Public Document Pack

Cabinet

Wednesday 16 January 2013 at 2.00 pm

To be held at the Town Hall, Pinstone Street, Sheffield, S1 2HH

The Press and Public are Welcome to Attend

Membership

Councillor Julie Dore	Chair/Leader of the Council
Councillor Isobel Bowler	Culture, Sport & Leisure
Councillor Leigh Bramall	Business, SKills & Development
Councillor Jackie Drayton	Children, Young People & Families
Councillor Harry Harpham	Deputy Leader/Homes & Neighbourhoods
Councillor Mazher Iqbal	Communities & Inclusion
Councillor Mary Lea	Health, Care & Independent Living
Councillor Bryan Lodge	Finance & Resources
Councillor Jack Scott	Environment, Recyling & Streetscene

Sheffield City Council

PUBLIC ACCESS TO THE MEETING

The Cabinet discusses and takes decisions on the most significant issues facing the City Council. These include issues about the direction of the Council, its policies and strategies, as well as city-wide decisions and those which affect more than one Council service. Meetings are chaired by the Leader of the Council, Councillor Julie Dore.

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, or you can ring on telephone no. 2734552. 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 Cabinet meetings. Please see the website or contact Democratic Services for further information.

Cabinet meetings are normally open to the public but sometimes the Cabinet 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.

Cabinet decisions are effective six working days after the meeting has taken place, unless called-in for scrutiny by the relevant Scrutiny Committee or referred to the City Council meeting, in which case the matter is normally resolved within the monthly cycle of meetings. Further information on this or any of the agenda items can be obtained by speaking to John Challenger on 0114 273 4014.

If you require any further information please contact committee@sheffield.gov.uk or call us on 0114 273 4014.

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.

CABINET AGENDA
16 JANUARY 2013

Order of Business

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1. **Welcome and Housekeeping Arrangements**

2. **Apologies for Absence**

3. **Exclusion of Public and Press**
Note: 1. Part of the report of the Executive Director, Place, on the Redevelopment of the Fosters Phase 3 (Item 9) in the agenda is not available to the public and press because it contains exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) relating to the financial or business affairs of any person.

4. **Declarations of Interest**
Members to declare any interests they have in the business to be considered at the meeting

5. **Minutes of Previous Meeting**
To approve the minutes of the meeting of the Cabinet held on 12th December, 2012.

6. **Public Questions and Petitions**
To receive any questions or petitions from members of the public

7. **Items Called-In For Scrutiny**
The Deputy Chief Executive will inform the Cabinet of any items called in for scrutiny since the last meeting of the Cabinet

8. **Retirement of Staff**
Report of the Chief Executive

9. **Redevelopment of the Fosters Phase 3**
Report of the Executive Director, Place.

10. **Housing Revenue Account (HRA) Business Plan Update, HRA Budget and Rent Increase 2013/14**
Report of the Executive Director, Communities, Executive Director, Place and Executive Director, Resources.

11. **Implementation of the Living Wage**
Report of the Executive Director, Resources.

12. **Parkhill Redevelopment**
Report of the Executive Director, Place.

13. Revenue Budget and Capital Programme Monitoring 2012 -13 (Month 7)
Report of the Executive Director, Resources.

14. The Building Successful Families Programme
Report of the Executive Director, Children, Young People and Families.

15. School and College Attendance Strategy
Report of the Executive Director, Children, Young People and Families.

NOTE: The next meeting of Cabinet will be held on Wednesday 13 February 2013 at 2.00 pm

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

New standards arrangements were introduced by the Localism Act 2011. The new regime made changes to the way that members' interests are registered and declared.

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.

Under the Council's Code of Conduct, members must act in accordance with the Seven Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership), including the principle of honesty, which says that 'holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest'.

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.

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, and has been published on the Council's website as a downloadable document at -http://councillors.sheffield.gov.uk/councillors/register-of-councillors-interests

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 Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Lynne Bird, Director of Legal Services on 0114 2734018 or email **lynne.bird@sheffield.gov.uk**

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SHEFFIELD CITY COUNCIL

Cabinet

Meeting held 12 December 2012

PRESENT: Councillors Julie Dore (Chair), Isobel Bowler, Leigh Bramall, Jackie Drayton, Harry Harpham (Deputy Chair), Mazher Iqbal, Mary Lea, Bryan Lodge and Jack Scott

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1. APOLOGIES FOR ABSENCE

1.1 No apologies for absence were received.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where it was proposed to exclude the public and press

3. DECLARATIONS OF INTEREST

3.1 Councillors Isobel Bowler and Mazher Iqbal declared a Direct Pecuniary Interest in the under-mentioned item relating to Changes to Council Tax Discounts for Second Homes and Empty Properties (Item 13 below) on the grounds that they owned second properties and left the meeting during the consideration of the item.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting held on 21st November, 2012 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Councillor Julie Dore (Leader) indicated that it was proposed that the Cabinet would, at this point, consider public questions other than those connected with the item of business relating to the Redesign of the Early Years' Service, which would be considered, along with associated petitions, as part of that item.

5.2 Release of Council reports submitted to Council Meetings

5.2.1 Mr Nigel Slack asked, at the forthcoming Audit Committee meeting on Thursday, 13th December the following item appears on the agenda:-;

" 12. Financial/Commercial Monitoring of External Relationships
Report of the Executive Director, Resources
(Note: The report is not available to the public and press because it

contains exempt information)."

Could the Council explain the nature of the information that causes this report to be censored, and why that information really requires that the whole document be kept secret or whether the relevant information could be 'redacted' and the rest of the report released?

5.2.2 In response, Councillor Bryan Lodge (Cabinet Member for Finance and Resources) stated that sometimes it was difficult, when a report came forward to release all information as some would be considered commercially sensitive and, on some occasions, if a meeting decided to discuss such information, then the public and press would be asked to leave the meeting. In this particular case, he would examine whether some of the report could be released with any confidential information redacted out, but this would only occur following the consideration by the item at the Audit Committee.

5.3 Council Response to the Political and Constitutional Reform Committee

5.3.1 Mr Nigel Slack referred to the fact that, on the 7th November 2012 I submitted a written question to Council for which he had yet to receive a response. He, therefore, restated that question in the hope of expediting an answer.

"The deadline for submissions to the Political and Constitutional Reform Committee has passed. I am disappointed that this council has missed the opportunity to support this inquiry, an important attempt to reform the broken system of local government in this country.

The Council seemed keen on the inquiry when last I asked a question on this subject and the Leader urged all Councillors to make individual submissions, as well as promising to publish their response to the inquiry should they make a submission.

Could the Council explain their reason for choosing not to make a submission to the Committee?

It is a further disappointment that only one councillor of the whole chamber took the time to support the inquiry and make a submission, it took me just ten minutes. Whilst I do not expect the leader to comment on the minds of other members could she explain why, considering the urging commented on above, she did not make an individual submission?"

Mr Slack indicated that, should the Council be concerned that he was putting words in peoples' mouths, he included the relevant extract from the minutes.

5.3.2 Councillor Julie Dore (Leader) confirmed that she had received Mr Slack's e-mail and she read out a response thereto as follows;-

"I had hoped that I had made my position clear with my response to your previous Council question, which was that I did not agree with you that the Political and Constitutional Reform Committee was the most significant opportunity for restoring the reputation of local government.

I couldn't personally agree to a "written guarantee" of local government rights and responsibilities and codified arrangements for the funding of local government without the detail of what that would mean for Sheffield.

An example of my scepticism would be the shambolic way in which the current Government have devolved responsibility for Council Tax Benefit without the funding necessary to operate a "national scheme" and to delay the detail of the funding of such a scheme, which makes it virtually impossible to implement the scheme within the timescales set by the Government. Whilst greater devolution of powers to local government is a considerable step in the right direction, this needs to be accompanied by fundamental funding and I would want to see what the reform would be.

I also feel quite apathetic regarding any consultation carried out on behalf of Parliament as I believe the current Government will do exactly as they wish. The Leveson Inquiry is a prime example and this was a judicial public inquiry costing over £5 million where the Prime Minister has ignored the parts he didn't agree with. This Government will do exactly what they want without regard to the impact that their decisions have on their citizens.

Finally, the Council's Research and Policy Team have other priorities, such as the Fairness Commission, which will actually make a real difference to the lives of the people of Sheffield.

Out of 84 Members of the Council, only one responded and she (Councillor Dore) could not speak for the remaining Members."

5.4 Securing and Sustaining Good Quality Personalised Social Care for Adults

5.4.1 Mr Peter Davies referred to the report on the agenda – "Securing and Sustaining Good Quality Personalised Social Care for Adults" and to proposals for the establishment, amongst other options, an Arms Length Management Company or Workers' Co-operative to deliver such services. Mr Davies suggested that, based upon experience, there was seldom any resource applied to services which were the subject of outsourcing, for example, the City-wide Alarm Service. He asked, therefore, what resources would be invested into the existing model of provision of adult social care, as an alternative to outsourcing services

5.4.2 Councillor Mary Lea (Cabinet Member for Health, Care and Independent Living) responded that one of the aims of the report was to set the strategic approach to the provision of adult social care in the City, recognising the financial savings to be made by the Council. She added that the imposition of Government cuts had, unfortunately, required the Council to give consideration to the way it delivered local services. In adult social care, people were now able to choose the services that they required which would be funded by personal budgets agreed with the Council. Therefore, the services they chose to receive could, under current arrangements, be provided by a variety of adult social care providers. However, the Council still retained a duty to ensure that people received the best quality care and the Council acknowledged the need, as described in the report, to examine how the services provided by the Council would be delivered in the future. This was an issue which had formed the basis of extensive discussions with officers.

5.4.3 Councillor Lea added that a Programme Board had been established to examine the options available to the City Council for the delivery of services including what level of direct control the Council needed in order to ensure that the services provided met people's personal requirements and need. It was proposed that the Board would comprise stakeholders and partners, including trade union representatives, who would have an input into service design and the Board's findings would be reported to the Executive Director, Communities and herself, as Cabinet Member for this area of service, with a view to identifying a Business Plan to be taken forward. It was envisaged that the Programme Board would produce its first report in June, 2013 with a final report being produced later that year.

5.4.4 Councillor Bryan Lodge (Cabinet Member for Finance and Resources) also responded that, as far as the City-wide Alarm Service was concerned, the Council was faced with a requirement to make savings over the next financial year and the Council would have to make some tough decisions based upon the demand for services and cuts in Government financial support for local authorities. He added that the Council was in collective dispute with the trade unions concerning the City-wide Alarm service which they were trying to resolve, but the trade unions had withdrawn from Service Delivery Evaluation Process and the Council, therefore, had no option but to take forward this work in light of the huge budgetary savings it had already made and the additional savings it would be required to make in 2013/14.

6. REDESIGN OF EARLY YEARS' SERVICE

6.1 The Executive Director, Children, Young People and Families submitted a report setting out in principle proposals to redesign Early Years' Services in Sheffield.

6.2 In considering this matter, Councillor Julie Dore (Leader) indicated that it was proposed to receive any representations, in the form of Petitions or Public Questions, prior to Cabinet considering its decision and that before a decision was made, points raised by the public would be answered by officers, in their presentation of the report, and Councillor Jackie Drayton (Cabinet Member for Children, Young People and Families).

6.3 Petition

6.3.1 The Cabinet received and noted a petition presented by Ms. Emma Chadwick containing 1,554 signatures opposing the cuts in funding for 20 nurseries in Sheffield, indicating that this was devastating both for staff, who could be out of work after years and thousands of pounds of education and training, and also to working parents, who sent their children to these nurseries and who also faced the risk of losing their jobs without childcare facilities.

6.3.2 In presenting the petition, Ms Chadwick referred to her own position where she was the parent of a three year old son with a learning disability who attended Darnall Community Nursery and that, as a result of the Council's proposals, was faced with finding, at short notice, a place at a new nursery providing appropriate special needs support. This would provide problems in terms of her child establishing new relationships with staff and other children. She asked how could the Council consider closing the Nursery in light of the hard work the staff had undertook in order to support her son?

6.3 Councillor Julie Dore (Leader) thanked Ms Chadwick for sharing with the Cabinet her personal circumstances which, she understood, was a highly emotive matter for her. She stated, however, that the Council needed to re-examine how it accommodated provision for special needs in the early years' service and this would be undertaken as part of the review.

6.4 Dawn Walton, Assistant Director, Prevention and Early Intervention, Children, Young People and Families Service, responded that there were no proposals in the report submitted to Cabinet for the closure of any childcare provision. However, the report examined the principles in relation to the delivery of childcare across the City and recommended a proposed programme of further public consultation which would enable the Council to receive feedback from people like Ms. Chadwick in order that a smooth transition to any designated alternative childcare provider was made and high quality childcare provision within a familiar setting was maintained.

6.4 Public Questions

The following questions/issues were asked or raised by members of the public in relation to the report of the Executive Director, Children, Young People and Families, on the Redesign of Early Years' Services:-

6.4.1 I attend the Fir Vale Centre to improve my English speaking skills as advised by the Job Centre and currently use nursery provision at the Centre to be able to do this. Where will I leave my children if the provision was closed?

6.4.2 As my husband works nights and is unable to care for their children during the day, I need childcare to enable me to study English to fulfil my determination to become independent.

6.4.3 Where could I leave my four children if the Fir Vale nursery closed, in light of the English language studies which I have undertaken in order to help both myself and my children with their studies?.

6.4.4 A member of staff from Fir Vale Nursery, asked how children could achieve entry level attainment when cuts were being made?

6.4.5 Why was the Council cutting childcare provision when they had not consulted with parents, in light of the importance of this provision to parents' and children's futures..

6.4.6 A parent of a 2 year old child explained that she and was using nursery provision to enable her to go to work and, as she was not grant eligible, currently paid £4 per hour which was affordable, with the true cost being £7 per hour. Where would my child go so that I could go to work?

6.4.7 Had consideration been given to the impact on Sheffield as a whole, as a result of the hundreds of jobs and thousands of children who would be affected in the City? She highlighted the fact that people would not be able to return to work as there would be nowhere for them to take their children.

6.4.8 A questioner stated that she had 37 years' experience in early years' provision in Sheffield and asked what consideration had been given to the impact of the proposals on vulnerable children. She added that Sheffield would not recover from the loss of experienced staff.

6.4.9 Where would the children attend alternative childcare facilities if the Darnall Community Nursery closed. leaving vulnerable children without experienced and skilled support staff?.

6.4.10 Why had Multi-Agency Support Teams (MAST) not been included within meetings on the Early Years' Review as this is what MAST wanted? The questioner stressed the importance of the first intervention in a child's development and the co-ordinated response being carried out by different services at this stage and asked why this was being abandoned? She also stated that the City Council was the only Authority in Yorkshire and Humberside to have no Children's Centres graded as outstanding and had two Centres graded unsatisfactory. She asked, when such large cuts were being made, how could parents and staff trust that services could be delivered with even less money?

6.4.11 The last Labour Government had championed childcare and now the Council was stressing that it had no choice but to cut funding in this area because of Government cuts. The questioner suggested that this was not true, referring to the action taken by Essex Council who had challenged the Government on policy and had won. The questioner stated that

Councillors were elected to represent the public and the issue was very important to them and that the Council should not decimate provision in this way.

6.4.12 Were the Council aware of how the proposed budget reductions would impact on black and minority ethnic employment and how did they fit in with equalities and diversity within the Early Years' workforce?

6.4.13 How, in light of the proposed reductions, would services, particularly those for the vulnerable, be maintained and improved?

6.4.14 The Council had a responsibility to provide flexible childcare and that private childcare was often inflexible in that it was focussed on full-time provision. Families were being refused childcare if less than two days' care was required. The questioner also referred to the need for further consultation and that the consultation undertaken so far had been a token gesture and many parents felt that they had not been consulted at all.

6.4.15 What accompanying plans were in place for alternative provision given that many of the Centres were currently in pushchair walking distance, suggesting that parents would have to provide for increased parking and driving costs which, for many parents, was not feasible. As there were no affordable places available in private childcare centres, how did the Council intend to support those who needed to go out to work?

6.4.16 On behalf of the Tinsley Parent and Child Consortium, was the Council aware that Tinsley Green was the only nursery within the community and had received an outstanding OFSTED report. The questioner highlighted poor transport links between Tinsley and other areas of the City and the associated problems for travelling to other Centres. She also stressed the importance of Early Years and the safeguarding of vulnerable children and asked who would see them each day should Centres close. She suggested that parents were desperate to preserve the universal, locally developed and culturally sensitive services currently offered.

6.4.17 A member of staff from a women's refuge referred to the issue of domestic abuse and the fact that such refuges relied on community childcare provision for those women suffering domestic abuse. She stated that childcare was crucial to enable those women who had been the subject of domestic abuse could access counselling and meet with outreach workers. She stressed the importance of trusted services who had already been through the trauma and for families in vulnerable circumstances.

6.4.18 Chrissy Meleady, Families using Community Childcare Group, provided Cabinet with a written submission asked a number of questions/issues on behalf of an amalgamation of parents and asked that written response be provided to the questions/issues:-

- concerns in relation to the consultation process, in particular to the lack of consultation with parents, service users, providers, the poor and vulnerable.

- there was an absence of equalities considerations within the report submitted to Cabinet.

- whilst the Council was stating that the proposed cuts in childcare were the fault of Government cuts, it was understood from central Government that funding was available through a range of budgets available to local authorities.

- in 2012, six local authorities took the Secretary of State for Education to court on his decision to immediately cease funding on the Building School for the Future Programme without consulting local authorities and won the case. Parents now felt that a similar lack of consultation was happening to them. Would the City Council now heed this?

- the proposals were based on flawed and presumptive assumptions and therefore, the Cabinet should reflect on this.

- Cabinet had not been briefed adequately in terms of best value. Nolan principles, the Equalities Act and existing childcare legislation had not been taken into account.

- the Council asserted that is wishes to maintain an Early Years' vision, but the withdrawal of funding did not equate to that vision. What was the Council's vision?

- how will the proposal to facilitate greater competition in the early years' field secure better value for money and is there an assertion that current services do not provide value for money ? if so, how has this been assessed, has the Council triangulated this evidence and shared it with current providers and the public?

- under current proposals, the removal of Council grant aid from not for profit community charities from March 2013 will not be replaced by alternative funding, on a limited basis until September 2013, so were there any contingency plans in place so that the Council could ensure funding was made available from April to September 2013 in order to fulfil its responsibilities under the Childcare Act 2006?

- what regard had been given to the Public Services (Social Value) Act 2012 in terms of its impact on the community sector.

- there had been a lack of support for not-for-profit community organisations in preparing them for the competition alluded to in the Cabinet paper which could lead to a situation where the not-for-profit sector was disadvantaged against larger companies wishing to enter the market using loss leader strategies.

- the Equalities Impact Assessment was disappointing. No consultation had been held with providers, users, staff and communities on such an assessment.

- had the principles of "Total Place" been applied? This would seem not to be the case as the reality was that the Council was cutting much needed and demanded community not-for-profit grants and services.

- why had the Council not worked with the community sector and others to produce specifications for commissioning/ procuring services?

- what were the findings and recommendations of the Early Years' Review and why had no feedback on its key recommendations been provided?

6.4.19 a recent Council press statement stated that proposed reforms would provide greater access for services. How was this possible when parents would have to travel greater distances to access services. The questioner also asked which children's centres were not meeting the needs of parents and children as there was reference in the report to the Council not being able to "prop up" providers.

6.4.20 five Labour Councillors in Hull recently voted against budget cuts, so why could the Council not take similar action to resist Government cuts?

6.4.21 a questioner commented that many students on English for Speakers of Other Languages would be affected by losing nursery provision and, in referring to page 16 of the report, which stated that there would be opportunities for local providers to improve services to children and families, asked was the Council aware of the high standards achieved by the present Teams in place and how would the proposals in the report improve on these standards?

6.4.22 In presenting the report of the Executive Director, Children, Young People and Families, Dawn Walton, Assistant Director, Prevention and Early Intervention, indicated that the proposals submitted to Cabinet were designed to seek approval in principle to redesign the Early Years' Service within the context of significant consultation and opinion gathering carried out in 2011 during the Early Years' Review and set against the backdrop of the financial circumstances the Council found itself in. She emphasised that the proposals would be subject to further consultation to be undertaken in January 2013, with stakeholders and parents, with a view to final proposals being submitted to the Cabinet meeting on 27th February, 2013.

