as soon as they are required for activity such as funding capital expenditure. This means that the HRA will need to externalise its internal borrowing as and when the cash is needed.

n Variable

15% of the HRA's loan portfolio is treated as variable rate borrowing (as the LOBO loans are in their call period) and as such these loans are at risk from any fluctuations in interest rates due to external economic factors.

Moving away from a portfolio heavily exposed to interest rate risks brings increased cost certainty, and would assist the HRA in producing a stable and accurate business plan.

Overall, the proportion of the portfolio exposed to interest rate risk (n internal borrowing and n variable loans) is now 31% which is down from 40% last year. This significant reduction is partly due to the reclassification by the lender of certain LOBO loans into fixed rate loans.

ii. Business Plan Viability

The main viability test for the business plan is its capacity to repay debt over the life of the business plan. Having this capacity provides cover for interest rate rises and mitigates the need to refinance borrowing in times of high interest rates. It should be noted that the HRA currently has some loans that mature beyond 30 years but has limited options to replace this borrowing within the 30 year timeframe due to the cost involved.

Appendix B

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2017-22
Revenue Account	<i>Outturn</i>						<i>Total</i>
INCOME (in £millions)							
Net income dwellings	147.1	144.4	141.9	139.9	143.8	147.0	717.0
Other income	6.3	6.1	6.2	6.4	6.6	6.7	32.0
Total	153.4	150.5	148.1	146.3	150.4	153.7	749.0
EXPENDITURE (in £millions)							
Homes - Repairs and maintenance	32.4	32.3	32.1	32.0	31.5	32.2	160.1
Homes - funding for Capital Programme	56.5	50.5	47.2	46.1	49.6	50.8	244.2
Tenant Services - Including Management	50.0	52.4	52.7	53.0	53.9	55.2	267.2
Interest on Borrowing	14.5	15.3	16.1	15.2	15.4	15.5	77.5
Total	153.4	150.5	148.1	146.3	150.4	153.7	749.0
Required Revenue Reserve	5.3	5.0	5.1	5.2	5.3	5.3	

Appendix C

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2017-22
Capital Account	<i>Outturn</i>						<i>Total</i>
EXPENDITURE (In £millions)							
Total	70.0	76.1	79.5	65.3	77.9	55.3	354.1
FUNDED BY (In £millions)							
Revenue Funding & Capital Reserve	64.3	68.4	68.7	55.1	61.8	50.8	304.8
Additional Borrowing	0.0	0.0	0.0	0.0	6.7	0.6	7.3
Right to Buy Receipts	4.2	6.0	9.9	9.1	9.0	3.5	37.5
Other capital contributions	1.5	1.7	0.9	1.1	0.4	0.4	4.5
Total Funding	70.0	76.1	79.5	65.3	77.9	55.3	354.1

Appendix D

City Wide average weekly rent by bedsize

Bedsize	Average weekly rent		Decrease	
	2016/17	2017/18		
Bedsit	£58.78	£58.19	£0.59	1%
1 bed	£66.63	£65.96	£0.67	1%
2 bed	£76.00	£75.24	£0.76	1%
3 bed	£85.03	£84.18	£0.85	1%
4 bed	£93.54	£92.60	£0.94	1%
Total (all bedrooms average)	£75.37	£74.61	£0.76	1%

Note: The above rents are for illustrative purposes only as they are based on city wide averages. Actual individual property rents will vary from these figures. Both years' averages are calculated using current stock numbers to enable comparison.

Proposed Community Heating Charges from April 2017

1. Unmetered Heat

Bedsize	Full heating		Partial heating	
	Current Prices £/week	Prices April 2017 £/week	Current Prices £/week	Prices April 2017 £/week
Heating & hot water				
Bedsit	11.38	11.38	10.52	10.52
1 Bedroom	11.82	11.82	10.82	10.82
2 Bedroom	14.66	14.66	13.62	13.62
3/4 Bedroom	15.78	15.78	14.66	14.66
Heating only				
Bedsit	8.38	8.38	7.76	7.76
1 Bedroom	8.58	8.58	n/a	n/a
2 Bedroom	10.82	10.82	10.03	10.03

2. Metered Heat

New schemes	Charge		Current Prices £/week	Prices April 2017 £/week
Standard price	Unit charge	pence per kwh	3.38	3.04
	Standing charge	£ per week	4.00	4.00
	*Unmetered hot water charge	£ per week	0.70	0.63

* only for dwellings where hot water cannot be measured through the meter

HRA Financial Assumptions

The detailed financial model behind the HRA Business Plan includes a number of assumptions we have used to understand what resources will be available for council housing over the next five years in the context of the next thirty years. These baseline assumptions are listed below.