6.4.23 Ms. Walton stated that the proposals reflected the key themes of the Early Years' Review and the priorities of the City Council to improve early intervention and preserve as many of the Centres as possible. The proposals aimed to improve outcomes at Foundation Stage level so that young children could make an effective start to school through effective interventions which met the needs of families. The recommendations within the report ensured that the Council focussed on its statutory duties and met the high standards expected by children and families. It was recognised that re-organising the Children's Centres and reducing the number from 36 to 17 children's Centre areas would provide greater value for money and focus services on front line delivery at the same time reducing management and administration costs.

6.4.24 The redesign of services would increase accountability to families and ensure that the local authority focussed on its statutory requirements to provided a satisfactory number of childcare places and ensure the take up of these places was maximised. In order to ensure this, the proposals would offer the opportunity for childcare service delivery to be undertaken by other providers such as schools, private organisations, the independent and voluntary and community sectors.

6.4.25 Ms Walton re-affirmed that the issues raised today would be examined as part of the January, 2013 consultation process. However, 19 million had been transferred from Early Intervention Grants Under 2s provision to school budgets. Whilst the Council hoped to expand childcare places from April, 2013 as soon as funding was available it was recognised that there could be a mix of childcare provision, with schools as well as other providers, delivering the best opportunities. It was also important to understand that support would be given to encourage parents to take up their two year entitlement to support.

6.4.26 There was no intention to close any childcare provision, but changing childcare providers would be examined in order to maximise resources and buildings that were available in order to ensure that the Council met its statutory commitments to make sure sufficient childcare places were available. The Sufficiency Assessment carried out in 2011 had informed work to identify early years childcare requirements and the Council wanted to maximise access to the whole range of prevention and early intervention services. Childcare providers were an important link in the provision of universal health services and the report acknowledged the importance of health visitors and other maternal services as a means of ensuring children got the best possible start in life.

6.4.27 Early Years services were crucial when focussing on prevention and early intervention at the earliest opportunity and, from the evidence that the Council possessed, picking up problems made a substantial difference to families and their future resilience. She stressed, as did the report, that there was every intention of working with vulnerable families in the City to improve the life chances of all children, wherever possible.

6.4.28 As far as consultation was concerned, the current consultation and the proposed round of consultation in January, 2013 would take account of the Early Years' Review as submitted to Cabinet in March 2012 and be reflected in the proposed report to Cabinet in February 2013. As far as Equalities Impact Assessments were concerned, these were critical as they identified the most vulnerable families in communities but the Council needed not just one document but a composite , overarching document which took account of the outcome of consultation. This final document, which would be presented to Cabinet in February, 2013 and would inform service provision.

6.4.29 The Public Services (Social Value) Act would govern the way that that the Council engaged providers to deliver service, but the Council's policy acknowledged the need for specialist services to be delivered by specialist organisations. This would require recruitment of a talented workforce.

6.4.30 It was quite clear that the local authority wanted to focus and concentrate on the need to secure sufficient childcare provision, to meet parents' demand for flexibility and a service which met changing social and family needs. This would be examined in the Sufficiency Assessment to ensure that the Council delivered services which were of the right type and of a high standard tailored to meet parents needs.

6.4.31 Councillor Jackie Drayton (Cabinet Member for Children, Young People and Families) in responding to the questions asked, stated how much she appreciated the hard work staff in nurseries and other childcare settings who provided invaluable and effective support to families and children in what were, sometimes, difficult circumstances. She understood that many parents and staff were feeling upset at the moment but these were difficult times and had to be set in the context of a tidal wave of draconian cuts which amounted to £140 million over the last two years with a further cut of approximately £50 million in 2013/14.

6.4.32 She added that Early Intervention Grant which, in addition to early years services, supported youth offending services to families with disabilities was due to be cut by £6.8 million. The Council, therefore, was trying to make savings responsibly whilst striving to protect services to families. However, in terms of early years services, it would be wrong for the Council to say that it could make £3.5 million savings without affecting anybody. She suggested that the previous Labour Government had been committed to early years services through the SureStart Scheme but the present Government had an alternative policy of supporting the Pupil Premium and Free Early Learning, the latter being supported by funding of approximately £6.8 million which was the amount by which Early Intervention Grant was being cut.

6.4.33 Councillor Drayton indicated that the Council had tried to make savings through management and administration and reducing premises costs and that was why the Council was reducing the number of Children's Centres requiring inspection (and the consequential reduction in advisory groups and management teams) down to 17. It was envisaged that some childcare facilities might have to be relocated to suit local groups, but the council had to make best use of the funding it had for services. Named OFSTED Centres would have to de-registered with OFSTED and the 17

Centres would have to be re-registered with OFSTED and would continue to be monitored and measured by that agency.

6.4.34 Councillor Drayton referred to the fact that parents had indicated, during the consultation on the Early Years Review, that they required flexibility in childcare provision which was relatively low cost, available at different times and situated in locations that were relatively easily accessible. The proposals in the report offered an opportunity for the provision of such flexibility to provide childcare not just for 36 weeks but for 50 weeks per year. She added that it was important that people recognised that any Cabinet decision on this matter would not be made lightly and the report asked for approval in principle to hold further consultations on the current situation where the Council had little money for funding childcare. The Council would do what it could to protect the most vulnerable children and families, but universal provision for childcare sat within the early years budget in accordance with Government policy. The current situation was something that the Council did not want to be doing, but this was the reality of the position in which the Council was placed.

6.4.35 Councillor Julie Dore (Leader) added that the Essex case involved representations made to Government on the Building Schools for the Future Programme and a judicial review on the decision taken by the Secretary of State for Education, Michael Gove M. P. to cut funding on the Programme without any consultation. This was in stark contrast to the Council's intended action to consult widely on the Redesign of the Early Years Service.

6.4.36 In relation to Councillors in Hull refusing to support budget cuts, if the Council refused to set a balanced budget, Government officials would take over the administration of the Council's affairs and make, what could be, unfair cuts. The Council was committed to protecting the most vulnerable and would examine the cumulative impact of the cuts on the most vulnerable families in the City. The Fairness Commission would report on these issues in the near future and suggest recommendations as to how the Council and other agencies might reduce inequalities.

6.4.37 Councillor Dore stated that the Council had written to the Secretary of State for Communities and Local Government, Eric Pickles, M. P., the Deputy Prime Minister, Nick Clegg, M. P. and Secretary of State for Education, Michael Gove M. P. on the cuts to childcare funding and the Sheffield MPs had also made representations to the Government on the matter as had the Shadow Education Minister, Stephen Twigg M. P. Responses received from the Government to these representations were unsatisfactory and suggested that the Government was not listening. She was, however, due to attend a Core Cities conference in Liverpool in January 2013 which would act to provide a collective voice against unfair cuts.

Following the receipt of the above petition and representations Cabinet made the under-mentioned decision:-

6.5 **RESOLVED:** That Cabinet (a) approves in principle:-

(i) the proposed redesign and streamlining of the organisational structure in early years services in order to maximise access to high quality early learning and health services with the resources available;

(ii) the proposed action plan for a quality improvement programme for all early years settings;

(iii) the proposed reorganisation of the management and co-ordination of 36 Children's Centres into 17 Children's Centre Areas;

(iv) the proposal that existing contracts with providers (due to end in March 2013) are not renewed where services are no longer required or funding is not available, while, at the same time, specifications for procurement of new targeted services will be developed;

(v) the proposed cessation of grants to 16 childcare providers in the Private, Voluntary and Independent sector and 4 in the statutory sector; and

(vi) the proposed reduction and transfer of the maintained childcare provision; and

(b) notes (i) the proposed further communication and consultation to be carried out on the Early Years' Review and (ii) that a further report will be submitted to Cabinet in February, 2013 on the outcome of the consultation.

6.6 **Reasons for Decision**

6.6.1 The purpose of this report is to inform Members and seek approval in principle for proposals to redesign and streamline early years services in Sheffield in order to make savings in management, administration and premises costs whilst maintaining universal, early intervention and family support services that are flexible, accessible and of high quality. This is the next phase in the development, which builds on the consultation and proposals that formed the conclusions of the Early Years Review. The size, depth of the savings proposed and the timescale are as a result of the severe Government cuts to funding and changes in Government Strategies for early years. Due to these changes the Council will concentrate on being the Champion and advocate for children and families, will have an increased focus on 'uptake', quality assurance and value for money.

6.7 **Alternatives Considered and Rejected**

6.7.1 No alternatives were considered or thought to be appropriate in the circumstances.

6.8 **Any Interest Declared or Dispensation Granted**

None

6.9 **Reason for Exemption if Public/Press Excluded During Consideration**

None

6.10 **Respective Director Responsible for Implementation**

Jayne Ludlam, Executive Director, Children, Young People and Families.

6.11 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Children, Young People and Family Support.

7. HOME TO SCHOOL TRANSPORT POLICY

7.1 The Executive Director, Children, Young People and Families submitted a report providing a summary of the responses to the consultation process on the proposal to withdraw the discretionary element of free transport that is currently approved for attendance at denominational schools with effect from September 2013. The report recommended three options for consideration by the Cabinet

7.2 Petition

7.2.1 The Cabinet received and noted a petition submitted by Bishop John, Diocese of Hallam, containing 59 signatures against the removal of discretionary bus fares for those children who are attending Catholic schools.

7.3 Chrissy Meleady made the following comments to Cabinet on the effect of the recommendations in the report to remove the current provision for discretionary transport for attendance at denominational schools:-

- the withdrawal of such funding would have an impact on the most vulnerable children and families who found it difficult to fund transport costs,

- there had been inadequate consultation on the Equalities Impact Assessment carried out in connection with the proposal; and

- what arrangements were in place to mitigate the impact of any decision taken to cease the payment of the discretionary element of transport funding for travel to and from denominational schools.

7.4 Following the receipt of the above petition and representations Cabinet made the under-mentioned decision:-

7.5 **RESOLVED:** That Cabinet agrees to withdraw all current provision for discretionary transport with effect from September 2013, including the withdrawal of passes for pupils who are currently in receipt of them under the current policy.

7.6 **Reasons for Decision**

7.6.1 The current provision to fund denominational transport is discretionary. Under the current economic climate there is an urgent necessity to explore all areas of potential savings and efficiency.

7.6.2 The proposed change in policy would also ensure that all children are treated more equitably. Under current arrangements a child may receive a free bus pass to attend a Catholic School even though that may not be their nearest school. If a non-Catholic student wishes to attend an out of catchment area school that is beyond the statutory walking distance they are not provided with free transport.

7.7 **Alternatives Considered and Rejected**

7.7.1 The alternatives of (a) retaining the current funding of discretionary transport or (b) withdrawing current provision for funding discretionary transport on a phased basis commencing with entry to Reception and Year 7 in September 2013 and each subsequent year (under this option, pupils currently receiving a pass under discretionary criteria would continue to receive it until they finish at their current school) were rejected on the grounds of equity and the need to maximise savings within the Council's budget

7.8 **Any Interest Declared or Dispensation Granted**

None

7.9 **Reason for Exemption if Public/Press Excluded During Consideration**

None

7.10 **Respective Director Responsible for Implementation**

Executive Director, Children, Young People and Families.

7.11 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Children, Young People and Family Support.

8. ITEMS CALLED-IN FOR SCRUTINY

8.1 The Chief Executive reported that there had been no items of business called-in for scrutiny from the meeting of Cabinet on 21st November, 2012.

8.2 The Cabinet noted the information reported.

9. RETIREMENT OF STAFF

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

9.2 **RESOLVED:** That this Cabinet:-

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

Name	Post	Years' Service
Children, Young People and Families		
Anne Wilson	School Manager, Longley Primary School	21
Sharon Revitt	Teacher, Stannington Infant School	33
Carol Willerton	Teaching Assistant Level 3, Netherthorpe Primary School	20
Communities		
Elaine Lindley	Support Worker	36
Ann Burrows	Cook	21
Brenda Lupton	Support Worker	28
Resources		
David Russell	Technical Officer, Property and Facilities Management	22

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

(c) directs that an appropriate extract of the resolution now made under the Common Seal of the Council be forwarded to those staff above with over twenty years service.

10. COMMUNITY COVENANT ANNUAL REPORT AND ACTION PLAN

10.1 The Executive Director, Resources, submitted a report fulfilling the Council's commitment to produce an Annual Report on the progress made in meeting the commitments made as part of the Community Covenant in Sheffield which sought to ensure that local services, such as education, housing etc. were appropriate to support the needs of the local armed forces community and which had been established in November 2011.

10.2 **RESOLVED:** That Cabinet:-

(a) notes the progress made on the Community Covenant in Sheffield in the last year; and

(b) approves the actions set out in the attached report.

10.3 **Reasons for Decision**

10.3.1 The Community Covenant ensures that services:-

- recognise the contribution made by the Armed Forces Community; remember the sacrifices made by members of the Armed Forces Community;
- share knowledge, experience and expertise to provide help and advice to members of the Armed Forces Community;
- encourage the integration from Service life into civilian life.

10.4 **Alternatives Considered and Rejected**

10.4.1 No alternatives were suggested or considered to be appropriate in the circumstances.

10.5 **Any Interest Declared or Dispensation Granted**

None

10.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

10.7 **Respective Director Responsible for Implementation**

Laraine Manley, Executive Director, Resources.

10.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management .

11. SECURING AND SUSTAINING GOOD QUALITY PERSONALISED SOCIAL CARE FOR ADULTS

11.1 The Executive Director, Communities, submitted a report containing details of a business case for the future of the current social care service for adults provided directly by the Council. The report set out the scope of current services under consideration and the broad options for change open to the Council, consistent with the Council's aspirations.

11.2 **RESOLVED:** That Cabinet:-

(a) approves City-wide customer and public consultation about service redesign and alternative service options;

(b) approves a formal consultation with staff and trade unions about service redesign and alternative service options; and

(c) approves the development of more detailed proposals in the form of a business case which will be submitted to Cabinet in late 2013.

11.3 **Reasons for Decision**

11.3.1 The policy direction set out in the Corporate Plan 'Standing up for Sheffield' requires consideration of alternative delivery arrangements for existing In-House services. An exploratory review carried out by Officers in consultation with the Cabinet Member for Health, Care and Independent Living has identified broad options for change which indicates the need for Officers to undertake more detailed analysis of the options informed by the views of stakeholders. This will lead to a detailed business case to inform future decisions.

11.3.2 The nature of the potential changes to Council directly provided services impact on a staff group of over 1,000 employees and supports approximately 13,000 customers across Sheffield. Clear communication, involvement and inclusion in shaping the future of services are essential

11.3.3 The core outcome 'Better Health and Wellbeing' in the Corporate Plan 'Standing Up for Sheffield' is clear that our approach to promoting lifelong health and wellbeing, promoting independence and having effective and efficient care will require a shift of funding towards individuals and communities. Self Directed Support and personalised budgets are providing opportunities for people to have greater choice and control over the services they want to meet their needs. The recommendations made are in order to develop a business case for how the current resources invested in In-House services need to change to support this development.

11.4 **Alternatives Considered and Rejected**

11.4.1 The development of a full Business Case as proposed by this report will consider other potential change options and provide evidence for any future recommendations for change.

11.4.2 The Business Case will carry out a full programme risk assessment and Equalities Impact Assessments to inform future decisions.

11.5 **Any Interest Declared or Dispensation Granted**

None

11.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

11.7 **Respective Director Responsible for Implementation**

Richard Webb, Executive Director, Communities.

11.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Healthier Communities and Adult Social Care.

12. FUTURE OF COUNCIL HOUSING

12.1 The Executive Director, Communities, submitted a report containing details of the work undertaken, amongst other things, on the consultation with tenants, other customers and staff on the delivery of housing services in Sheffield following the transfer of Sheffield Homes staff to the Council on 1st April, 2013.

12.2 **RESOLVED:** That Cabinet:-

(a) notes the updates given in this report; and

(b) requests that a further report be presented to Cabinet when the outcomes of the service design work are known, detailing the longer-term proposals for the structure of housing services.

12.3 **Reasons for Decision**

12.3.1 At its meeting on 21st March 2012, Cabinet asked for a report to be brought back to Cabinet at a suitable time to 'set out the proposed organisational structure and a timetable for implementation'.

12.3.2 This report satisfies that request – in its details of the location of Sheffield Homes Teams from 1st April 2013, and in its update on the progress of the Programme as a whole.

12.4 **Alternatives Considered and Rejected**

12.4.1 An alternative option for the organisational location of Sheffield Homes teams within the Council from 1st April 2013 was considered. This option involved dispersing Sheffield Homes teams more widely across the Council.

12.4.2 However, the long-term organisational location of Sheffield Homes teams within the Council will not be known until the service design work is completed. Therefore, to minimise any potential disruption to service delivery, and to reduce uncertainty for staff, the option to locate the majority of teams within the Communities Portfolio under a Director with lead responsibility for Council Housing was chosen.

12.4.3 Those teams who are transferring to a different location (eg. to the Resources Portfolio) are support services. For these specific teams, being located with the equivalent service in the Council will enable them to perform their function most effectively.

12.4.4 Although the majority of services will initially transfer to the Communities Portfolio, some teams will have regular interfaces with services within Place (eg. those working on council housing capital investment and strategy). This will help ensure that the necessary links are made to ensure that we maximise the benefits for integration.

12.5 **Any Interest Declared or Dispensation Granted**

None

12.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

12.7 **Respective Director Responsible for Implementation**

Richard Webb, Executive Director, Communities.

12.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Safer and Stronger Communities.

13. CHANGES TO COUNCIL TAX DISCOUNTS FOR SECOND HOMES AND EMPTY PROPERTIES.

13.1 The Executive Director, Resources, submitted a report referring to the Government's intention to provide, with effect from 1st April, 2013, local authorities with greater discretion on the level of Council Tax reliefs and discount they could offer as a means of generating more income. The report, specifically, contained proposals for the Council, from April, 2013, to remove the 10% discount on second homes, replace the exemption from Council Tax on empty homes in need of repair with a 25% discount for 12 months, replace the exemption from Council Tax on empty unfurnished with a 10% discount for 6 months and, in respect of properties that have been empty for 2 years, increase Council Tax liability by 50%.

13.2 **RESOLVED:** That Cabinet:-

(a) notes the proposals relating to Council Tax discounts and the Empty Homes Premium, detailed in this report and set out in Appendix 1 to the report; and

(b) recommends to Council that it approve the proposals, to take effect from 1st April 2013.

13.3 **Reasons for Decision**

13.3.1 Adopting the proposed changes to Council Tax discounts for second homes and empty properties will potentially generate income in the region of £2m per year.

13.3.2 The reduction of discounts on second homes and empty properties and the implementation of an empty homes premium may encourage property owners to bring properties back into use providing associated environmental benefits.

13.4 **Alternatives Considered and Rejected**

13.4.1 A number of options are available to the Council including doing nothing. Doing nothing is not recommended as it is clear that making changes to the discounts on second homes and empty properties offers a valuable source of income to the Council which will make a significant contribution to its budget planning.

13.4.2 Awarding no discount at all for all empty unfurnished homes and properties in need of repair is an option, however, it is considered that this option poses operational risks that will adversely impact the service and its ability to collect the additional revenue particularly by a potential increase in queries, complaints and appeals as well as an increase in avoidance tactics and potential fraudulent claims.

13.4.3 The proposals made in this report are expected to deliver a fair offer for the taxpayer, a realistic level of revenue for the Council and not to add a burden on the administration process through problems associated with tax avoidance and non payment.

13.5 **Any Interest Declared or Dispensation Granted**

None

13.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

13.7 **Respective Director Responsible for Implementation**

Laraine Manley, Executive Director, Resources.

13.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management.

(NOTE: Councillors Isobel Bowler and Mazher Iqbal declared an interest in the above item on the grounds that they were in receipt of a discount for a second home and left the meeting during the consideration of the item.)

14. REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2012 -13 (MONTH 6)

14.1 The Executive Director, Resources submitted a report providing the Month 6 Monitoring Statement on the City Council's Revenue and Capital Budget for 2012/13.

14.2 **RESOLVED:** That Cabinet:-

(a) notes the updated information and management actions provided by this report on the 2012/13 budget position;

(b) approves the release of £500,000 of additional financial support to Museums Sheffield as part of a long term stabilisation funding package as detailed in paragraph 15; and

(c) in relation to the Capital Programme:-

(i) approves the proposed additions to the capital programme listed in Appendix 1, including the procurement strategies and delegations of authority to the Director of Commercial Services or Delegated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;

(ii) approves the proposed variations in Appendix 1, noting that some have already been approved by EMT within its delegated authority;

(iii) notes the emergency approvals and variations approved by Directors under their delegated authority; and

(iv) notes the latest position on the Capital Programme including the current level of forecasting performance.

14.3 **Reasons for Decision**

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

14.4 **Alternatives Considered and Rejected**

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

14.5 **Any Interest Declared or Dispensation Granted**

None

14.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

14.7 **Respective Director Responsible for Implementation**

Laraine Manley, Executive Director, Resources.

14.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management.

15. DISPOSAL OF LAND AT ROTHER VALLEY WAY.

15.1 The Executive Director, Resources, submitted a report to enter into a conditional contract with UYE (Ltd) for the disposal of land at Rother Valley Way on a 99 year lease with an option to purchase the freehold interest within the first ten years. The conditional contract requires UYE Ltd to comply with conditions which have been imposed as part of Planning Permission that was granted on 24th September 2012 for a Community Renewable Energy Centre.

15.2 **RESOLVED:** That Cabinet:-

(a) declares the land at Rother Valley Way surplus to the requirements of the Council for disposal;

(b) approves the conditional contract for the disposal of the site at Rother Valley Way to UYE Ltd. in accordance with the terms of this report and delegate authority to the Director of Property and Facilities Management to finalise the terms of the sale; and

(c) authorises the Director of Property and Facilities Management to instruct the Director of Legal Services to prepare and complete all necessary documentation to conclude the sale in accordance with the agreed terms.

15.3 **Reasons for Decision**

15.3.1 UYE`s Community Renewable Energy Centre will generate electricity and hot water from the incineration of waste wood. The electricity will be supplied to the National Grid and the hot water to provide heating for nearby homes. The proposals will diversify the energy sources available in the City and reduce reliance on the burning of fossil fuels.

15.4 **Alternatives Considered and Rejected**

15.4.1 UYE Ltd has been trying to identify a suitable site for a Community Renewable Energy Centre for a number of years. A site immediately opposite Rother Valley Way was discounted at an early stage on the basis of its likely ecological impact. A further site immediately adjacent to the eastern boundary of the Traveller’s Site was also discounted at an early stage on the basis of its likely impact on the living conditions of the travellers.

15.5 **Any Interest Declared or Dispensation Granted**

None

15.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

15.7 **Respective Director Responsible for Implementation**

Laraine Manley, Executive Director, Resources.

15.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Overview and Scrutiny Management.

16. WYBOURN SITES DISPOSAL (CRICKET INN 1B AND 1C)

16.1 The Executive Director, Place, submitted a report seeking authority to dispose of two cleared sites at Wybourn, known as Cricket Inn 1B and 1C, to Great Places Housing Group (GPHG) for the development of housing for affordable rent. This follows the decision of Cabinet on 1 August 2012 to dispose of the first Cricket Inn development site, known as 1A, to GPHG for the same purpose

16.2 **RESOLVED:** That Cabinet:-

(a) agrees that the Cabinet decision of 1 August 2012 concerning the disposal of the site then identified at Appendix A and now described as Cricket Inn Site1A, be rescinded;

(b) agrees that, subject to planning permission, the site now shown at Appendix A as Cricket Inn 1A be leased to Great Places Housing Group at nil consideration for a period of 125 years for use as social housing;

(c) agrees that, subject to planning permission, the site now shown at Appendix A as Cricket Inn 1B be leased to Great Places Housing Group at nil consideration for a period of 125 years for use as Social housing;

(d) agrees that, subject to planning permission and funding for the development being secured the site now shown at Appendix A as Site 1C be leased to Great Places Housing Group at nil consideration for a period of 125 years for use as social housing;

(e) authorises the Director of Property and Facilities Management, in consultation with the Director of Housing, Enterprise and Regeneration, to agree terms for the disposal of the sites for the purposes set out in this report and to instruct the Director of Legal Services to complete the transfer on the terms agreed; and

(f) agrees the proposed nomination arrangements set out at Section 6 of this report.

16.3 **Reasons for Decision**

16.3.1 Disposal of these sites would allow for residential development consistent with the Council approved Masterplan for Wybourn, Arbourthorne and Manor Park.

16.3.2 The development of approximately 70 new homes for affordable rent would help meet the identified shortfall in affordable housing in the city.

16.3.3 The provision of a mix of housing types, including bungalows, would provide greater housing choice, especially for local older people who may wish to move to more suitable accommodation, thus freeing up much needed family housing.

16.3.4 The development of the sites by GPHG, the local landlord of choice, would ensure that local people and stakeholders were properly consulted and that their needs and aspirations were at the forefront of the planning and development process.

16.4 **Alternatives Considered and Rejected**

16.4.1 **Do not dispose of the site yet**.

In order to maximise receipt from the potential sale of the site it has been considered whether it would be appropriate to wait until an upturn in the economy before disposal. This would however mean that the site would be left undeveloped for an indeterminable time with no guarantee of developer interest in this site or potential best price offer.

It would also deny the opportunity to develop the site speedily and to fit with GPHG investment plans for the neighbourhood or resident expectation for the development of the site.

GPHG view continued investment in Wybourn as a high priority for their organisation, and the first new homes should be available by 2014.

The timely development of the site is also intended to raise developer confidence in the wider area which will be reflected in the viability of other potential projects.

This option would also delay the delivery of an important strategic intervention of the Wybourn and Manor Park Masterplan.

16.4.2 **Open market with conditions/no conditions**

Although this option could potentially allow rapid development of the site and maximise receipt, this is improbable in the current economic downturn as we could not guarantee developer interest or potential best price offer.

If the site was sold for open market development it would reduce the opportunity for local residents to access the new housing. It would also deny opportunity for local lettings and compromise the investment strategy of GPHG.

The process would also delay appointment of a developer and a start on site.

16.4.3 **Disposal of the site to another Registered Provider**

This option would allow development by a Registered Provider other than the local resident's landlord of choice.

Although this would introduce a choice of landlord for residents, it may compromise the opportunity for aligning investment and maintenance strategies.

This option may also compromise the compatibility of local lettings policies to the detriment of local residents wanting to access properties at Wybourn.

16.4.4 **Disposal of the site to Sheffield Housing Company (SHC).**

This site is not on the current list of sites that has been offered to the SHC. If it were to be offered then there is no certainty as to when the site would be released and any agreed release date would be made on the SHC priorities rather than local need.

16.4.5 **Open competition with detailed development brief**.

The Council could agree a development brief and advertise the site to developers. This would allow the Council to be prescriptive and prioritise the development requirements; however, it would delay the release of the site, be Council resource intensive and not guarantee developer interest or potential best price offer.

If a condition were included in the development brief that required that the developer work in partnership with GPHG then this may deter developer interest or create a difficult working arrangement that may be detrimental to any scheme.

16.5 **Any Interest Declared or Dispensation Granted**

None

16.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

16.7 **Respective Director Responsible for Implementation**

Simon Green, Executive Director, Place.

16.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Safer and Stronger Communities.

17. IMPLEMENTING THE COMMUNITY INFRASTRUCTURE LEVY IN SHEFFIELD

17.1 The Executive Director, Place submitted a report containing proposals relating to the introduction of a Community Infrastructure Levy (CIL) as a new way of securing contributions from developers towards infrastructure provision through the planning system. The first stage in introducing such a levy was to establish a *Preliminary Draft Charging Schedule* setting out the proposed rates that will be charged on new development, and this will be subject to a period of public consultation.

17.2 **RESOLVED:** That Cabinet:-

(a) agrees to publish a Preliminary Draft Charging Schedule for public consultation;

(b) agrees that the Council proposes a multiple rate CIL, to include a ‘buffer’, to deal with uncertainties in assessing future viability equating to 50% of the calculated ‘margin’ that could make a CIL contribution, in line with the proposed rates set out in the Table in paragraph 7.2 of the report;

(c) includes an option in the Charging Schedule to allow for relief to be offered in exceptional circumstances; and

(d) offers payment of CIL in instalments as a matter of course, as assumed in the viability study.

17.3 **Reasons for Decision**

17.3.1 The CIL will help to deliver the City’s strategic priorities for infrastructure provision, will be generated by economic growth and reinvested into economic growth and infrastructure. Successful implementation and investment of CIL funds will make the city more competitive.

17.3.2 The first stage in adopting a CIL is to produce a *Preliminary Draft Charging Schedule* setting out the proposed rates that will be charged on new development, and this will be subject to a period of public consultation.

17.3.3 The recommended CIL rates are based on the ability of development to pay. A Viability Study has provided evidence that some development in the city can afford to pay a CIL charge to help meet identified needs for infrastructure. The CIL rates proposed represent a cautious approach to viability through the assumptions used and the inclusion of a 50% margin below the potential maximum affordable charge.

17.4 **Alternatives Considered and Rejected**

17.4.1 One option is not to implement a CIL, as it is not compulsory. Wolverhampton and Doncaster have decided not to implement a CIL at present. But most councils are working on a CIL because funding for essential infrastructure is not otherwise available (60 authorities have already published a Preliminary Draft Charging Schedule.

17.4.2 If implemented, the Council has the option to set either a single or multiple rate CIL. A single rate would be where all development in all areas pays the same amount per square metre. This would have the advantage of simplicity. However, as the rate has to be based on viability, multiple rates may be appropriate to reflect variations in the viability of different types of development and different locations. The Viability Study has recommended multiple rates due to significant variations in viability across different uses and areas. A multiple rate is likely to raise more total CIL revenue and better reflects the actual viability of individual developments

17.5 **Any Interest Declared or Dispensation Granted**

None

17.6 **Reason for Exemption if Public/Press Excluded During Consideration**

None

17.7 **Respective Director Responsible for Implementation**

Simon Green, Executive Director, Place.

17.8 **Relevant Scrutiny and Policy Development Committee If Decision Called In**

Economic and Environmental Well-being.

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SHEFFIELD CITY COUNCIL
Cabinet Report

Report of:	Deputy Chief Executive
Date:	16th January 2013
Subject:	Staff Retirements
Author of Report:	John Challenger, Democratic Services
Summary:	To report the retirement of staff across the Council's various Portfolios

Recommendations:

Cabinet is recommended to:-

(a) place on record its appreciation of the valuable services rendered to the City Council by members of staff in the various Council Portfolios and referred to in the attached list;

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

(c) direct that an appropriate extract of the resolution now made under the Common Seal of the Council be forwarded to those staff above with over twenty years service.

Background Papers:	None
Category of Report:	OPEN

REPORT TITLE: RETIREMENT OF STAFF

1. To report the retirement of the following staff from the Council's Service and to convey the Council's thanks for their work:-

Name	Post	Years' Service
Children, Young People and Families		
Judy Gardiner	Supervisory Assistant, Stocksbridge Junior School and Cleaner, Stocksbridge High School	23
Roger Hallatt	Teacher, Forge Valley Community School	30
Susan Havenhand	Headteacher, Lydgate Junior School	41
Patricia Holt	Teacher, Carfield Primary School	33
Angela Jones	Clerical Assistant, Becton School	23
Susan Sanders	Cook, Bents Green School	28
Communities		
Scott Bradley	Administration Officer, Housing Solutions	30
Place		
Janet Crabtree	Principal Programmes Officer, Development Services	41

2. To recommend that Cabinet:-

   (a) place on record its appreciation of the valuable services rendered to the City Council by the above – mentioned members of staff in the Portfolios stated :-

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

   (c) direct that an appropriate extract of the resolution now made under the Common Seal of the Council be forwarded to those staff above with over twenty years service.

SHEFFIELD CITY COUNCIL
Cabinet Report

Report of:	**Executive Director (Place)**
Date:	**16 January 2013**
Subject:	**Redevelopment of The Fosters: Phase 3**
Author of Report:	**Dave Mason (273 4617)**

Summary:

Following decisions by Cabinet on 10 September 2008 and 11 March 2009, the former Fosters tower block at High Green has been demolished and South Yorkshire Housing Association (SYHA) have delivered two phases of redevelopment:

- Phase 1: fifteen apartments for social rent, accommodating the remaining residents from the tower block
- Phase 2: seven family homes for affordable rent

The third and final phase of redevelopment is the mixed use element, providing apartments above a shop to replace the one lost when the tower block was demolished. This report recommends that the land for Phase 3 is disposed to SYHA, who would deliver a scheme including four apartments for affordable rent. Delivery of the affordable housing requires the land to be disposed at nil consideration.

Reasons for Recommendations:

SYHA's proposed scheme would allow the completion of the Fosters redevelopment scheme, which has not been achieved through attempted disposal of the site on the open market.

The scheme would provide four additional affordable homes and the restoration of a local shop in the community.

Recommendations:

That subject to the Secretary of State's consent the land now shown at Appendix 1 be declared surplus to the Council's requirements and leased to South Yorkshire Housing Association for a period of 125 years at nil consideration for the development of a mixed use scheme of retail and social housing in accordance with the approved planning application reference 12/02323/FUL.

That the Director of Property & Facilities Management in consultation with the Director of Housing, Enterprise and Regeneration be authorised to negotiate and agree terms for the disposal of the land for the purposes set out in the report and the Director of Property & Facilities Management be authorised to instruct the Director of Legal Services to complete the necessary legal documentation.

Background Papers:

Category of Report: Part 1 OPEN / Part 2 CLOSED

Part 2 not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Paul Schofield
Legal Implications
YES Cleared by: Andrea Simpson
Equality of Opportunity Implications
YES Cleared by: Ian Oldershaw
Tackling Health Inequalities Implications
NO
Human rights Implications
NO
Environmental and Sustainability implications
NO
Economic impact
YES
Community safety implications
NO
Human resources implications
NO
Property implications
YES
Area(s) affected
North
Relevant Cabinet Portfolio Leader
Cllr Harry Harpham
Relevant Scrutiny Committee if decision called in
Safer and Stronger Communities Economic and Environmental Wellbeing
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Redevelopment of The Fosters: Phase 3

Part 1: Open

1.0 SUMMARY

1.1 Following decisions by Cabinet on 10 September 2008 and 11 March 2009, the former Fosters tower block at High Green has been demolished and South Yorkshire Housing Association (SYHA) have delivered two phases of redevelopment:

- Phase 1: fifteen apartments for social rent, accommodating the remaining residents from the tower block
- Phase 2: seven family homes for affordable rent

1.2 The third and final phase of redevelopment is the mixed use element, providing apartments above a shop to replace the one lost when the tower block was demolished. This report recommends that the land for Phase 3 is disposed to SYHA, who would deliver a scheme including four apartments for affordable rent. Delivery of the affordable housing requires the land to be disposed at nil consideration.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE?

2.1 The Fosters was an eyesore, visible for miles around High Green. The flats were expensive to run and were also an antisocial behaviour hotspot. The completion of the site's regeneration will leave a secure, attractive, environmentally friendly modern development in its place.

3.0 OUTCOME AND SUSTAINABILITY

3.1 Residents of the Angram Bank area of High Green have been without a local shop since 2010. The completion of Phase 3 will improve local amenities and so contribute to the sustainability of the neighbourhood.

4.0 BACKGROUND

4.1 The Cabinet decision in September 2008 included authority for officers to enter negotiations with the leaseholders of the ground floor shop with a view to them moving to a new facility on the site. Initially, they were interested in this proposal and worked with SYHA who submitted a planning application for the whole site. The scheme included a new retail unit designed to the leaseholders' specifications, which included living space for them and their families above the shop. Eventually, however, the leaseholders opted to move their business elsewhere and in February 2010 the Interim Director of Housing and Regeneration, in consultation with the Cabinet Member for Housing and Sustainable Safer Communities, made the decision to issue a tender to procure a development partner for Phase 3 (Mixed Use Element) of the Fosters redevelopment for the delivery of the scheme as designed.

4.2 In 2011, the Council openly marketed the opportunity to buy the land, build the shop and the apartments above. Whilst there was interest in the shop, there was also nervousness about the requirement to provide the housing in the current market. As a result, the Council received no offers for the Phase 3 site, leaving no clear way forward to complete the redevelopment scheme.

5.0 PROPOSAL

5.1 In 2012, SYHA approached the Council with a proposal to deliver Phase 3 themselves. They propose to build a new retail unit with 4 two-bedroom apartments above. They would lease the shop to a retailer and plan to reduce the perceived risk associated with the housing element by delivering it as Affordable Rent, rather than market housing.

5.2 This plan required the original design to be altered slightly. SYHA submitted a planning application at their risk and permission was granted on 17 September 2012 (Ref: 12/02323/FUL).

5.3 The affordable housing requires gap funding from the Homes & Communities Agency (HCA), which has been secured subject to a start on site being made by March 2013.

5.4 SYHA have had advanced negotiations with a national retailer who are keen to take on a lease of the retail unit from SYHA, if the scheme goes ahead.

6.0 FINANCIAL IMPLICATIONS

6.1 Given the limited HCA grant funding to support the affordable housing, the Phase 3 scheme will not break even for SYHA, as a whole. The retail element is predicted to generate a surplus, but this is outweighed by the anticipated deficit on the affordable housing element. SYHA's development appraisal is commercially sensitive and is detailed in a closed Part 2 to this report.

6.2 Although the scheme is projected to make a loss, SYHA are prepared to continue with it in order to build on their previous investment in the community and complete their regeneration of The Fosters. However, the Council's land would need to be transferred to SYHA at nil consideration.

6.3 Disposing of the land to SYHA for nil consideration would equate to a Council contribution towards the provision of the units of affordable rented housing of £25,000, which was the estimated value of the site as at September 2012, based on the existing planning permission.

6.4 No provision has been made within the Neighbourhoods Investment Programme for a capital receipt being generated from the sale this land, so there is no direct impact on the planned capital programme.

7.0 LEGAL IMPLICATIONS

7.1 When deciding whether to dispose of a site at a discount to its market value it must be considered whether the proposed disposal would be in the interests of the City and its inhabitants as a whole and council tax payers and would be consistent with the effective, economic and efficient discharge of the Council's functions.

7.2 The land is held for the purposes of Part II of the Housing Act 1985 and the power to dispose is under Section 32 of that Act and subject to Secretary of State's consent. A General Consent has been issued for the disposal of vacant land.

7.3 Disposal of the site to SYHA at nil consideration to enable the development of affordable homes would constitute assistance in connection with privately let housing accommodation and would require the consent of the Secretary of State under Section 25 of the Local Government Act 1988. A number of general consents have been issued but none are applicable to the situation where the land disposed of is used for the provision of a retail unit as well as housing accommodation. Specific consent will therefore have to be applied for.

8.0 EQUALITY IMPLICATIONS

8.1 Fundamentally this proposal is equality neutral, affecting all local people equally regardless of age, sex, race, faith, disability, sexuality, etc. However, the proposal should have a particularly positive impact for the elderly, those with mobility problems and carers. It should also benefit community cohesion and financial inclusion. No negative equality impacts have been identified

9.0 ALTERNATIVE OPTIONS CONSIDERED

9.1 Officers considered the option of marketing the site again, but without the requirement to provide housing above the new shop. This would have reduced some of the risk from the project and may have generated a capital receipt for the Council. However, advice from planners was that residential accommodation is desirable to provide natural surveillance over Cottam Road, which is currently lacking. Also, any new building would need to be at least two storeys in order to complement the existing development. Therefore, a developer would have needed to include at least a false first floor, which would have reduced the viability of the scheme.

10.0 REASONS FOR RECOMMENDATIONS

10.1 SYHA's proposed scheme would allow the completion of the Fosters redevelopment scheme, which has not been achieved through attempted disposal of the site on the open market.

10.2 The scheme would provide four additional affordable homes and the restoration of a local shop in the community.

11.0 REASONS FOR EXEMPTION

11.1 Part 2 of this report is presented as an exempt item because it contains exempt information under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended). The reasons for its exemption are that it contains information relating to the financial or business affairs of any person and in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12.0 RECOMMENDATIONS

R1 That subject to the Secretary of State's consent the land now shown at Appendix 1 be declared surplus to the Council's requirements and leased to South Yorkshire Housing Association for a period of 125 years at nil consideration for the development of a mixed use scheme of retail and social housing in accordance with the approved planning application reference 12/02323/FUL.

R2 That the Director of Property & Facilities Management in consultation with the Director of Housing, Enterprise and Regeneration be authorised to negotiate and agree terms for the disposal of the land for the purposes set out in the report and the Director of Property & Facilities Management be authorised to instruct the Director of Legal Services to complete the necessary legal documentation.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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SHEFFIELD CITY COUNCIL
Cabinet Report

Report of:	Executive Director, Communities Executive Director, Place Executive Director, Resources
Date:	**16th January 2013**
Subject:	**Housing Revenue Account (HRA) Business Plan 2012-17 update report, HRA Budget and Rent Increase 2013/14**
Author of Report:	Liam Duggan & Louise Cassin, 293 0240

Summary:

This report provides the 2013/14 update to the Housing Revenue Account (HRA) Business Plan 2012-17. It includes proposals to provide additional support to tenants affected by welfare reform, a new programme of council housing new build, a new programme of communal area refurbishment and sets out an improved long term financial position for the business plan.