Revenue assumptions	Assumption
Homes – opening number of homes in 2016/17	40,195
Homes - dwellings by 2045/46	34,473
Number of RTBs in 2016/17	335
Total number of RTBs by 2016/17 to 2045/46	5,345
Rents	£72.79 average in 2016/17
Consumer Prices Index (CPI) of inflation	2% per annum
Bad Debts	0.95% in 16/17, increasing in future years in response to Universal Credit implementation
Void rate	1.5% per annum
Repairs	Increased by contractual inflation until insourcing complete
HRA reserves are maintained in accordance with risk based reserves strategy	£5.0m in 2017/18

Debt assumptions	Assumption
Opening HRA Borrowing requirement on 1 st April 2017	£347.3m
HRA borrowing limit	£388.3m
Interest rates on HRA debt	3% in 16/17, 17/18 and 18/19 3.5% in 19/20 4% in 20/21 4.5% from 21/22 onwards

EIA (SharePoint Reference 1033) – HRA Business Plan 2017-18 including rents and charges

a) Introduction

This paper accompanies the HRA Business Plan 2017-18 including rents and charges EIA (ref 1033) on the SharePoint site.

Section B provides how we have consulted with tenants in 2016-17 and Section C provides some further equalities information with regard to HRA Business Plan proposals for 2017-18 and other recommendations contained within the cabinet report.

b) HRA Business Plan Consultation

Tenants have been kept informed of progress in relation to the Housing and Planning Act 2016 and the HRA Business Plan 2017-18 via a number of communications. This has included:-

- The Housing and Neighbourhoods Panel (HANAP) – May and July 2016
- An update on the council housing web page – September 2016
- An article in 'In Touch' magazine that is delivered to all tenants – September 2016
- An article in 'The Bridge' magazine that is delivered to all Tenants and Residents Associations (TARAs) – September 2016
- A presentation at Citywide Forum – September 2016

All communications have been intended to reach as wider tenant demographic as possible. Tenants will continue to be kept informed once any further updates are provided from Government and regulation has been published.

Consultation proposals on further savings options have yet to be worked up, however any consultation completed in 2017-18 will follow the usual engagement process that has occurred in previous year's consultation of the HRA Business Plan.

Consultation Action Plan: -

- Development of a consultation plan / checklist
- Work with established groups and colleagues in order to try and engage more with equality groups e.g. network groups, equality hub, staff groups etc

c) HRA Business Plan 2017/18 Proposals

As part of the HRA Business Plan update for 2017/18, the following key proposals have been presented:-

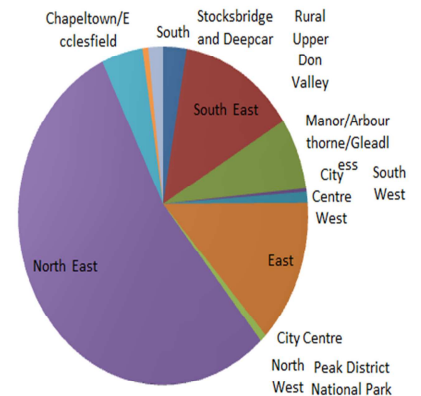
- Continue with our commitment of 1,000 new/replacement council homes, with a switch of focus from acquisitions to new build with no overall increase in the cost of the programme. A higher percentage of new builds within the programme will help us to build the mix of housing that we need**

Following a review of the current stock increase programme in 2016 and taking into account housing policy changes by government, the proposal for the stock increase programme in 2017/18 is for the acquisitions target within the programme to be reduced in order to allow for a higher number of new build properties to be built. The overall target of new / replacement homes will remain at around 1,000 and the overall cost of the programme will remain the same.

Impacts and Mitigations

The tables below provide an overview of location, property size and property type of acquired properties as part of the stock increase programme so far.