This report also presents a 2013/14 revenue budget for the HRA.

A separate report on the Capital Programme, which includes the Council Housing Investment programme 2013/14, will be discussed by Cabinet on 13th February 2013. This will include details of the Council's funded capital investment plan for council housing. The service and financial plans for the HRA in this report complement the Council Housing Investment programme.

Rent increases continue to be driven by Government's national social rent policy and harmonisation with the housing association sector with the target for rent convergence set at 2015/16.

Reasons for Recommendations:

To maximise the financial resources to deliver outcomes on key services in the context of the new national council housing finance regime.

To contribute to making neighbourhoods a great place to live by ensuring continued investment into Sheffield's council housing.

To continue to plan for the long term sustainability of services whilst taking every opportunity to introduce service improvements.

Recommendations:

It is recommended that:

1. The HRA Business Plan update report for 2013/14 is approved
2. The HRA Revenue Budget for 2013/14 as set out in Appendix B to this report is approved
3. Rents for Council dwellings are increased by an average of 4.8% from April 2013
4. Annual rents for garages and garage sites are increased by an average of 4.8% from April 2013
5. Community heating charges increase by 5% in 2013/14
6. The Director of Commissioning, Communities in consultation with the Cabinet Member for Homes and Neighbourhoods, be granted delegated authority to increase the sheltered housing service charge in the event of the City Wide Care Alarms charge being increased in 2013/14
7. Charges for furnished accommodation, interim accommodation and burglar alarms are not increased
8. The Director of Commissioning, Communities and the Director of Finance, in consultation with the Cabinet Member for Homes and Neighbourhoods, be granted delegated authority to authorise prudential borrowing as allowed under current government guidelines

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Background Papers:

Report to Cabinet, *Housing Revenue Account Business Plan 2012-17*, 25th January 2012

http://meetings.sheffield.gov.uk/council-meetings/cabinet/agendas-2012/agenda-25th-january-2012

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Liz Orme
Legal Implications
YES Cleared by: Andrea Simpson
Equality of Opportunity Implications
YES Cleared by: Phil Reid
Tackling Health Inequalities Implications
NO
Human rights Implications
NO
Environmental and Sustainability implications
YES
Economic impact
YES
Community safety implications
NO
Human resources implications
YES Cleared by: Jo Wright-Coe
Property implications
NO
Area(s) affected
All Community Assembly areas
Relevant Cabinet Portfolio Leader
Cabinet Member for Homes and Neighbourhoods Cabinet Member for Finance
Relevant Scrutiny Committee if decision called in
Safer and Stronger Communities Scrutiny Committee
Is the item a matter which is reserved for approval by the City Council?
YES
Press release
YES

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN REVIEW 2012/17
REVENUE BUDGET AND RENT INCREASE 2013/14

1.0 SUMMARY

1.1 This report provides the 2013/14 update to the Housing Revenue Account (HRA) Business Plan 2012-17. It includes proposals to provide additional support to tenants affected by welfare reform, a new programme of council housing new build, a new programme of communal area refurbishment and sets out an improved long term financial position for the business plan.

1.2 This report also presents a 2013/14 revenue budget for the HRA.

1.3 A separate report on the Capital Programme, which includes the Council Housing Investment programme 2013/14, will be discussed by Cabinet on 13th February 2013. This will include details of the Council's funded capital investment plan for council housing. The service and financial plans for the HRA in this report complement the Council Housing Investment programme.

1.4 Rent increases continue to be driven by Government's national social rent policy and harmonisation with the housing association sector with the target for rent convergence set at 2015/16.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE?

2.1 The Council owns approximately 41,200 homes that are home to over 48,000 Sheffield people as tenants. In addition, approximately 2,200 leaseholders also receive housing services from the Council. The HRA is a statutory account that includes the resources that provide council housing services to tenants. It will be the Council's current tenants and future tenants who will be affected by the ongoing choices that are made in the HRA Business Plan.

2.2 One of the aims of the business plan update is to monitor the long term sustainability of council housing as a vital service for Sheffield people. The foundation of the HRA Business Plan is to ensure that council homes are occupied because letting homes generates the rental income which funds all aspects of council housing.

2.3 The guideline rent increase arising from the national social rent policy will affect council tenants. In line with the Government's formula, annual rents will increase by an average of 4.8% in 2013/14 (as illustrated at Appendix C).

2.4 The Council is reviewing the City Wide Care Alarms charges for 2013/14. The sheltered housing service charge includes an amount for city wide alarms. Any change in the cost of the care alarms service would result in changes to the sheltered housing service charge. A decision on the City Wide Care Alarms Charge will be made in March 2013 as part of the council's wider budget decisions.

2.5 Charges for furnished accommodation, interim accommodation and burglar alarms will remain unchanged.

2.6 A new build programme of 75 new council homes over the next 3 years will provide new and existing tenants with greater choice and availability of high demand social rented family housing, as well as providing a boost to the economy.

2.7 A new refurbishment programme addressing the standards of communal areas in low rise flats will benefit around 3000 properties and make smaller dwellings more attractive for people looking to downsize.

3.0 OUTCOMES AND SUSTAINABILITY

3.1 The proposals in this update report are aimed at maximising financial resources to deliver outcomes to council tenants in the context of the Government's HRA reform settlement, developments to national policy (Right to Buy and welfare reform), the current economic climate and reductions in government funding.

3.2 The HRA is the 'landlord account' that covers the day to day housing management and repairs services for council tenants. It includes the rental income and other income from tenants and all related expenditure.

3.3 The original HRA Business Plan 2012-17 forecast that all planned activity was fundable over the long term but financial challenges remained. These included

- the need to delay investment to homes from the early to the later years of the plan,
- an inability to make provision for the repayment of debt in full over 30 years,
- a number of items which could not be funded so were not built into the plan e.g. refurbishment of communal areas.

3.4 The Council must ensure that under self-financing council housing has a sustainable future in Sheffield. The purpose of the HRA Business Plan 2012/17 and the update report for 2013/14 is to ensure that the investment and services required for council housing, including debt to be serviced, can be met by the income raised in the HRA.

3.5 Building new council housing will allow the HRA to retain any additional Right to Buy receipts generated as a result of the government's 'reinvigoration' of Right to Buy and will provide an additional rental income stream for the HRA in the long term.

3.6 The start of a programme to refurbish communal areas will make flats more attractive to tenants and residents looking to downsize and should reduce tenancy turnover.

3.7 The improved financial position of the business plan means that resources are now available to tackle the maintenance backlog earlier than originally planned.

3.8 The revised 30 year affordability profile for the plan which takes account of the changed financial and planning assumptions in this report is that the HRA does now have the capacity to repay the principal debt sum over the 30 year life of the plan. This is an improved position from the original business plan position and indicates a more secure financial footing with reduced exposure to interest rate risk.

4.0 THE HRA BUSINESS PLAN 2012-17

4.1 The objectives of the City Council's first business plan for the HRA under the new self-financing arrangements 2012-17 were;

- Create balanced budgets for next five years, and
- Prioritise investment that will reduce costs over the long term and allow us to begin funding activity that is currently unaffordable.

4.2 The business plan set out the main areas of investment in the early years, aimed at reducing costs overall:

- activity to mitigate the impact of welfare reform,
- making the best use of the homes we have by improving the rehousing process and supporting tenants to sustain their tenancies,
- invest to save projects for estate services with an emphasis on reducing fly tipping costs, and
- reducing the maintenance backlog in the early years, with heating systems as a top priority.

4.3 These priorities were to be funded from the following key income and efficiency choices:

- implementing the rent increase as set by Government's national social rent policy,
- limited prudential borrowing within the borrowing limit,
- closing the Decent Homes affordability gap,
- invest to save projects on estate services,
- reducing the funding available for the Going Local budget,
- efficiency savings on support costs.

5.0 REVIEWING THE 2012-17 BUSINESS PLAN

5.1 The first business plan for the HRA under the new self financing arrangements was approved in January 2012. In this first year of 'self financing' it has not been necessary to undertake a wholesale review of the policy choices set out in the original business plan.

5.2 However, since the business plan was published in January 2012 a small number of key factors have had a significant impact on the plan. These are set out in section 6 of this report. Because of their significance these factors have been the focus of the review in 2012 and the focus of the council's conversation with tenants. This has led to new strategic policy choices being made in this business plan update.

5.3 As well as these new strategic choices all the original planning assumptions and targets in the plan have been reviewed and where necessary updated for 2013/14.

5.4 During the first year of the business plan, tenants have been informed and consulted via:-

- City Wide Forum (20th September 2012)
- The Annual Residents and Governors Conference (5th October 2012)
- City Wide Forum (15th November 2012)

5.5 Tenants also made a contribution to individual areas of the business plan indirectly through Partnership Groups, Challenge for Change and consultation events.

5.6 The City Wide Forum in September provided an opportunity to remind tenants of the original business plan and to provide information on progress of the key business plan projects.

5.7 The Annual Residents and Governors Conference highlighted the likelihood that additional resources would be available to the business plan as a result of the changed planning assumptions and asked tenants for their view on potential new investment priorities:

- maintenance backlog,
- unfunded items,
- new build,
- welfare reform mitigation,
- other priorities

5.8 Whilst the support of tenants through welfare reform was a consistently high priority, no clear view emerged on the other strategic priorities of tenants. The feedback from tenants at the Annual Residents and Governors Conference was fed back to the City Wide Forum in November together with an update on the review of the business plan.

5.9 In January an update report on the HRA Business Plan will be presented to the Safer and Stronger Communities Scrutiny Committee. The committee will be asked to provide feedback on the business plan update and particularly the proposals being put forward for the support of tenants through welfare reform.

5.10 This report to Cabinet and the HRA Business Plan update will be discussed with tenant representatives at the City Wide Forum on 11th January 2013. Comments made and views expressed will be reported verbally to Cabinet.

6.0 SUMMARY OF KEY CHANGES FOR 2013/14

6.1 A number of significant factors have changed since the business plan was published. These can be split into factors that improve and factors that have a negative impact on the financial outlook of the plan.

6.2 Factors ***improving*** the financial outlook of the plan:

- The Council's separation of HRA debt from General Fund debt as part of the transition to 'self financing' gave the HRA greater opportunity to take advantage of cheaper borrowing than originally forecast.
- The decision to bring the delivery of Council Housing in house from April 2013 has been accompanied by efficiency savings. This will also result in the Sheffield Homes reserve being absorbed into the HRA.

6.3 Factors ***negatively impacting*** the financial outlook of the plan

- The Government has changed the Right to Buy policy. This sees the maximum price discount to tenants increase, the ring fence of any additional receipts to new affordable housing and requires that these receipts are matched by new resources at a ratio of 30:70 if they are to be retained locally.
- The Council's developing understanding of the likely impact of welfare reform is resulting in higher than originally forecast arrears levels.

6.4 The net impact of all the changes is that the financial position of the business plan is significantly improved such that new investment activity can be factored in whilst still improving the long term viability of the plan.

6.5 The key strategic choices for the HRA Business Plan update 2013/14 are:-

1. A new build programme of 75 new council homes in the next 3 years.
2. Additional resources allocated to support tenants and mitigate the potential impacts of welfare reform
3. A programme of refurbishment to the communal areas of low rise flats starting with investment in door entry security and extending to new flooring and windows
4. The improved financial position of the business plan means that resources are now available to tackle the maintenance backlog earlier than anticipated
5. The Council's capacity to repay debt over 30 years is improved

6.6 The following sections provide an overview of the key changes affecting each of the main chapters in the HRA Business Plan 2012-17.

7.0 INCOME AND RESOURCES

7.1 It is proposed that in line with Government policy, rents for dwellings be increased by an average of 4.8%, equivalent to an average of £3.23 per week. Appendix C sets out the average rents per house size in Sheffield.

7.2 This is in line with the Government's national social rent policy for social housing. The policy aims to ensure that the rent for a similar sized property in a similar area has the same rental value regardless of whether it is owned by the local authority or a housing association. The Government expects the sector to reach target rents by 2015/16.

7.3 The self-financing settlement assumes our rent increase is in line with the Government formula. So, if the Council does not increase the rents by this amount this would have an impact on the HRA Business Plan. Savings would need to be identified from services or investment to offset the income shortfall.

7.4 The HRA Business Plan assumes rental income in line with the national social rent policy for social housing.

7.5 It is recommended that the charges for garages and garage sites are increased by 4.8% in line with the average annual rent increase for dwellings. In recognition of investment required on some garage sites, a strategy for garage sites is being developed in 2012/13. Discussion with tenants on this is underway.

7.6 The Council is reviewing the City Wide Care Alarms charges for 2013/14. The sheltered housing service charge includes an amount for city wide alarms. Any change in the cost of the care alarms service would result in changes to the sheltered housing service charge. A decision on the City Wide Care Alarms Charge will be made in March 2013 as part of the council’s wider budget decisions.

7.7 The Community Heating service charge will increase by 5% in 2013/14 in order to begin addressing the difference between the charge passed to tenants and the current cost of energy. Any accumulated balances on the community heating account will be retained to smooth the impact of future price rises.

7.8 Charges for furnished accommodation, interim accommodation and burglar alarms will not be increased in 2013/14.

7.9 Detail in the HRA Business Plan update report, section 3 summarises the key changes for Income and Resources.

8.0 HOMES

8.1 The 2012-17 HRA Business Plan set out proposals for a £257m investment programme over 5 years which funded essential investment work, the completion of the Decent Homes forward programme by 2014, a programme of heating system renewal, the start of roof and electrical system replacement programmes and other projects.

8.2 No changes have been made to these original investment priorities and the £257m 5 year investment programme remains although some re-profiling of spend has taken place between years in order to allow time for tenants to have a meaningful say in how the investment is delivered locally.

8.3 In addition to the existing programme new priorities have been identified and new resources allocated. From 2013/14 a new build programme of 75 new council homes will commence. This will represent around £9.5m additional activity over 3 years which will make use of any additional Right to Buy receipts generated through the Government's 'reinvigoration' of the Right to Buy policy.

8.4 Also in addition to the existing investment programme will be the start of a new communal area refurbishment programme. This will be funded from £1.5m additional HRA resource matched with £1.4m existing resources for basic maintenance of communal areas brought forward from later in the 30 year plan.

8.5 These initial proposals for new investment activity are made for the next 3 years although current projections show that additional resources are likely to be available beyond this. How such additional resources are made best use of will be the subject of future discussions with tenants as the actual level of resource becomes clearer.

8.6 In order to maintain a 5 year planning horizon, a year 6 (2017/18) has been added to the programme consistent with the priorities and funding levels set out in the 2012-17 Business Plan. This sees the heating system renewal programme reduce as the programme winds down, the roof replacement programme continue at a high level and the electrical replacement programme grow. By year 6 it is expected that regeneration costs and waste remodelling costs have ended.

8.7 Whilst beyond the current 5 year planning horizon it is anticipated that the 2018/19 budget for roofs will be at least £16.4m in order that the roofing programme can continue as planned and all roofs with a higher priority can be addressed.

8.8 The improved financial position of the business plan means that resources are now available to tackle the maintenance backlog earlier than anticipated over the 30 year life of the plan.

8.9 Detail in the HRA Business Plan update report, section 4 summarises the key changes for Homes.

9.0 TENANT SERVICES

9.1 The Government's welfare reform continues to represent a risk to income management and other service areas such as rehousing and tenancy support. A key priority for tenant services will be the ongoing work to mitigate this impact and to ensure that all income owed is collected. The 2013/14 update report sets out how the resource allocated to the support of tenants through welfare reform in the business plan will be added to with immediate effect in order to provide a more comprehensive package of support to tenants.

9.2 The completion date for the lettings policy review is now March 2013, with implementation in April 2014. The implementation date for the new lettings website is now July 2013. Due to the slippage to the timetable, corresponding implementation costs and efficiency savings will be delayed.

9.3 A review of the delivery arrangements of estate services, including green and open space management on council housing land begun and a pilot established in the North east of the city to test integrated working between Sheffield Homes Estate Officers and Sheffield City Council Parks staff. It is proposed that the 10% efficiency target for Sheffield Homes and Parks in relation to the work undertaken on council housing land is delayed from 2013/14 to 2014/15 in order to allow time for tenants to have input into the future of the service via Future of Council Housing service design and Challenge for Change.

9.4 Savings from changes to the bulky waste service are being realised as planned. Proposals have been developed for a programme of education and enforcement to tackle the high cost of fly tipping and these will be shared with tenants prior to a phased implementation from late 2012/13.

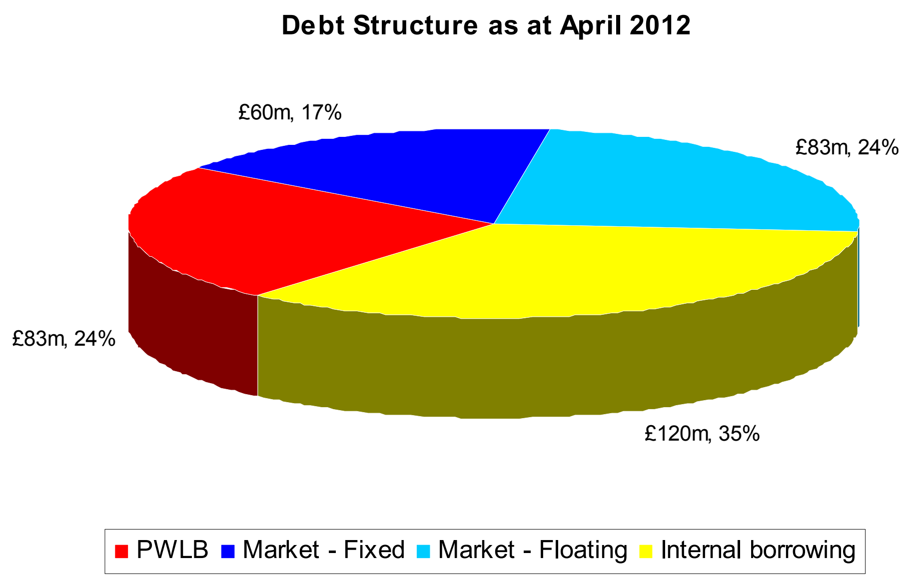
9.5 Provision is made for a Going Local budget of £400k in 2013/14 although tenants will be consulted prior to April on whether this should be reduced to £200k to allow £200k to be added to the resources made available for investment in communal area refurbishment. This proposal comes as a high proportion of the Going Local budget is currently allocated to communal areas.

10.0 DEBT AND TREASURY MANAGEMENT

10.1 The move to self financing resulted in £518m of Sheffield's HRA debt being written-off by Government on 28th March 2012. This reduced the HRA's borrowing requirement from £864m to £346m. This took the HRA's share of the Council's overall borrowing requirement from 68% to 45%.

10.2 The move to self-financing means that the Council had to separate out HRA debt from General Fund debt and manage and account for each separately. Therefore the HRA was required to take 45% of the Council's debt portfolio which consists of fixed-rate PWLB (Public Works Loans Board) loans, fixed-rate bank LOBO (Lender Option Borrower Option) loans, floating-rate bank LOBO loans and internal borrowing.

10.3 HRA debt has now been separated from the General Fund for debt management purposes with each type of loan equitably assigned between HRA and General Fund. As at April 2012 the HRA's debt structure was as follows;

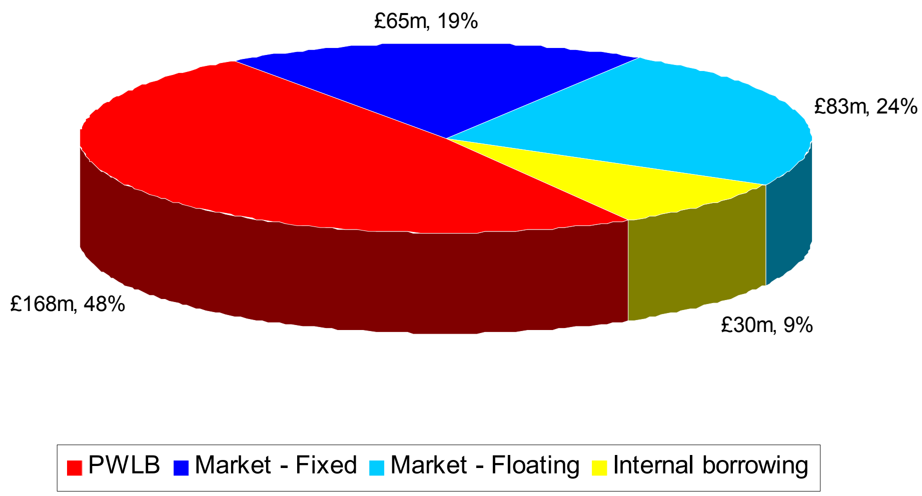


10.4 At the start of the year the HRA had a significant amount of internal borrowing. Internal borrowing represents the Council's use of cash reserves to finance capital expenditure. This was only a temporary measure and throughout the year a significant proportion of the HRA's internal borrowing needed to be replaced by external borrowing.

10.5 This has given the HRA to opportunity to take advantage of highly favourable borrowing rates throughout the year which has resulted in lower than forecast interest rate costs to the HRA for 2012/13 and beyond.

10.6 Currently the HRA's debt structure is forecast to be as follows;

Debt Structure forecast April 2013



10.7 Over a 30 year period the interest rate risks for the HRA will still be significant due to the amount of floating-rate debt and the need to refinance existing debt as it matures.

10.8 In order to mitigate interest rate risk, the business plan aims to make provision for the repayment of debt over a 30 year period whilst mitigating short term interest rate risk through the risk based reserves strategy.

10.9 A debt repayment plan will be developed for any new borrowing undertaken by the HRA under self financing. In the coming months work will also be undertaken to explore the potential for a repayment strategy for existing HRA debt in order to further reduce interest rate risk exposure to the HRA and allow flexibility for future investment requirements.

11.0 VALUE FOR MONEY

11.1 The 2012/13 business plan set out how greater value for money from the Council and Sheffield Homes will be achieved with 10% savings targets on support costs in 2012/13 and 7.5% savings targets in 2013/14. It is expected that these savings targets will be achieved.

11.2 Since the HRA business plan was published a tenant ballot has been held in respect of the Future of Council Housing project and a decision has been made to bring council housing delivery in house from 2013/14 with a view to realising efficiency savings as a result. These efficiency savings and the Sheffield Homes reserve have now been factored in to the business plan together with an initial budget for implementing the transition.

11.3 No decision has yet been made in relation to the future of the Repairs and Maintenance service post 2014 but the planning assumption of a

2% efficiency on the service post 2014 remains.

12.0 BUSINESS PLAN GOVERNANCE

12.1 The business plan set out how strong governance of the plan must include tenant and resident scrutiny of the business plan alongside councillor oversight / involvement and officer responsibility. The plan set out initial draft arrangements for governance of the plan which were to be developed during the course of 2012/13 in partnership with tenants and stakeholders and which would be subject to review once the outcomes of the Future of Council Housing and Repairs and Maintenance Procurement Strategy projects were known.

12.2 Initial draft arrangements for the governance of the business plan are in place and include the existing tenant and resident engagement structures, the annual Delivery Action Plan, Challenge for Change, Cabinet Member and Cabinet decision making, the HRA Business Plan board and the Safer and the Stronger Communities Scrutiny Committee.

12.3 In 2012, the Future of Council Housing project launched a project group called **'**The opportunity to have my say'. This project group will build on the existing approaches to consultation and governance that are working well to make recommendations on the future shape of engagement and governance structures for council housing. The scoping of the project began in November 2012 and the work of the project group will run into 2013.

13.0 RISK MANAGEMENT

13.1 The risk management plan continues to form the basis of the Council's risk management strategy for the HRA Business Plan.

13.2 One of the most significant changes to the risk profile of the business plan in 2012 is as a result of the changed Right to Buy policy which has the potential to result in increased sales numbers and rent loss. This will be mitigated by the HRA retaining part of the Right to Buy receipts equivalent to the debt each sold property supported in the business plan before the receipt is pooled for new affordable housing.

14.0 FINANCIAL ASSUMPTIONS IN THE HRA BUSINESS PLAN

14.1 Reserves are maintained at the appropriate level to fund potential future financial pressures from risks such as welfare reform, maintenance backlog and interest rate changes.

14.2 The cost of Council Housing Services (previously the payment to Sheffield Homes for the delivery of housing services) for 2013/14 is held at the 2011/12 level of £29.9m as it was in 2012/13. This reflects the support cost efficiencies set out in section 7 of the business plan offset by the cost of some new service enhancements (e.g. welfare reform mitigation) which is set out in section 5 the business plan.

14.3 The budget for the delivery of the investment programme (previously capital management fee) in 2013/14 will be held at £3.7m.

14.4 2012/13 Council budgets for the delivery of housing services will be reduced to £8.2m in 2013/14. This is in line with value for money savings on support costs as set out in section 7 of the original business plan.

14.5 The revenue repairs budget for 2013/14 has increased by assumed contractual inflation and adjusted for stock numbers. The communal facilities budget will increase by £200k in 2013/14 to reflect the cost of communal street lighting on council estates chargeable to the HRA. All other delegated budgets will remain at cash standstill in 2013/14 for the second year.

14.6 Detail in Annex A of the business plan update summarises the key financial assumptions.

15.0 HRA BUDGET PROPOSALS FOR 2013/14

15.1 The HRA Business Plan update (at Appendix A) sets out the proposals for 2013/14 and includes the key changes described in the Income, Homes, Tenant Services and Value for Money sections above. The HRA revenue budget for 2013/14 is set out in Appendix B to this report.

16.0 FORECAST OUTTURN 2012/13

16.1 Regular revenue budget monitoring reports have been brought during the year to Cabinet. These have shown a better projected outturn compared with the original budget.

16.2 The position for the HRA as at the end of October 2012 was a projected in-year surplus of £6.7m. A contribution to the Capital Programme of £0.4m will be made leaving a net surplus of £6.3m compared with a budgeted deficit of £1.3m.This is an improvement of £7.6m.

16.3 Further monitoring reports updating the 2012/13 position will be presented in accordance with the Council's budget monitoring timetables.

17.0 RECOMMENDED HRA BUDGET 2013/14

17.1 The 2013/14 HRA revenue budget is set out in Appendix B. The HRA opening reserve for 2013/14 is expected to be £25.5m (this includes the Sheffield Homes reserves of £7.5m as a result of Sheffield Homes transferring back to the Council).

17.2 The 2013/14 budget is based on an assumed in year surplus of £7.3m. This together with £15.5m from reserves will be used to make a

£22.8m contribution towards funding the 2013/14 capital investment programme.

17.3 By 31st March 2014 HRA Reserves are expected to be £10m with community heating reserves forecast to be £1.1m

Summary Recommended Budget 2013/14	HRA revenue (£m)
Forecast HRA balance (net) brought forward at 1 April 2014	25.5
Net Surplus/(Deficit) for year	7.3
Contribution to the Capital Programme	22.8
Forecast HRA Reserve Balance Carried Forward at 31 March 2014 (excluding community heating)	10.0
Community heating balance at 31st March 2014	1.1

17.4 In accordance with the HRA's risk based reserve strategy it is recommended that £10m is maintained in 2013/14 in revenue reserves.

17.5 It is proposed to retain a community heating reserve of £1.1m to smooth out the impact of expected future energy price increases.

18.0 FINANCIAL IMPLICATIONS

18.1 The 2013/14 budget is the second 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.

18.2 In addition, any annual revenue surpluses on the account are planned to provide further funding for capital investment.

18.3 The Council Housing Investment programme up to 2017-18 may require the HRA to undertake 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 delegated treasury management policy.

18.4 Further details on the Council Housing Investment programme will be set out in the report to Cabinet on 13th February.

18.5 Appendix B details the initial five-year projections for the HRA income and expenditure account. These are based on current assumptions and will be reviewed during 2013/14 in the light of any known changes.

19.0 LEGAL IMPLICATIONS

19.1 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 "ring-fence") are governed by Part VI of the Local Government and Housing Act 1989. This has included provision for annual HRA subsidy paid by central Government to local housing authorities, as determined by the Secretary of State.

19.2 The housing finance provisions of the Localism Act, amended Part VI of the 1989 Act by abolishing HRA subsidy but providing 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 have informed the HRA Business Plan.

20.0 HUMAN RESOURCES IMPLICATIONS

20.1 Sheffield Homes staff all TUPE transfer into the City Council on 1st April 2013.

20.2 The majority of staff will be placed within the Communities portfolio with a smaller number in Resources.

21.0 ENVIRONMENTAL & SUSTAINABILITY IMPLICATIONS

21.1 Any environmental and sustainability issues arising from the Council Housing Investment programme within this report will be dealt with the Capital Programme report to Cabinet in February 2013.

22.0 EQUALITY OF OPPORTUNITY IMPLICATIONS

22.1 Consideration has been given to equalities relating to the HRA budget 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.

22.2 The Capital Programme report to Cabinet on 13th February 2013 will deal with any equalities considerations relating to the Council Housing Investment programme.

22.3 Any in-year proposed change in policy or service provision will require an individual Equality Impact Assessment.

23.0 PROPERTY IMPLICATIONS

23.1 There are no additional property implications for the Council arising from the recommendations in this report.

24.0 ALTERNATIVE OPTIONS CONSIDERED

24.1 To increase rents for Council dwellings by less than the government formula – The self financing settlement from Government assumed the Council's rent increases are in line with the Government formula. If the Council does not increase rents by this amount this would mean pound for pound savings would need to be found to offset the income shortfall. We would then have to live within this reduced resource envelop for every subsequent year or until the council raised rents by above guideline.

24.2 Not to undertake a council housing new build programme - the change to the Government's Right to Buy policy means that if the council is to retain any additional receipts raised by the increased sales discounts now available to tenants, the receipt must be used as a contribution to new affordable housing. The alternative of using these receipts for a new build programme would be to pass the receipts to another registered provider such as a housing association who could then provide the affordable housing. However this would be unlikely to result in homes at social rent.

25.0 REASONS FOR RECOMMENDATIONS

25.1 To maximise the financial resources to deliver outcomes on key services in the context of the new national council housing finance regime.

25.2 To contribute to making neighbourhoods a great place to live by ensuring continued investment into Sheffield's council housing.

25.3 To continue to plan for the long term sustainability of services whilst taking every opportunity to introduce service improvements.

26.0 RECOMMENDATIONS

26.1 It is recommended that:

- The HRA Business Plan update report for 2013/14 is approved
- The HRA Revenue Budget for 2013/14 as set out in Appendix B to this report is approved
- Rents from Council dwellings are increased by an average of 4.8% from April 2013
- Annual rents for garages and garage sites are increased by an average of 4.8% from April 2013
- Community heating charges increase by 5% in 2013/14
- The Director of Commissioning, Communities in consultation with the Cabinet Member for Homes and Neighbourhoods, be

granted delegated authority to increase the sheltered housing service charge in the event of the City Wide Care Alarms charge being increased in 2013/14

- Charges for furnished accommodation, interim accommodation, and burglar alarms are not increased
- The Director of Commissioning, Communities and the Director of Finance, in consultation with the Cabinet Member for Homes and Neighbourhoods, be granted delegated authority to authorise prudential borrowing as allowed under current government guidelines.

Richard Webb, Executive Director - Communities Portfolio
Simon Green, Executive Director – Place Portfolio
Laraine Manley, Executive Director - Resources Portfolio,

Appendix A

The Sheffield City Council Housing Revenue Account (HRA) Business Plan 2012/17 update report for 2013/14
(*Please see separate document*)

Year	2012/13 (Forecast outturn as at October 2012)		2013/14	2014/15	2015/16	2016/17	2017/18	Total 2013/14 to 2017/18
	£m		£m	£m	£m	£m	£m	£m
Income								
INCOME TOTAL	**-142.2**		**-147.4**	**-153.9**	**-161.1**	**-166.0**	**-170.9**	**-799.3**
Income from rents	-136.0		-141.4	-147.9	-155.0	-159.8	-164.5	**-768.6**
Other income	-6.2		-6.0	-6.0	-6.1	-6.2	-6.4	**-30.7**
Expenditure								
Homes – revenue repairs	32.7		33.1	33.1	33.9	34.8	35.4	**170.3**
Homes – funding for Capital programme – depreciation	36.4		37.1	38.0	38.9	39.9	40.9	**194.8**
Tenant services (including overheads/support costs)	49.9		51.3	50.8	51.8	52.8	54.3	**261.0**
Interest on debt	15.7		17.6	17.3	17.5	17.8	18.1	**88.3**
Other expenditure	0.8		1.0	2.7	2.1	2.2	3.4	**11.4**
Total	**135.5**		**140.1**	**141.9**	**144.2**	**147.5**	**152.1**	**725.8**
Surplus (-) or Deficit	**-6.7**		**-7.3**	**-12.0**	**-16.9**	**-18.5**	**-18.8**	**-73.5**
Opening revenue reserve	-11.7		-25.5	-10.0	-10.0	-10.0	-10.0	
Surplus (-) or Deficit	-6.7		-7.3	-12.0	-16.9	-18.5	-18.8	
Contribution to the Capital Programme	0.4		22.8	12.0	16.9	18.5	18.8	
Sheffield Homes Reserve	-7.5		0.0	0.0	0.0	0.0	0.0	
Closing revenue reserve	-25.5		-10.0	-10.0	-10.0	-10.0	-10.0	

Housing Revenue Account – Five year projections **Appendix B**

Appendix C

City Wide average weekly rent by bedsize

Bedsize	Average weekly rent 2012/13 £	Average weekly rent 2013/14 £	Increase £
Bedsit	57.34	60.09	2.75
1 bed	60.02	62.90	2.88
2 bed	67.18	70.40	3.22
3 bed	75.37	78.99	3.62
4 bed	81.54	85.45	3.91
Total (all bedrooms average)	67.19	70.42	3.23

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.

Proposed Community Heating Charges from April 2013

	Full heating		Partial heating	
Bedsize	**Current Prices £/week**	**Prices April 2013 £/week**	**Current Prices £/week**	**Prices April 2013 £/week**
Unmetered heat*				
Heating & hot water				
Bedsit	10.52	11.05	9.72	10.21
1 Bedroom	10.92	11.47	10.00	10.50
2 Bedroom	13.55	14.23	12.59	13.22
3/4 Bedroom	14.59	15.32	13.55	14.23
Heating only				
Bedsit	7.74	8.13	7.17	7.53
1 Bedroom	7.93	8.33	7.17	N/A
2 Bedroom	10.00	10.50	9.72	10.21
Metered heat				
Leverton/ Hanover/ Netherthorpe	Ticket price Standing charge	£ per 100kwh £ per week	4.05 3.40	4.25 3.57
Hillside	Ticket price Standing charge	£ per 100kwh £ per week	2.80 2.90	2.95 3.05
Balfour House	Ticket price Standing charge	£ per 100kwh £ per week	3.15 4.29	3.30 4.50

*Note: For sheltered schemes the above prices are split into dwelling heating and communal heating. The communal element of charges will increase from £2.80 to £2.94 per dwelling per week

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Sheffield City Council Housing Revenue Account (HRA) Business Plan 2012-17:
2013/14 update report

1. INTRODUCTION

a. Purpose of this report

This is the Housing Revenue Account (HRA) Business Plan 2012-17 update report for 2013/14. The report provides a progress report and update on the existing 5 year plan extended to include 2017/18. This report:-

- Sets HRA rents and charges for 2013/14 (year 2 of the business plan)
- Sets HRA budgets for 2013/14
- Reports on progress and sets out new policy choices
- Refreshes the 5 year planning budgets and where appropriate updates the long term planning assumptions
- Provides a 30 year affordability profile based on the updated planning and financial assumptions in the report

This report has been developed part way through the first year of the business plan, so there is no full year data to report and no cause for a wholesale review of our original priorities. The emphasis of the report is therefore to highlight key factors that have changed since the business plan was published in January 2012 and how the council proposes to respond to them.

b. Report structure

The report follows the same structure as the HRA Business Plan
1. Introduction
2. Governance
3. Income and resources
4. Homes
5. Tenant Services
6. Debt and Treasury Management
7. Value for Money

Sections 3- 7 of the report include an explanation of what is covered in this section of the business plan, key risks, key developments and other developments.

A financial summary is set out within each section. Where new financial targets are being proposed in the financial summary tables, the original financial assumptions are shaded grey.

c. Background

i. A Self-Financing Housing Revenue Account

From April 2012, all Local Authorities with retained stock in England moved from a national subsidy system of council housing funding to a new system of local ‘self-financing’.

The introduction of self-financing has been positive for Sheffield as it has meant that there are more resources coming into council housing in Sheffield than the old subsidy system. However there still remained funding pressures which were most acute in the early years of the plan.

Self-financing also brought with it a transfer of risk and responsibility from government to the local authority. This includes new risks for the HRA including interest rates and cost inflation.

ii. Business Planning principles

The move to self financing, the additional risk borne by the council and the funding pressures mean that the Council must be more business minded in its approach to council housing. In the 2012-17 HRA Business Plan the Council set out its business principles for council housing as follows:

1. Creating sustainable homes and communities
   a. Homes in a safe and sound condition
   b. Neighbourhoods are places where people want to live
   c. Council tenancies are attractive and accessible to customers.

2. Making the best use of council homes
   a. Homes are kept in use as much as possible
   b. Homes and services are charged for fully and fairly
   c. All income owed is collected
   d. External investment is levered in to the business.

3. Minimising running costs
   a. Using the Council's purchasing power and long term view to get the best deals for tenants
   b. Management of known hotspots of expense in the business
   c. Keeping overhead costs under control.

These business principles are the criteria the Council uses to inform how investment decisions are made and what the priorities are for Sheffield council housing over the next five years.

iii. The 2012-17 Business Plan

In 2012 Sheffield City Council approved its first business plan for council housing under the new self financing arrangements.

The key themes in the business plan were efficiencies where possible and investment which reduced costs or optimised income over the long term.

As a result of the measures in the plan, all planned activity was deemed affordable over the 30 years but financial challenges remained. These were:-

- High volumes of backlog repairs were delayed until the later years of the plan
- The plan was unable to make provision to pay off debt in full over 30 years
- A number of items could not be funded so were not built into the 30 year plan e.g. refurbishment of communal areas

d. Summary of key changes to planning assumptions

A number of significant factors have changed since the business plan was published in January 2012. Some of the most significant developments which have a positive or negative financial impact on the business plan are summarised below;

Factors ***improving*** the financial outlook of the plan

- The Council's separation of HRA debt from General Fund debt as part of the transition to 'self financing' gave the HRA greater opportunity to take advantage of cheaper borrowing than originally forecast.
- The decision to bring the delivery of Council Housing in house from April 2013 has been accompanied by efficiency savings. This will also result in the Sheffield Homes reserve being absorbed into the HRA.

Factors ***negatively*** impacting the financial outlook of the plan

- The Government has changed the Right to Buy policy. This sees the maximum price discount to tenants increase, the ring fence of any additional receipts to new affordable housing and requires that receipts are matched by new resources at a ratio of 30:70 if they are to be retained locally.
- The Council's developing understanding of the likely impact of welfare reform is resulting in higher than originally forecast arrears levels.

<u>e. Strategic choices</u>

The new savings and resources arising from the Future of Council Housing decision and interest rate savings significantly outweigh the additional costs of welfare reform at this update and the Right to Buy policy change. This means that new investment activity can be factored in whilst still improving the overall long term viability of the plan.