	1 bed	2 bed	3 bed	4+ bed	Total
South	0	2	6	0	8
South East	3	13	22	1	39
Manor/Arbourthorne/Gleadless	0	13	5	2	20
South West	0	1	0	0	1
City Centre West	2	0	1	0	3
East	6	16	13	3	38
City Centre	0	0	0	0	0
Peak District National Park	0	0	0	0	0
North West	0	0	1	1	2
North East	22	69	54	8	153
Chapelton/Ecclesfield	1	5	7	1	14
Rural Upper Don Valley	0	1	1	0	2
Stocksbridge and Deepcar	1	2	0	2	5
Total	35 12%	122 43%	110 39%	18 6%	285 100%
	184 = strategic priority				



COMPLETED PROPERTIES BY ARCHETYPE

Archetype	Number	
House	235	82%
Flat	40	14%
Bungalow	4	1%
Sheltered	0	0%
Maisonette	6	2%
Non-trad House	0	0%
Non-trad Flat/Maisonette	0	0%
Other	0	0%
	285	

These purchases have been made using a scoring process within the acquisitions strategy which includes data and needs identified in the [Strategic Housing Market Assessment](#).

The acquisitions programme is reliant on housing that is available and is financially viable for us to purchase. A high proportion of acquired housing has been made in the North East of the city and this is mainly due to there being more council housing in this part of the City, with ex council properties being a priority to purchase.

The acquisitions strategy is reviewed on an annual basis to adjust for changes within the housing market.

The overall impacts of a switch of focus from acquisitions to new build include:

- More opportunities and flexibilities for the Council to provide a housing mix needed
- Opportunities for more custom build properties such as older people's independent living and housing schemes specifically for people with learning disabilities
- Opportunities to be more flexible with the design such as adaptable homes e.g. wheelchair access
- Opportunities to look at incorporating more renewable energy technology and having more thermally efficient homes
- Opportunities to build larger family homes (for 6 people or more)

Properties acquired/built through the stock increase programme will continue to be let through the Choice Based Lettings System, meaning that there shouldn't be a disproportionate impact to a particular equalities or demographic group.

Phases 1, and 2 of the new build programme will be general needs housing (a total of 89 units built in Darnall, Manor and Weakland) and will be offered through the Choice Based Letting System. Phases 3, 4 and 5 are still being scoped and developed as part of the overall new build programme.

An increase in the council housing stock is likely to have a positive impact across all socio economic groups as increasing the type and number of properties available can help to house a number of target groups such as people with disabilities, older people and larger families.

Newly acquired properties as part of the programme will continue to be let at an Affordable Rent in line with last year's decision.

Properties that are let at an Affordable Rent will remain within the Housing Benefits cap therefore existing or new tenants that receive Housing Benefit would not be detrimentally impacted by this. If however their circumstances changed e.g. gained employment, if they were paying an Affordable Rent this is likely to be more than if they were living in a social rented property. The Affordable Rent would however be lower than the equivalent in the private rented sector.

- **Continue to deliver, as planned, improvements to our tenants' homes to make sure they continue to be well maintained over the next 5 years**

On-going investment to people's homes remains a key priority to the business plan and for all tenants; therefore there would be no disproportionate impact on any particular equalities group.

- **To change garage rents to a single rate for garage plots and a single rate for garage sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots**

Garage rents have been frozen since 2014/15. It is proposed from 2017/18 that garage rents will change to a single rate for garage plots and a single rate for garage sites. Charges for garage plots and sites vary across the city; therefore a change to a single rate will provide a simpler and fairer charging mechanism for both garage plots and sites. Once implemented this will apply to new garage tenants immediately and to existing garage tenants once improvements have been made to existing sites and plots. All garage tenants will be given notification of any change to their existing garage rent rate.

Impacts and Mitigations

A change in the garage rent to a single rate will mean that all garage tenants will be charged the same rent, meaning this will be a fairer charge. The change in rate to a single rate may see some garage tenants rents increase and some decrease, however this will mean that all garage tenants will be charged via a simpler and fairer charging mechanism. All effected tenants will be contacted and informed about any change to their current garage rent.

The proposal is for the change to the single rate charge to be introduced to new council garage tenants immediately once implemented and to existing garage tenants once improvements have been made to existing sites and plots.

Garage plots and sites are located across the city (see table below). Garage tenants are available to be applied for by all council tenants who wish to apply for one in their area, therefore there is no impact to any one particular socio-economic group over another. As the table shows below there is a higher proportion in the South East and South West of the city. The garage demolition programme will have an impact on the overall number of garages as some will be demolished due to health and safety and viability reasons.