The original HRA Business Plan 2012-17 set out three challenges for the business plan which meant that efficiencies would be required in future. These were;

- High volumes of backlog repairs delayed over 20 years
- The plan was unable to make provision to pay off debt over 30 years and could only begin to make provision for debt repayment at year 20
- A list of unfunded items including refurbishment of communal areas could not be factored into the 30 year plan

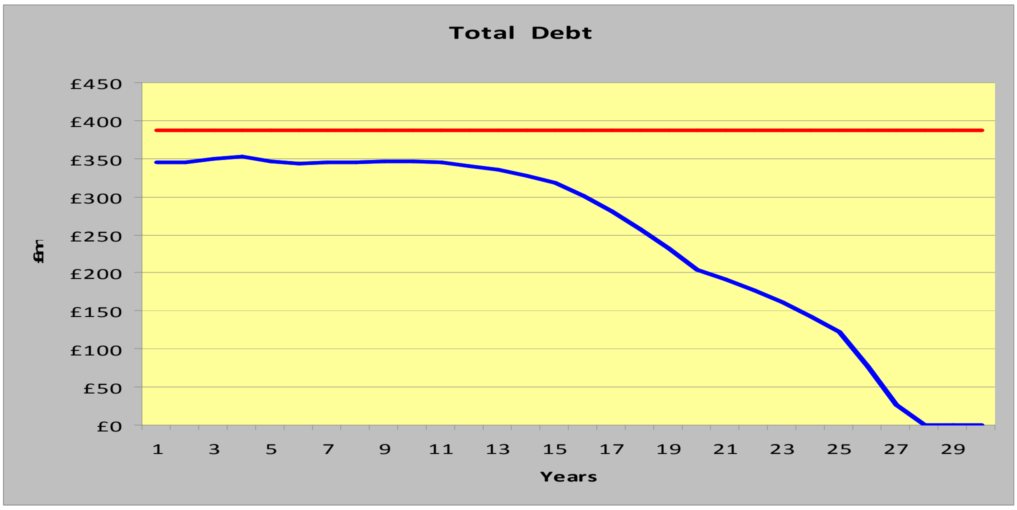
However, the business plan must also respond to risks (e.g. welfare reform) and incentives (Right to Buy policy) which have developed since the original business plan was approved in January. The strategic choices for the HRA Business Plan update 2013/14 are therefore as follows;

i. In response to the Government's Right to Buy policy change and the subsequent agreement entered into by the council to retain Right to Buy receipts locally, a new build programme of 75 new council homes will be undertaken over the next 3 years (further details in section 4 of this report).
ii. Additional resources are allocated to mitigate the potential impacts of welfare reform on tenants and the HRA (further details in section 5 of this report).
iii. A programme of refurbishment to communal areas will begin with an emphasis on door security, new flooring and windows (further details in section 4 of this report).
iv. The improved financial position of the business plan means that resources are now available to tackle the maintenance backlog earlier than anticipated over the 30 year lifetime of the plan (this has no impact on the 5 year investment programme set out in section 4 of this report).
v. The council's capacity to repay debt over 30 years is improved (further details in section 7 of this report).

f. Revised 30 year financial profile

As a result of the strategic choices and updated planning assumptions set out in this report, the long term financial profile for the HRA has changed. The current forecast is that the HRA is able to fund all planned activity over the 30 year period and is now able to make provision for the repayment of debt in full over 30 years.

Graph showing the capacity of the plan to repay debt over 30 years



This is an improved position from the original business plan and indicates a more secure financial footing with reduced exposure to interest rate risk.

It is important to remember that all long term forecasts are the product of a series of assumptions based on information available at a point in time. Such forecasts can only ever serve as an indicative guide which must be subject to regular review.

g. Next steps for the business plan

One of the priorities for the future will be to continue to monitor and address the key risks for the business plan particularly welfare reform, the Right to Buy policy and long term interest rate risk.

2013 will see council housing delivery re-integrate into the council and a number of service designs begin to report recommendations about how best to take advantage of the opportunities this presents. In 2013 a decision will also be made about the future of the repairs and maintenance service. These pieces of work have the potential to have a significant impact on the Business Plan.

The Council will continue to seek opportunities for freeing resources from the business plan in order to accelerate investment in council homes and estates, particularly

1. Bringing forward investment in the maintenance backlog such that the high cost of responsive repairs are minimised and work not in the Decent Homes forward programme is undertaken as early as possible post 2014
2. Tackling previously unfunded items such as communal area refurbishment earlier

The actual level of resource available to the investment programme in future years is sensitive to revenue as well as capital projections. Discussions will take place with tenants to make the best use of future available resources.

2. GOVERNANCE

Governance of the HRA Business Plan includes three key structures; tenant governance and scrutiny, political governance and the officer structure. This section of the business plan set out the initial draft governance arrangements of the business plan and how these will be developed during the course of 2012/13 in partnership with tenants and stakeholders.

a) Tenant and resident involvement and scrutiny

Tenants and residents have been involved in the development of the business plan in 2012/13 via the established governance and engagement structures such as the Sheffield Homes Board of Directors, the Area Boards, City Wide Forum, the Annual Tenant Conference, and Local Housing Forums.

Tenants have made a contribution to the business plan through these structures as well as examining individual areas of the business plan in more detail through individual partnership groups, Challenge for Change and individual consultation events.

Customer promises, the annual Delivery Action Plan and the annual report to tenants continue to be key tools though which tenants have oversight of council housing activity.

b) Elected member governance

Elected members continue their role in relation to the business plan through decision making by the Cabinet Member and the Cabinet.

Cabinet receives a formal finance report monthly which includes revenue and capital aspects of the plan.

c) Officer governance

The HRA Business Plan board has responsibility for monitoring performance against the business plan and coordinating the annual review of the business plan.

The membership of the board has a role in ensuring the business plan is aligned with the Council's strategic outcomes.

d) The future management of council housing

The business plan proposed to establish a new tenant group dedicated to the oversight of the business plan which was to be discussed with tenants in 2012/13.

The business plan also noted that the Future of Council Housing project and the repairs and maintenance procurement strategy project would impact on the governance arrangements for the business plan so should be reviewed once the outcomes of these projects were known.

In 2012, Cabinet decided that delivery of council housing would be brought in house from April 2013. Following this decision, the Future of Council Housing project launched a project group called 'The opportunity to have my say'. This project group will build on the existing approaches to consultation and governance that are working well to make recommendations on the future shape of engagement and governance structures for council housing. The scoping of the project began in November 2012 and will run into 2013.

3. INCOME AND RESOURCES

a) Overview

This part of the business plan is concerned with income into the Housing Revenue Account (HRA). It includes rent setting and charges payable by tenants to the Council as landlord.

b) Risks

1. Welfare Reform

The key risk to income and the single biggest policy risk to the business plan overall continues to be welfare reform. The most significant risks in relation to welfare reform arise from the introduction of Universal Credit which will be paid direct to tenants of working age and the linking of household size to Housing Benefit eligibility. Universal Credit will start from October 2013 for new claimants and will be phased in by 2017. Housing benefit eligibility linked to household size comes into operation in April 2013. Initial attempts to quantify the risk associated with welfare reform and establish mitigating actions were made in the original business plan. These estimates have now been reviewed, updated and uplifted based on our developing understanding of the Government's proposals.

Other welfare reform proposals may also have an impact on the HRA such as the Council's draft Council Tax Support Scheme (from April 2013). There is also a risk that when the new Universal Credit regulations are announced some charges could cease to be eligible for housing support.

Welfare reform will also affect other HRA costs such as transaction costs, payment card costs, eviction costs and housing management costs.

2. Right to Buy

A second key risk to business plan income remains the Government's 'reinvigoration' of the Right to Buy policy. Since the HRA Business Plan was agreed in January 2012, Government has changed its Right to Buy policy which has resulted in additional financial risk for the business plan.

Key changes to the Right to Buy policy from April 2012:

- An uplift to the maximum Right to Buy discount from £24k to £75k which is likely to result in more sales (and subsequent rent loss)
- The Council can now retain any additional receipts for replacement housing, however before any receipts can be used for replacement housing, it has to pay the Government an amount for receipts that the Government would have received under the previous system.
- Any additional receipts generated after deducting costs are ring fenced for re-investment in affordable housing but must constitute no more than 30% of the replacement scheme cost. The remaining 70% has to be funded from other sources.

Implications for Sheffield:

- It is too early to tell the impact of the increase in the discount cap will have on the number and value of sales in Sheffield.
- If the overall sales receipts fall as a result of the discounts, a higher number of sales will need to be generated in order to cover existing commitments to the Government.
- The discount policy is poor value for money for the HRA as assets will be sold at well below their market values.

- Any retained receipts will be insufficient to replace every house sold with one for affordable rent, but by agreeing to use additional receipts for affordable housing the Council are able to retain the receipt for local provision.

Updated assumptions for the Business Plan

- It is assumed the number of Right to Buy sales rise as a result of this policy from 90 to 140-150 per year up to 2015 beyond which forecasting becomes increasingly more speculative so it is assumed that from then the projections continue as per the original business plan assumptions.
- Increases in Right to Buy sales has a significant detrimental impact on the long term viability of the business plan particularly if the HRA is left to service debt on properties it no longer owns. Therefore it is assumed that before receipts are ring fenced for new build, the HRA retains a sum equivalent to the debt each sold property supported in the initial business plan.
- If Right to Buy sales increase as predicted and at the sale price assumed, the additional receipts generated over 3 years might be around £1.3m. Any receipt income raised will be matched with HRA resources at a ration of 30:70 to deliver new council housing at social rent.

<u>3. Supported Housing Funding</u>

The current supported housing subsidy (previously Supporting People) is under ongoing financial pressure as a result of the Council's wider budget reductions. There are no plans to reduce the budget at the present time but as the longer term future of the subsidy cannot be guaranteed the Council's Sheltered Housing arrangements may need to be reviewed.

c) Updates

<u>1. Rents</u>

Under self-financing, the Government continues to set guideline rent levels as it did under the subsidy system. On this basis, in 2013/14 rents will increase by an average 4.8%, equivalent to an average increase of £3.23 per week.

<u>2. Target Rent</u>

The commitment made in the business plan to undertake a dialogue with tenants about the potential to let vacant properties at target rent before the 2015/16 convergence date has been met. A consultation took place during August and September 2012 with the outcome that there was no majority support for the proposal. A decision was therefore made in November 2012 not to pursue the proposal and to continue with the existing path to rent convergence.

<u>3. Charges</u>

Garage rent will continue to increase in line with rent for dwellings (4.8%).

The community heating service charge will increase by 5% in 2013/14 in order to begin addressing the difference between the charge passed to tenants and the current cost of energy. Any accumulated balances on the community heating account will be retained to smooth the impact of future price rises.

The Council is reviewing the City Wide Care Alarms charges for 2013/14. The sheltered housing service charge includes an amount for city wide alarms. Any change in the cost of the care alarms service would result in changes to the sheltered housing service charge. A decision on the City Wide Care Alarms Charge will be made in March 2013 as part of the council's wider budget decisions.

Other charges for furnished accommodation, interim accommodation and burglar alarms will remain unchanged for 2013/14.

4. Service Charge de-pooling

Consultation with tenants about whether to de-pool service charges from rent will now take place in 2013/14 rather than in 2012 as stated in the business plan. This is due to uncertainty, created by welfare reform, in respect of the future eligibility of some service charges for housing benefit. Clarity about eligibility is needed before a dialogue with tenants can begin.

4. HOMES

a) Overview

This part of the business plan is concerned with the physical condition of the homes and environment. It includes capital investment in the homes such as new kitchens, bathrooms, boilers etc and also the revenue repairs which can be either planned such as gas servicing or responsive e.g. where a tenant reports a repair.

b) Risks

1. Maintenance Backlog

The backlog of repairs/ maintenance is investment to homes which is now due. It is a combination of:

- Work required to complete Decent Homes
- Picking up all of the backtrack properties, omits and refusals that have built up since 2004/05
- All elemental work that was not included in the Decent Homes Programme and has emerged as the Decent Homes Programme has stretched from 2010 to 2014

Work element	Maintenance Backlog (as at end 2012/13)
Decent Homes	**99,122,800**
Heating	**26,312,392**
Roofs	**85,600,385**
Electrics	**18,810,740**
Total	**229,846,317**

The maintenance backlog is a key risk because any delay to the work increases the risk of the boiler or roof or other component failing. If a boiler or roof fails it will trigger a responsive repair which is more expensive than the same work undertaken through a planned programme. The later the backlog is tackled, the higher the overall cost of the business plan and the greater the risk.

c) Updates

The aim of the investment programme in the first five years was to create an affordable plan to match expected resources and to try to address as much of the high risk maintenance backlog elements as possible in order to minimise costs overall.

Since these priorities were agreed in early 2012, work has been underway with tenants to agree how to sequence the works. This planning phase has been essential in order to secure tenant support for prioritisation of works but it has meant that some works have delayed. By the end of 2014 it is expected the programme will be back on track compared with the financial profile.

a. Essential investment work

The business plan made a commitment to begin exploring opportunities for making better use of already adapted properties with a view to tackling a potential oversupply of adapted properties. Work has been undertaken in 2012/13 to develop a better understanding of where in the city there exists the highest number of adapted properties and where there is greatest demand for adapted properties. The Lettings Policy Review is due to report to Cabinet in March 2013 and the letting of adapted properties is likely to be considered within that report.

Work has begun on developing a proposal for responding to the growing number of mobility scooters used by tenants living in council flats. This will be made available for consultation in 2013.

b.Maintenance backlog - Decent Homes

The business plan sets out how a commitment to tenants to complete the Decent Homes forward programme by 2014 would be met. Work on the forward programme is ongoing and on track. All tenants in the forward programme are now aware when work is to be carried out to their home.

2.Maintenance backlog - the rest of the backlog

Investment in obsolete heating systems and boilers is the top investment priority from the maintenance backlog and a commitment to tackle 90% of the heating backlog over the first 5 years of the plan was made in the business plan. This was in order to alleviate fuel poverty as well as reducing the high repair costs associated with boiler breakdowns.

Arrangements are now in place with the contractor and the work is expected to be completed by year 5 as planned.

The next priority from the maintenance backlog was roofs with significant and increasing resources being allocated from year 3 (2014/15) onwards. This programme remains as planned with high levels of activity profiled to continue beyond year 5 and into year 6 of the business plan (2017/18). Whilst beyond the current 5 year planning horizon it is anticipated that the 2018/19 budget for roofs will be at least £16.4m in order that the roofing programme can continue as planned and all roofs with a higher priority can be addressed.

3.Unfinished projects

Resources were set aside in the 5 year investment programme for regeneration / refurbishment schemes which were ongoing or yet to be worked up/ approved.

Funding set aside to support tenants to move home and make council dwellings safe where commitments have been given to tenants and residents (SWaN and Park Hill) will continue as planned.

Proposals for Arbourthorne are expected to be the subject of a Cabinet decision in 2013. Subject to this decision, additional HRA resources may be required from the capital programme.

The Council made a decision in respect of older people's accommodation in Stocksbridge on 26th September 2012. This included a decision to bring Balfour House up to the Sheffield Decent Homes Standard in 2013 and to continue with the decommissioning of Sweeney House as planned. This activity will be funded from the investment programme using existing resources.

4. Revenue Repairs

In recent years there has been ongoing financial pressure on the revenue repairs budget. The budget is demand led and is consequently hard to forecast. As the maintenance backlog is eroded over the coming years, this budget pressure should be alleviated and with this in mind, a comprehensive forecast of future revenue repairs costs linked to capital investment is being undertaken in 2012/13. This will be available for next year's review of the business plan. During

2013/14, pending the outcome of this review, it is recognised the repairs budget may face pressures in order that cyclical maintenance can continue as planned.

5. New investment activity for 2013/14

As a result of the overall improved financial position of the plan in 2013/14 new investment priorities are to be added to the council housing investment programme.

i. Council Housing New Build

The HRA will make use of additional resources released as a result of the transfer of council housing delivery into the council by launching a new build programme of 75 new family sized council houses over the next 3 years.

The new build programme will also allow the council to retain any additional receipts generated as a result of the government's 'reinvigoration' of the Right to Buy policy. The changed Right to Buy policy means that in order to retain such receipts locally they must be used as 30% funding for new affordable housing and the Council has entered into an agreement with Government to retain any additional receipts locally for this purpose. Based on current estimates (but with no trend data to base them on) this change in policy may generate an additional £1.3m receipts for affordable housing over the next 3 years.

The total cost of delivering 75 new homes will be around £9.5m. If additional Right to Buy receipts of £1.3m are realised the cost to the HRA will be just over £8m. However it must be stressed that the actual level of receipt income which will be generated as a result of the changed Right to Buy policy is not known.

A lead-in period is always required when undertaking new build. If this lead in period should extend such that additional receipt income cannot be charged against new build before Government deadlines, then the Council reserves the option to make acquisitions of properties in the short term. This would be a means of retaining the receipt within the HRA whilst maintaining stock numbers. Separate to the Right to Buy policy, the Council will also seek funding from the Government to support the purchase by the HRA of long term empty properties for use as council housing. If successful, such funding might be used to create additional council dwellings and rental income into the HRA.

The Council will also explore the viability and benefits of remodelling existing council properties in order to help meet changing demand.

ii. Communal Area Refurbishment

Because initial forecasts suggested the self financing determination from Government would not provide the resources needed, some activities were deemed unaffordable in the original business plan and not factored into the investment plan. Included in this list was the refurbishment of communal areas.

There are over 18,000 flats and maisonettes in the city located within about 3,000 blocks which have not benefitted from substantial refurbishment since they were built. Despite all the investment into the internal improvements through the Decent Homes Programme little or no investment has been made to communal areas. In addition to this as part of the fire risk assessments to flats it has been necessary to take away a mixture of unsafe communal furniture and carpets which have covered poor quality walls stairs and flooring. Unattractive communal areas have a major impact on how customers feel about their home and neighbourhood and at a time when welfare reform will mean greater numbers of people looking to downsize, it is important that flats are an attractive option.

The Decent Homes environmental programme has carried out some door entry installations to low medium rise flats, but not all. Some poor quality communal windows and doors have been replaced but not all.

A new programme of communal area refurbishment will begin in 2013/14 with the focus initially on low rise flats. An additional £1.5m resources will be added to the capital programme for this purpose which, when matched with £1.4m existing funding for basic maintenance brought forward from later in the 30 year plan, will benefit around 3000 properties.

Investment will initially focus on communal door entry security systems but will extend to communal windows and floor coverings. Scoping work will also begin on developing the Council's approach to addressing the standard of communal areas in maisonettes.

Initial proposals for new investment activity are made in this business plan update for the next 3 years although current projections suggest that additional resources are likely to be available beyond this. How such additional resources are made best use of will be the subject of future discussions with tenants as the actual level of resource becomes clearer.

6. Other updates

Work has started in 2012/13 to review the current condition of garage assets in council ownership under the HRA, the income and expenditure of garages, consider the approach to maintenance and investment and make recommendations for investing / disinvesting in specific garages / garage sites in the future. The involvement of tenants in developing proposals is underway.

In September 2012 the Council decided to upgrade the city's community heating sites through the wider installation of heat metering.

d) Financial Summary

The table below sets out the updated investment and repairs budgets over the first years of the business plan.

The original 2012-17 business plan set out an investment programme of £257m over 5 years. No changes have been made to these original investment priorities and the £257m 5 year investment programme remains although some re-profiling of spend has taken place between years in order to allow time for tenants to have a meaningful say in how the investment is delivered locally. Other changes are the transfer of the budget for heat metering installation from 'Other' to 'Decent Homes' following the September decision to upgrade the community heating sites for the whole of the City in addition to the pilot areas previously approved, and refinement of the budgets for Roofs & Externals and Adaptations & DDA to reflect planned activity.

In addition to the existing 5 year programme, additional resource will be added from 2013/14 to fund new priorities and new investment activity. From 2013/14 a new build programme of 75 new council homes will commence. This will represent around £9.5m additional activity over 3 years which is expected to be funded partly from additional Right to Buy receipts (£1.3m) and the remainder from HRA resources. The new communal area refurbishment programme will be funded from £1.5m new resources matched with £1.4m existing resources from the 30 year plan (for basic maintenance of communal areas). A consultation will be undertaken with tenants at the January City Wide Forum to assess the scope for reducing the 2013/14 Going Local budget by half (to £200k) with a view to using this funding to add to the refurbishment programme.

In order to maintain a 5 year planning horizon, a year 6 (2017/18) has been added to the programme, in line with the priorities set out in the original business plan.

Investment	**2012/13 Expected outturn £m**	**2013/14 (incl. slippage) £m**	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**	**5 yr total £m**	**2017/18 £m**
Essential investment work incl. Health & Safety	0.839	3.743	2.011	1.373	1.882	9.848	1.500
Adaptations & DDA	2.200	2.225	2.225	2.225	2.225	11.100	2.100
Regeneration	0.907	7.740	2.550	0.114	0.114	11.425	0.000
Waste	0.500	0.633	0.756	1.906	0.155	3.950	0.000
Other (sheltered lifts, community heating, programme mgt)	0.905	2.730	1.855	2.105	1.805	9.400	1.605
Decent Homes programme	20.820	31.776	2.599	3.300	0.000	58.494	0.000
Heating & boilers	7.600	7.700	10.050	8.250	8.250	41.850	3.500
Roofs & externals	0.050	2.004	21.922	25.310	21.364	70.650	26.300
Electrics	0.000	0.000	1.000	4.000	4.000	9.000	5.000
Other planned elementals (including backtracks)	0.000	6.600	3.547	6.144	15.055	31.346	17.895
Subtotal	**33.820**	**65.150**	**48.515**	**54.727**	**54.850**	**257.062**	**57.900**
New build programme	0.000	0.600	5.115	3.810	0.000	9.525	0.000
Communal area refurbishment	0.000	0.200	2.700	0.000	0.000	2.900	0.000
Total	**33.820**	**65.950**	**56.330**	**58.537**	**54.850**	**269.487**	**57.900**

Repairs	**2012/13 Expected outturn £m**	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**	**5 yr total £m**	**2017/18 £m**
Revenue repairs budget	32.7	33.1	33.1	33.9	34.8	**167.6**	35.4

5. TENANT SERVICES

a) Overview

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

b) Risks

The main risk facing this aspect of the business plan is the challenge on services to gear up to meet the new demands brought about by welfare reform.

c) Updates

<u>1. Ensure all income owed is collected</u>

A key priority for the business plan was to begin work on mitigating the potential impact of the Government's welfare reforms and to start work on this early. The business plan made provision to fund additional staff for the Income Management Unit Team, a specialist debt worker based at the Citizens Advice Bureau (CAB) and Smartmove (previously grant funded).

It is now proposed that additional resources are allocated to this aspect of the business plan as follows;

a) Visiting affected tenants (fast-tracked- already underway)

Social landlords are stressing the importance of face to face contact with tenants when explaining the Government's welfare reform changes to tenants. They say that tenants report they had not understood the changes until they were explained in person. Therefore additional staff are being recruited so that all tenants affected by the benefits cap and the under occupancy rules can be visited at home by April 2013 when the changes come into force.

b) Training on welfare benefits for staff.

The welfare reform changes are large scale and complex. It is proposed that Income Management Unit staff are provided training on the reforms to enable them to better signpost tenants to claim appropriate benefits.

c) Support for under-occupying customers who wish to move

In addition to the downsizing support offered through Smartmove, it is likely that more practical support with moving home) would be beneficial to tenants concerned about the implications of the under-occupancy rules on housing benefit. The cost of providing this additional support will be factored into the business plan.

d) Payment methods

The Council will look to increase the use of alternative payment methods such as direct debits and jam jar accounts to mitigate the risk associated with direct payments to rent accounts ending under the Universal Credit. The cost associated with administering these schemes would need to be funded and these costs will be factored into the business plan.

e) Hardship Fund

The Council will consider the benefits and viability of establishing a limited (HRA) fund that could be accessed by council tenants who are at severe risk of eviction. This would complement the Social Fund which transfers to the City Council from the Department for Work and Pensions in April 2013.

f) Increased funding to the CAB Debt Support Unit for another specialist

This would allow a further 150 tenants to be supported each year to help tenants manage and reduce debts, reduce the number of legal actions taken and improve the sustainability of tenancies.

2. Make best use of homes

The business plan made a commitment to make the re-housing process more effective and efficient by reviewing the lettings policy and introducing a new lettings website for the bidding process.

The completion date for the lettings policy review is now March 2013, with implementation in April 2014. The implementation date for the new lettings website is now July 2013. Due to the slippage to the timetable, efficiency savings associated with the new website have been reduced from £100k to £75k in 2013/14. This is offset by £75k staffing costs for implementation carried forward into 2013/14.

The business plan also had an ambition to improve the sustainability of tenancies over the long term. The Successful Tenancies scoping project completed in the summer of 2012 and it is proposed that the learning from this will be used to inform Future of Council Housing Service design work.

3. Attractive Neighbourhoods

A key aim for 2012/13 was to begin to reduce the high cost of estate services whilst ensuring neighbourhoods continue to be attractive and pleasant places to live. This was to be achieved in two ways.

a. Reviewing green and open space management on council housing land, including a 10% efficiency target for Sheffield Homes and Parks staff in relation to the work they undertake on council housing land.

- Work has commenced in 2012/13 on a pilot in the North East of the city to test integrated working between Sheffield Homes Estate Officers and Sheffield City Council Parks staff and whether this might offer financial efficiencies as well as a more joined up service for the customer.
- Green and Open Space, particularly grass cutting, has been a high tenant priority this year with two reviews of this work area launching in 2012 (Challenge for Change and the Future of Council Housing ‘Safe and Attractive neighbourhoods’ project). In order that these reviews have the opportunity to inform any design of the service it is proposed that implementation of the business plan’s green and open space efficiency targets are delayed by 12 months.

b. Taking a coordinated approach to the prevention of fly tipping through investment in facilities, education and enforcement. This intervention was to be funded through savings made on bulky waste collection service.

- Savings from changes to the bulky waste service are being realised as planned.
- Proposals have been developed for a programme of education and enforcement and these will start to be implemented in a phased approach during 2012/13.

d) Other updates

1. Provision is made for a Going Local budget of £400k in 2013/14 although tenants will be consulted prior to April on whether this should be reduced to £200k to allow £200k to be allocated to investment into communal area refurbishment. This proposal comes as a high proportion of the Going Local budget is currently allocated to communal areas.

2. Cornhill Concierge - The original business plan proposal was to provide a concierge service at the Cornhill temporary accommodation scheme. The project has now been extended to enable relocation of the current office from two converted flats, therefore freeing these properties so they can be converted back to residential accommodation. This is expected to result in additional rental income of around £20k per year.

3 .Others - It is not proposed to make any changes to the plans set out in the original business plan in respect of the Night Time Noise service, the Homefinders service or Digital Region.

e) Financial Summary

The tables below set out the investment and efficiency savings expected during the 5 years of the business plan. Each figure represents a one-off saving (negative numbers) or cost (positive number) compared with the 2011/12 budget and does not take account of inflation.

Where the proposed numbers are different from those in the original business plan, the original numbers are shown in grey beneath the proposed figure.

Indicative figures have also been shown in a new year 6 column in order to maintain a 5 year planning horizon.

Existing activity to mitigate welfare reform	**Yr1 12/13 (£000)**	**Yr2 13/14 (£000)**	**Yr3 14/15 (£000)**	**Yr4 15/16 (£000)**	**Yr5 16/17 (£000)**	**Yr6 17/18 (£000)**
Smartmove	70	70	70	70	70	70
Debt advice worker	40	40	40	40	40	40
Additional IMU staff – preventative & arrears work	50	190	190	190	190	190

x =Original Business Plan figure if different from proposed

Proposed <u>additional</u> activity to mitigate welfare reform	**Yr1** **12/13 (£000)**	**Yr2** **13/14 (£000)**	**Yr3** **14/15 (£000)**	**Yr4** **15/16 (£000)**	**Yr5** **16/17 (£000)**	**Yr6** **17/18 (£000)**
Visiting affected tenants	90 0	0	0	0	0	0
Training on Welfare Benefits	0	5 0	0	1 0	0	1 0
Support for under-occupying customers who want to move	14 0	27 0	14 0	14 0	0	0
Payment methods - jam jar	0	0	37 0	37 0	37 0	37 0
Hardship Fund	0	50 0	50 0	50 0	50 0	50 0
Payment methods - direct debit	0	0	25 0	25 0	25 0	25 0
Increased funding to the CAB Debt Support Unit for another specialist Debt Worker	0	40 0	40 0	40 0	40 0	40 0

Make best use of the homes we have	**Yr1 1** **12/13 (£000)**	**Yr2** **13/14 (£000)**	**Yr3** **14/15 (£000)**	**Yr4** **15/16 (£000)**	**Yr5** **16/17 (£000)**	**Yr6** **17/18 (£000)**
Lettings Policy review implementation & efficiencies	185	140 150	-50	-50	-50	-50
Lettings ICT system - implementation & efficiencies	100	0 -100	-100	-100	-100	-100
Tenancy Sustainment – implementation & efficiencies	50	190	130	0	-250	-250

Invest to save on Estate Services – Open Space Maintenance	**Yr1** **12/13 (£000)**	**Yr2** **13/14 (£000)**	**Yr3** **14/15 (£000)**	**Yr4** **15/16 (£000)**	**Yr5** **16/17 (£000)**	**Yr6** **17/18 (£000)**
Review of estate management arrangements (SH grounds maintenance saving)	0	0 -40	-40 -80	-80	-80	-80
Open space maintenance (10% saving)	0	0 -110	-110 -220	-220	-220	-220
Block cleaning - service improvements	0 50	50 75	75 100	100 125	125 150	150
Cleared Sites	0	-50	-100	-150	-200	-200

x =Original Business Plan figure

Invest to save on Estate Services – Fly tipping costs	Yr1 12/13 (£000)	Yr2 13/14 (£000)	Yr3 14/15 (£000)	Yr4 15/16 (£000)	Yr5 16/17 (£000)	Yr6 17/18 (£000)
Savings from limiting bulky waste collections to one few collection per year	-145	-145	-145	-145	-145	-145
Education and enforcement investment	70 145	150	150	120	100	70
Savings on tipping charges	-20	-59	-97	-133	-169	-169
Savings on staff charges	-26	-78	-128	-177	-225	-225

Other ongoing investment priorities	Yr1 12/13 (£000)	Yr2 13/14 (£000)	Yr3 14/15 (£000)	Yr4 15/16 (£000)	Yr5 16/17 (£000)	Yr6 17/18 (£000)
Going Local	-400	-400	-400	-400	-400	-400
Cornhill concierge (year 1 is capital, not revenue)	121 100	55 100	55 100	55 100	55 100	55
Night time noise service contribution	46	46	46	46	46	46
Homefinders service (pending review)	292	292	292	292	292	292
Digital region – implementation	30	0	0	0	0	0

x =Original Business Plan figure if different from proposed

6. DEBT AND TREASURY MANAGEMENT

a) Overview

This section of the business plan is concerned with how we ensure the risks and opportunities associated with borrowing are optimised for the benefit of the HRA.

b) Risk

The key risk to this element of the business plan is interest rate risk. The HRA currently supports around £346m borrowing. This costs around £18m in interest payments each year. Interest rates can affect the business plan in two ways; on existing variable rate loans, but also when the HRA takes on new loans at a higher than forecast fixed rate. Both of these risks have to be understood and mitigated against in the business plan.

HRA borrowing is made up of a number of different fixed and variable rate loans. As each loan matures the Council can choose to repay it either from rental income, or by taking out a new loan (refinancing). If the Council chooses to repay through refinancing the new loan may either be cheaper or more expensive than the original, depending on interest rates at the time. In order to mitigate the risk of having to take on new debt at high interest rates it is preferable to ensure the Council can always afford to *choose* whether to pay off newly maturing debt from income or by refinancing so is never held to ransom by high interest rates.

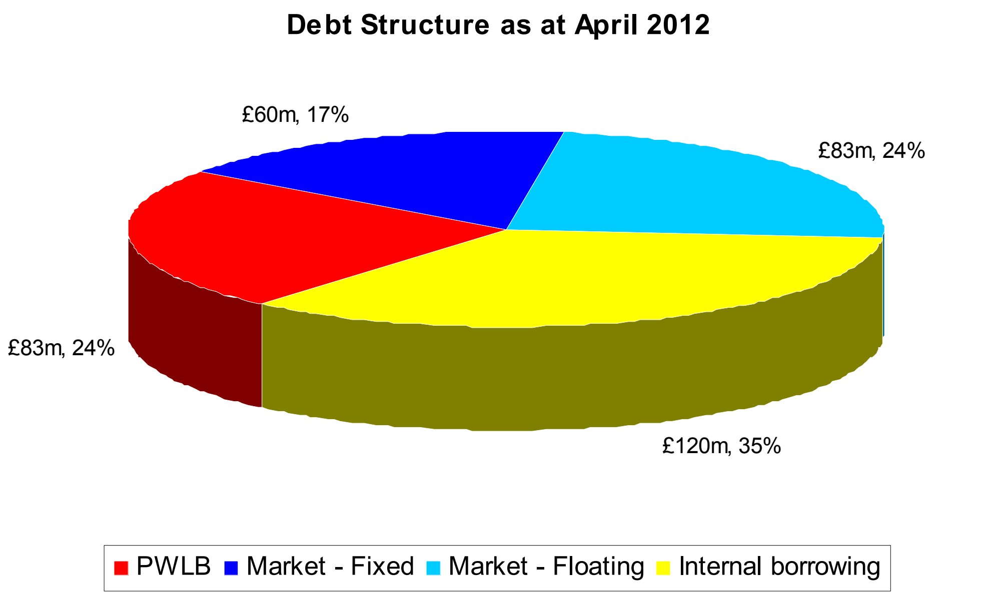
c) Key updates

1. The self financing transaction and subsequent de-pooling of debt

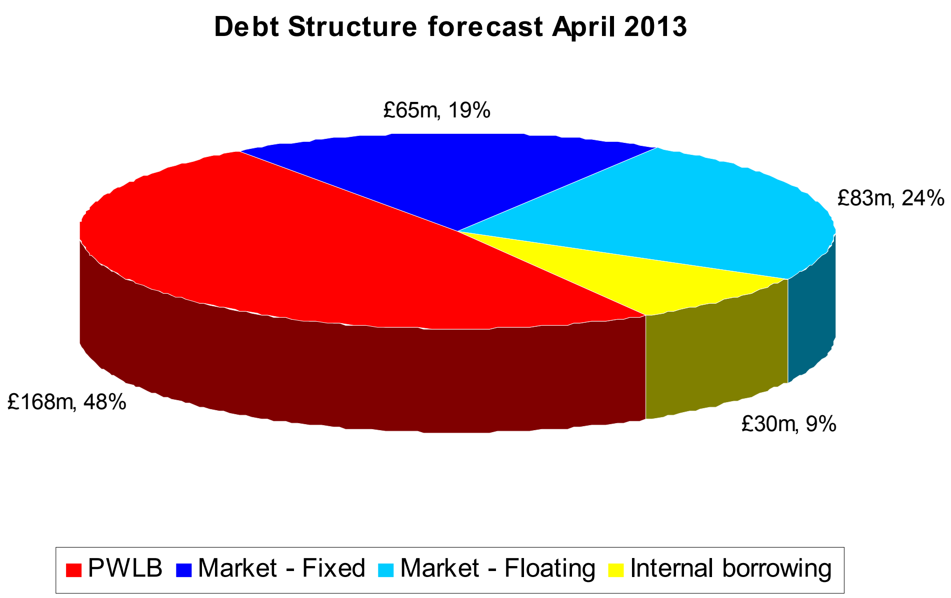
The move to self financing resulted in £518m of Sheffield's HRA debt being written-off by Government on 28th March 2012. This reduced the HRA's borrowing requirement from £864m to £346m and took the HRA's share of the Council's overall borrowing requirement from 68% to 45%.

'Self financing' required the separation of HRA debt from General Fund debt and the management and accounting of each separately. Therefore from April 1st the HRA was required to take 45% of the Council's overall debt portfolio which consisted of fixed-rate PWLB loans, fixed-rate bank (LOBO) loans, floating-rate bank (LOBO) loans and internal borrowing.

HRA debt has now been decoupled from the General Fund for debt management purposes with each type of loan equitably assigned between HRA and General Fund. As of April 2012 the HRA's debt structure was as follows:



At the start of the year the HRA had a significant amount of internal borrowing. Internal borrowing represents the Council's use of cash reserves to finance capital expenditure. This was only a temporary measure and throughout the year a significant proportion of the HRA's internal borrowing needed to be replaced by external borrowing. This has given the HRA the opportunity to take advantage of highly favourable borrowing rates throughout the year which has resulted in lower than forecast interest rate costs to the HRA for 2012/13 and beyond.



2. Developing our approach for managing interest rate risk

The interest rate risk for the HRA is significant and is due to:

1. The amount of floating-rate debt (24%); and,
2. The need to refinance fixed rate debt as and when it matures.

The original business plan set out how one of the continuing challenges for the business plan was the repayment of debt. It said that in choosing to prioritise the funding of the maintenance backlog, the business plan could not afford to pay off debt over 30 years. This would result in continuing interest rate payments and less resource to fund other activities. The business plan's inability to repay debt over 30 years was also a concern in respect of interest rate risk as it increases the likelihood of the HRA having no choice but to refinance newly maturing loans in the future, even if interest rates are prohibitively high at the time.

During 2012/13 work has been undertaken to develop the Council's approach for mitigating interest rate risk in the business plan. Three strategies are being considered.

i. Build the financial capacity into the plan to repay debt over the 30 years of the plan
ii. Quantify interest rate risk exposure to the plan over the next 5 years and build a financial contingency into the HRA reserve to cover it
iii. Set aside an amount of money each year for the repayment of debt in line with the business plan's debt maturity profile (the dates when debt matures and becomes repayable)

The first option has been the interim approach taken by the Council in the transfer to self financing. The premise being that if the plan has the capacity to repay debt over 30 years then any refinancing decisions over the 30 years will be the Council's to make. However, this approach sees the financial capacity to repay debt built into the plan in the later years as financial resources in the early years are prioritised on the maintenance backlog. In the original business plan this capacity was insufficient to repay all debt.

As a result of the improved financial position described in this update report for 2013/14 the business plan does now have the capacity to repay debt over a 30 year period. However, in recognition that this approach does not set aside resources for the repayment of debt until the later years of the plan provision is made in the HRA reserve (option ii) to mitigate interest rate risk in the short to medium term.

Whilst option ii in this list does provide cover to the business plan in the event of interest rate rises in the early years it does not provide the resources for the repayment of debt, only the interest payments. If it were in the best interests of the business plan to repay debt one year, then additional resources would have to be found (most probably out of the capital programme) to fund it.

Therefore it is proposed that in the coming months work is undertaken to explore option iii as a more robust means of mitigating interest rate risk in the business plan. This would see the HRA set aside resources to reflect the maturity profile of its actual current loan portfolio. This would not only mitigate interest rate risk for the business plan but would give more flexibility to create borrowing headroom and tailor the HRA's loan portfolio to the needs to of the business plan. The challenge would be to do this whilst still allowing a sufficient level of resources for investment in the maintenance backlog.

Any *new* borrowing undertaken by the HRA since April 2012 (the start of self financing) will be undertaken in line with option iii and will have a repayment plan.

7. VALUE FOR MONEY

a) Overview

This section on value for money underpins all aspects of the business plan. The section also reviews overheads and support costs such as management costs, accommodation costs and Service Level Agreement (SLA) costs.

b) Risk

The risk to this section of the business plan is that efficiency targets built into the plan do not materialise or that costs associated with achieving them exceed budget. The main risk at this time is the Repairs and Maintenance Redesign as no decision has yet been made about how the efficiencies set out in the business plan will be delivered.

c) Key updates

1. Back Office Efficiencies

The original target in the business plan was to achieve efficiency savings of 10% in 2012/13 and 7.5% in 2013/14 on Sheffield City Council and Sheffield Homes support costs. It is proposed these targets remain.

2. Future of Council Housing Efficiencies

At the time of the first business plan the ballot was yet to be held so no efficiencies and only £180k project costs were factored into the plan. It is now proposed that £1.2m efficiency savings are built into the plan together with a budget for implementation costs. It is also proposed that Sheffield Homes reserves are factored in to the HRA from 2013/14.

3. Repairs and Maintenance service redesign

A business plan priority is for a value for money repairs and maintenance service ready for 2014: “The HRA Business Plan assumes an efficiency saving of 2% (£665k) on the repairs and maintenance service post 2014 but this is dependent on the procurement”. As well as this efficiency target £300k procurement costs for 2012- 2014 were factored into the plan.

The Council is now looking at the options for the HRA Repairs and Maintenance Service with a Cabinet decision expected in early 2013.

d) Financial Summary

The table below set out the investment and efficiency savings expected during the 5 years of the business plan. Each figure represents a one-off savings (negative numbers) or cost (positive number) compared with the 2011/12 budget and does not take account of inflation.

Where the proposed numbers are different from those in the original business plan, the original numbers are shaded grey.

Indicative figures have also been shown in a new year 6 column in order to maintain a 5 year planning horizon.