Number of garages by Housing Management Area				
	Locations	Garage Plots	Garage Sites	Total
North West	84	683	156	839
Central	29	159	98	257
South East	127	576	892	1468
South West	177	1643	27	1670
North	65	565	128	693
East	36	271	221	492
Total	482	3897	1522	5419

The impacts to tenants overall should be generally low. All garage tenants have been consulted and been kept informed of developments via the Asset Management team.

Garage rent is not covered by Housing Benefit, therefore current garage tenants will be paying for this outside of any benefits they may receive.

- **Prepare to implement new government housing policies when legislation comes into force, ensuring we work with our affected tenants to make sure they are fully supported**

In 2015 a number of major changes for social housing were announced, some of which were included in the Housing and Planning Act 2016 that was enacted on 12 May 2016. It was originally envisaged that some of the key policy changes contained in the Housing and Planning Act 2016 would have a significant and detrimental impact to the HRA Business Plan. This included:-

- **Pay to Stay** - a mandatory scheme whereby local authorities would have to charge up to a market rent to tenants whose household income exceeds a proposed £31,000 per year (£40,000 in London).
- **The Extension of Right to Buy to Housing Association Tenants** – a scheme involving the government reimbursing housing associations in relation to the discounts made available to their tenants exercising their Right to Buy as part of the voluntary agreement. This is to be funded

nationally through payments by local authorities housing revenue accounts to the government based on estimated receipts from the sale of higher value council homes as they fall vacant.

- **Implementation of Fixed Term Tenancies** - councils will be required to offer fixed term tenancies of between 2 -5 years to new tenants (extending to 10 years in certain circumstances to be determined by regulation).

Since the enactment of the Housing and Planning Act 2016, the government announced in the autumn statement (November 2016) a number of changes to these original proposals. This included:-

- No longer proceeding with the compulsory Pay to Stay proposals
- The extension of Right to Buy to housing association tenants is to continue. There will be a large scale regional pilot on Right to Buy extension which the government will fund
- No higher value asset payments from local authorities in 2017/18
- The implementation of fixed term tenancies policy is still to be introduced, however government are yet to announce any timescales for this

Implementation of Fixed Term Tenancies

Councils will be required to offer fixed term tenancies of between 2 -10 years to new tenants (or until the 19th birthday of the youngest child in the household if that is longer).

Shortly before the end of the fixed term, the landlord (Sheffield City Council) must carry out a review and decide whether to:

- i. Offer to grant a new (fixed term) tenancy of the dwelling
- ii. Seek possession of the dwelling but grant a tenancy of another dwelling instead or;
- iii. Seek possession of the dwelling without offering a tenancy of another dwelling.

Only spouses, civil partners and common law partners can succeed automatically to a lifetime tenancy. Other family members that qualify as a successor to a tenancy will be granted a 5 year fixed term tenancy.

The policy will apply to new tenants, however existing lifetime tenants *required* to move home will retain security of tenure and existing tenants who *choose* to move home may be given a further lifetime tenancy in circumstances still to be prescribed in regulations.

- Impacts and Mitigations

There are around 4,200 new council tenancies per year; therefore this is the number initially to be expected to be impacted by this policy. This will apply to the majority of tenants regardless of socio-economic status. There may be some exemptions such as vulnerable people and people with a disability; however the detail is yet to be published via regulations by government. There may also be an

extension for people with school age children up to 10 years (again not yet confirmed as awaiting details from government).

Traditionally lifetime tenancies have meant that people have been able to access council housing knowing that their secure tenancy has meant they could settle within a community for a prolonged period of time. Although new tenants may be able to sustain their tenancy pending a review after 5 years, this policy removes that security they may otherwise have had with council housing. Implications and impacts as a result of this is are likely to be increased tenancy turnover which could also create an issue around community cohesion and sustainability if there is an increase in turnover within estates and areas.

We will ensure to keep all tenants informed of any updates regarding this policy via a number of communications. We will also ensure that any information we distribute is available for people who English is not their first language, braille and large print.

- **Explore potential savings to the HRA allowing time to consult on options in order to help mitigate against anticipated future financial pressures to the HRA**

This will be looked at as part of the consultation proposals in 2017/18 and beyond.

In addition to the proposals mentioned above, the second 1% rent reduction will be applied from April 2017 as required in the Welfare Reform and Work Act 2016. See the **SharePoint EIA (reference 1033)** for specific impacts on demographic groups.