Value for money	Yr1 1 12/13 (£000)	Yr2 13/14 (£000)	Yr3 14/15 (£000)	Yr4 15/16 (£000)	Yr5 16/17 (£000)	Yr6 17/18 (£000)
SCC/SH support cost efficiencies	-673	-1178	-1290	-1403	-1403	-1403
Future of Council Housing project costs	196 180	196 0	0	0	0	0
Future of Council Housing project implementation/ efficiencies	-25 0	-400 0	-1200 0	-1200 0	-1200 0	-1200 0
Repairs & maintenance implementation and post 2014 efficiencies	200	100	-665	-665	-665	-665

x =Original Business Plan figure

HRA Financial Information   Annex A

Housing Revenue Account – 5 year projections

Year	2012/13 (Forecast outturn as at October 2012)		2013/14	2014/15	2015/16	2016/17	2017/18	Total 2013/14 to 2017/18
	£m		£m	£m	£m	£m	£m	£m
Income								
INCOME TOTAL	**-142.2**		**-147.4**	**-153.9**	**-161.1**	**-166.0**	**-170.9**	**-799.3**
Income from rents	-136.0		-141.4	-147.9	-155.0	-159.8	-164.5	**-768.6**
Other income	-6.2		-6.0	-6.0	-6.1	-6.2	-6.4	**-30.7**
Expenditure								
Homes – revenue repairs	32.7		33.1	33.1	33.9	34.8	35.4	**170.3**
Homes – funding for Capital programme – depreciation	36.4		37.1	38.0	38.9	39.9	40.9	**194.8**
Tenant services (including overheads/ support costs)	49.9		51.3	50.8	51.8	52.8	54.3	**261.0**
Interest on debt	15.7		17.6	17.3	17.5	17.8	18.1	**88.3**
Other expenditure	0.8		1.0	2.7	2.1	2.2	3.4	**11.4**
Total	**135.5**		**140.1**	**141.9**	**144.2**	**147.5**	**152.1**	**725.8**
Surplus (-) or Deficit	**-6.7**		**-7.3**	**-12.0**	**-16.9**	**-18.5**	**-18.8**	**-73.5**
Opening revenue reserve	-11.7		-25.5	-10.0	-10.0	-10.0	-10.0	
Surplus (-) or Deficit	-6.7		-7.3	-12.0	-16.9	-18.5	-18.8	
Contribution to the Capital Programme	0.4		22.8	12.0	16.9	18.5	18.8	
Sheffield Homes Reserve	-7.5		0.0	0.0	0.0	0.0	0.0	
Closing revenue reserve	-25.5		-10.0	-10.0	-10.0	-10.0	-10.0	

Capital Account – 5 year projections

Year	2012/13 (Forecast outturn as at October 2012)		2013/14	2014/15	2015/16	2016/17	2017/18	Total 2013/14 to 2017/18
	£m		£m	£m	£m	£m	£m	£m
Expenditure								
EXPENDITURE TOTAL	**33.8**		**66.0**	**56.3**	**58.5**	**54.8**	**57.9**	**293.5**
Funding								
Homes – funding for Capital programme depreciation	-36.4		-37.1	-38.0	-38.9	-39.9	-40.9	-194.8
Revenue Surplus	0.0		-7.3	-12.0	-16.9	-18.5	-18.8	-73.5
Contribution from revenue reserves	-0.4		-15.5	0.0	0.0	0.0	0.0	-15.5
Borrowing	0.0		0.0	-4.3	-1.6	0.0	0.0	-5.9
RTB receipts	-1.3		-1.4	-1.2	-0.9	-1.2	-1.2	-5.9
Other capital contributions	-0.2		-0.2	-0.8	-0.2	-0.2	-0.2	-1.6
Total funding	**-38.3**		**-61.5**	**-56.3**	**-58.5**	**-59.8**	**-61.1**	**-297.2**
Capital balance b/f	0		-4.5	0	0	0	-5.0	
Use of /-contribution to balances in year	-4.5		4.5	0	0	-5.0	-3.2	
Capital balance c/f	-4.5		0	0	0	-5.0	-8.2	

HRA Financial Assumptions **Annex B**

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 2012/13	41,361
Homes - dwellings by 2042	36,816
Number of RTBs 2013/14	149
Total number of RTBs by 2042	4,285
Rents assumed at inflation + 0.5% from 2013/14	Based on 2.75%
Convergence date	2015-16
All income lines excluding supported housing funding	Increased by inflation 2.75% from year 3 (2014/15)
Supported housing subsidy	No uplift
Management costs for Sheffield Homes and SCC	Increased by inflation 2.75% from year 3 (2014/15)
Bad Debts	Average of 1% of debt
Void rate	1.55%
Repairs	Increased by contractual inflation to 2014 then 2.75%
HRA reserves are maintained in accordance with risk based reserves strategy	**£10m** in 2013/14

Debt assumptions	Assumption
Opening HRA Borrowing requirement as of 1st April 2012	£349m
HRA borrowing limit	£391m
Interest rates on HRA debt	Approx rates 4.1% to 5.2%

Capital assumptions	Assumption
Capital receipts	£9,417 RTB receipts credited to HRA to cover average debt per dwelling. Additional receipts used towards affordable housing.
Capital management fee has been assumed throughout the model	£3.7 million per annum 2013/14
SCC capital costs council housing investment	£0.605 million per annum 2013/14

Sheffield City Council

SHEFFIELD CITY COUNCIL

Cabinet

Report of:	Laraine Manley – Executive Director Resources
Date:	16 January 2013
Subject:	Implementation of the Living Wage
Author of Report:	Cheryl Blackett - Head of Human Resources

Summary:
This report recommends the introduction of the Living Wage for Sheffield City Council and makes recommendations for its practical implementation following a resolution at Council on 7 November 2012.

Reasons for Recommendations:
Following a resolution at Council on 7 November to support the Administration's commitment to providing the Living Wage of £7.20 per hour for all Council employees from 1 January 2013 (rising to £7.45 from 1 April 2013), as directed, this report is presented to Cabinet to outline plans to implement a Living Wage in the Council and to promote a Living Wage for Sheffield involving partners across the City in public, private and voluntary sector organisations.

Recommendations:

- The Living Wage is introduced in Sheffield City Council;
- Cabinet approve the approach to implementation outlined in this report;
- The Council promotes a Living Wage for Sheffield involving partners across the City in public, private and voluntary sector organisations.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES/ Cleared by: Allan Rainford, Deputy Director of Finance
Legal Implications
YES/ Cleared by: Scott Fitzjohn, Employment Solicitor
Equality of Opportunity Implications
YES/ Cleared by: Kate Flannery, HR Consultant
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
YES
Community safety implications
NO
Human resources implications
YES
Property implications
NO
Area(s) affected
Relevant Cabinet Portfolio Leader
Cllr Bryan Lodge

Relevant Scrutiny and Policy Development Committee if decision called in
Overview and Scrutiny Management Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

IMPLEMENTATION OF THE LIVING WAGE

1. SUMMARY

1.1 This report recommends the introduction of the Living Wage for Sheffield City Council and makes recommendations for its practical implementation following a resolution at Council on 7 November 2012. It further recommends that the Council promotes a Living Wage for Sheffield with partners across the City in public, private and voluntary sector organisations.

2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 The Council's Corporate Plan, Standing Up for Sheffield, commits Sheffield City Council to tackling poverty and increasing social justice.

Introducing the Living Wage will improve the income levels of a substantial number of low paid individuals in the Council and therefore the City which will not only improve their quality of life but also increase their spending power which will, in turn, impact on the local economy.

3. OUTCOME AND SUSTAINABILITY

3.1 Research has shown that there is clear evidence of benefits to employers from implementing the Living Wage such as improved recruitment and retention, higher employee morale, motivation and productivity in addition to the reputational benefits of being an ethical employer (Living Wage Foundation).

Adopting the Living Wage will demonstrate to the wider community the positive impacts and potentially encourage other public, private and voluntary sector organisations to follow our lead.

4. IMPLEMENTATION OF THE LIVING WAGE

4.1 Background

The concept of a Living Wage is well established, although there are a number of different rates and concepts that have been promoted in recent years such as the national minimum wage and the Council of Europe Decency Threshold. The national minimum wage is currently £6.19 for employees aged 21 and over and is a statutory requirement, whereas the Living Wage Scheme is voluntary.

The Living Wage Foundation has calculated that the Living Wage should be £8.30 per hour in London (rising to £8.55 in 2013) and £7.20 per hour outside London (rising to £7.45 in 2013). It has been adopted by many employers who have reported benefits such as reduced absenteeism and improved recruitment and retention. Local Authorities that have introduced the Living Wage include Glasgow, Preston, Birmingham, as well as a number of London councils.

The City Council set up a Fairness Commission to make a non-partisan strategic assessment of the nature, extent, causes and impact of inequalities in the City and to make recommendations for tackling them. The Commission will publish its report early in 2013 and it is anticipated that the Commission will recommend the city adopts the Living Wage.

On 7 November 2012 Council confirmed support for the commitment to introducing the Living Wage for Council employees from 1 January 2013 in acknowledgement of the impact on staff of the pay freeze in local government and the increment freeze introduced in the Council and directed that a report be brought to Cabinet outlining plans for implementation and to promote a Living Wage for Sheffield involving partners across the city in public, private and voluntary sector organisations.

4.2 **Accreditation**

The Living Wage Foundation offer accreditation to employers that pay the Living Wage; or those committed to an agreed timetable of implementation, by awarding the 'Living Wage Employer' mark. It should be noted that there is a distinction between an employer paying the Living Wage and an employer who commits to accreditation.

Accredited Living Wage employers are required to take the following actions within 3 months of the formal signing of the Accreditation Licence:

- Ensure that all directly employed staff over the age of 18 (other than apprentices or interns) are paid no less than the Living Wage;
- Increase the amount paid to employees, by the same amount as any increase to the Living Wage, within 6 months of the date on which any increase in the Living Wage is officially announced;
- Notify all affected employees of the date of the next increase within one month of the official announcement.

The Living Wage Foundation does not take into account the value of the overall terms and conditions package (such as annual leave, sick pay and pension arrangements). If the Council sought recognition from the Living Wage Foundation, it would have to commit to the above conditions in full within the set timescales. There would be no flexibility to review the pay rates if alternative ways of addressing low pay were to be proposed nationally or locally.

In addition, the Council would need to ensure that the measures above are implemented for staff employed by contractors and sub-contractors within an agreed period of time after the formal signing of the Accreditation Licence.

The Council is therefore not seeking accreditation at this stage.

4.3 **Scope**

1903 employees in total would be impacted by the introduction of the Living Wage · 257 non-school employees and 1646 employees in schools where the pay is determined by the authority.

In foundation, voluntary aided and foundation special schools the Governing Body is responsible for determining the pay, terms and conditions of employees, therefore it would be a matter for the Governors to decide whether or not to adopt the Living Wage. Academies are an entirely separate employer covered by the Academies Act 2010 and it would be their decision whether or not to adopt the Living Wage.

The scope of the Living Wage Foundation does not include interns or apprentices and therefore the numbers have not been included in the figures above. However, Sheffield City Council will introduce an equivalent uplift for Apprentices on the Sheffield 100 programme for the duration of their apprenticeship. This equates to a 15% supplement from January 2013.

Agency workers (on average 84 each month) would also be affected.

The Living Wage Foundation defines a casual as 'a worker who is working on the employer's premises for two or more hours per week, for eight or more consecutive weeks in the year'. If these workers were included approximately 171 additional individuals would be added to the non schools total.

4.4 **How to Implement the Living Wage**

It is recommended that Sheffield City Council seeks a Collective Agreement with the Trade Unions. This is the most administratively efficient method of adoption and the most robust way of avoiding legal challenge. If adopted via a Collective Agreement, community schools would be bound by the agreement provided the Governing Body did not object and thus all SCC employees earning less than £7.20 per hour (£7.45 in April 2013) would benefit from the proposal. Governors who did object would risk challenge from employees.

4.5 **Method of Implementation**

The Council is proposing to implement the Living Wage as a supplement. The rationale for this is that it provides a positive annual process which enables the Council to recalibrate the Sheffield City Council Living Wage in line with that determined nationally; this would provide flexibility and make the change process more straightforward.

The current grading structure in Sheffield City Council is based on the NJC national pay spine and is amended through national pay bargaining arrangements. The current structure is attached at **Appendix 1**. Currently hourly rates applied within the Council are lower than the suggested Living Wage up to and including spinal column point 9 (10 in April 2013) within grade 2.

If the Council introduced the Living Wage this would effectively remove Grade 1 from the current grading structure. To avoid impacting on the structure, it is proposed that this payment is made as a supplement to the hourly rate. This is similar to the provisions applied through the use of market supplements. This is a tried and tested principle that has been subjected to legal tests. On a balance of probabilities it is likely that the Council will be able to justify the differential treatment compared to other employees on the basis that the application of the Living Wage is a proportionate means of achieving a legitimate aim, i.e. paying a Living Wage and addressing poverty.

This also ensures the current grades match against the job scoring used in the recently undertaken Job Evaluation exercise which will reduce the risk of equal pay claims as it would be applied consistently across the authority.

The Living Wage supplement will not be consolidated into pay and so will not be taken into account for payment of other elements of pay, e.g. overtime, night, weekend and bank holiday enhancements and unsocial hours' payments.

It is recommended that the Living Wage supplement uses basic pay rates and excludes any enhancements as the payment of a supplement could be complicated if agreed enhancements are taken into account as part of the calculation method. Administratively this will also be simpler to manage.

However the payment is made it will be pensionable and therefore incur the employer's contribution for those who pay into the pension scheme.

4.6 **Living Wage for Sheffield**

If approved, the Council will promote the Living Wage by writing to partners across the City in public, private and voluntary sector organisations explaining the Council's rationale for implementing it and the benefits and to encourage other organisations to consider it. The Council will seek a commitment to the Living Wage from potential partners and contractors through procurement processes.

4.7 **Legal Implications**

As the introduction of the Living Wage would impact on the differentials between the lowest paid and the grade above this may have litigious consequences.

It is strongly advised against amending the pay structures. The best way of implementing the Living Wage is to pay a supplement. The main benefit of a payment of a supplement to bring individuals up to the Living Wage is transparency and would also be easier to remove if necessary.

There are no real precedents for Living Wage issues. The majority of other local authorities who have introduced Living Wage have done so as a supplement.

4.8 **Financial Implications**

To implement the Living Wage by introducing an additional allowance would cost £107k (£134k including on costs) pa for SCC employees outside schools. This figure is based on contracted hours. The cost for on average 171 casual non schools workers would be £6.5K pa. If approved this would be incorporated into budgets through the normal budget setting process.

In schools the cost would be approximately £619k (£774k including on-costs) pa. This figure is based on actual hours worked. If approved this would be funded by the schools.

The Council will fund the additional costs for existing Apprentices and those that join the Sheffield 100 programme in April 2013 who are employed in private sector organisations. The additional costs for Apprentices in the Council will be met by the employing service. The total cost associated with Apprentices employed within the Council is approximately £20k pa including on-costs.

4.9 **EO Implications**

A full equality impact assessment is being carried out.

4.10 **HR Implications**

Paying the Living Wage will identify Sheffield City Council as an ethical employer. The Living Wage Foundation research shows improved recruitment and retention rates, improved morale and motivation and higher productivity in those organisations that have adopted the Living Wage.

It will reduce the gap between female and male workers (an aim of the pay review EIA actions) at a time when the increment freeze prevents acceleration through the grade.

There is potential for some industrial relations issues as the differential between grades in terms of pay rates is eroded, which could mean that some employees are earning the same as the people they supervise.

Implementation of the Living Wage may impact on benefits or tax credits.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 The Council intends to seek a collective agreement to implement the Living Wage. If this is not possible, it may be imposed by individual contract variation. Whilst the likelihood of a challenge is limited, it would be difficult to defend legally if challenged.

5.2 Consideration was given to amending the grading structure rather than introducing a supplement. This would increase the risk of equal pay claims as previously posts in grade 1 and 2 were determined via the Job Evaluation Scheme to be of different values. The cost of this approach would be £169k (£210k including on-costs) outside schools, and £768k (£960k with on-costs) in schools.

6. REASONS FOR RECOMMENDATIONS

6.1 Following a resolution at Council on 7 November to support the Administration's commitment to providing the Living Wage of £7.20 per hour for all Council employees from 1st January 2013 (rising to £7.45 from 1st April 2013), as directed, this report is presented to Cabinet to outline plans to implement a Living Wage in the Council and to promote a Living Wage for Sheffield involving partners across the City in public, private and voluntary sector organisations.

6.2 It is recommended that the Living Wage is implemented for Sheffield City Council employees via a Collective Agreement with the Trade Unions because it is the most robust approach. This would cover schools would thus ensuring a consistent approach across the authority.

The chosen method of implementation is via a supplement using basic pay rates as this provides the authority with the best legal justification and ensures the grading structure is not undermined.

7. RECOMMENDATIONS

7.1 It is recommended that:

- The Living Wage is introduced in Sheffield City Council;
- Cabinet approve the approach to implementation outlined in this report;

- The Council promotes a Living Wage for Sheffield with partners across the City in public, private and voluntary sector organisations.

Pay Scales (Local Government Services) with effect from 1 April 2010

<table>
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SHEFFIELD CITY COUNCIL
Cabinet Report

Report of:	Simon Green, Executive Director - Place Portfolio
Date:	16th January 2013
Subject:	Park Hill Redevelopment
Author of Report:	Derek Martin, Director of HER (57017)

Summary:

The report provides an update on the redevelopment of the Park Hill Estate. It recommends the granting of more comprehensive delegated powers including assigning or causing the assignment of the lease to the Executive Director of Place to progress the redevelopment.

Reasons for Recommendations:

Granting comprehensive delegations of authority to the Executive Director of Place now will help to enable a timely conclusion of any re-negotiation of Phase 1.

Recommendations:

Cabinet is recommended:-

(1) to note the current position in relation to the redevelopment of Park Hill

(2) to authorise the Executive Director, Place to take such steps as he shall consider appropriate to progress the redevelopment of Park Hill and/ or to protect the Council's interests in this matter, including (but without limiting the generality of this authority):-

(i) to negotiate and agree any amendments to any existing agreements, leases or arrangements that he may consider appropriate;

(ii) to exercise the Council's rights to rescind, terminate, forfeit or assign any existing agreements (including, without limitation, the

Development and Funding Agreements) or leases (including without limitation the lease of Phase 1);

(iii) to negotiate and approve such new agreements, leases or arrangements, with such parties and on such terms, as he may consider appropriate;

(iv) to approve design proposals on behalf of the Council as land owner and local housing authority but not as local planning authority;

(v) to approve funding and business plans of any third parties;

(vi) to negotiate and approve nominations agreements for lettings with any third parties;

(vii) to give any other consents or approvals and to exercise any powers required or permitted to be exercised by the Council under the terms of any agreement or lease entered into at any time in connection with the redevelopment of Park Hill;

Provided that the authority hereby conferred shall be exercised:-

(a) as regards matters falling within paragraphs (i), (ii) and (iii) above, in consultation with the Director of Legal Services, either the [Executive Director, Resources / Director of Finance] and [the Cabinet Member with responsibility for Finance];

(b) as regards matters falling within paragraph (v) above, in consultation with either the [Executive Director, Resources or the Director of Finance] and [the Cabinet Member with responsibility for Finance];

(c) as regards matters falling within paragraph (vi) above, in consultation with the [Executive Director, Communities] and [the Cabinet Member with responsibility for Housing];

and as regards the terms of any lease, shall not be exercised without the consent of the Council's [Chief Property Officer].

Background Papers:

Cabinet Report 12 October 2005
Cabinet Report 25 February 2009
Cabinet Report 18 March 2009
Cabinet Report 7 October 2011

Category of Report: OPEN

If Closed add – ‘Not for publication because it contains exempt information under Paragraph… of Schedule 12A of the Local Government Act 1972 (as amended).’

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* Delete as appropriate

Statutory and Council Policy Checklist

Financial Implications
YES/NO Cleared by:
Legal Implications
YES/NO Cleared by:
Equality of Opportunity Implications
YES/NO Cleared by:
Tackling Health Inequalities Implications
YES/NO
Human rights Implications
YES/NO:
Environmental and Sustainability implications
YES/NO
Economic impact
YES/NO
Community safety implications
YES/NO
Human resources implications
YES/NO
Property implications
YES/NO
Area(s) affected
Relevant Cabinet Portfolio Leader
Cllr Harry Harpham
Relevant Scrutiny Committee if decision called in
Is the item a matter which is reserved for approval by the City Council?
YES/NO
Press release
YES/NO

PARK HILL REDEVELOPMENT

1.0 SUMMARY

1.1 The report provides an update on the redevelopment of the Park Hill Estate. It recommends the granting of more comprehensive delegated powers including assigning or causing the assignment of the lease to the Executive Director of Place to progress the redevelopment.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 The redevelopment of the Park Hill estate will provide range, quality and choice of city centre apartments. A number of these new homes will be for affordable rent and shared equity/ownership.

3.0 OUTCOME AND SUSTAINABILITY

3.1 Flank A of Phase 1 has already been delivered and provides 78 new homes in this city centre location. A further 185 new homes will be developed to complete Phase 1 making best use of an existing listed structure. These homes can be accessed by residents from affordable for rent through to outright sale.

3.2 The homes themselves are built to high eco standard utilising the existing district heating system and with high insulating materials which will make them cheaper to run and reduce the carbon footprint.

4.0 BACKGROUND AND PROPOSALS

4.1 The Park Hill estate is a Grade II* listed building, originally comprising 1000 units of council housing in need of refurbishment and a viable future. As a listed building, demolition is not an option unless all other options have been proven not to be viable. SCC committed to a transformational scheme to bring investment to ensure an attractive, contemporary usage for Park Hill, complement the regeneration of Sheffield’s city centre, and further the ambition to create successful neighbourhoods.

4.2 The Park Hill development brief set out a vision for Park Hill to deliver a sustainable future for the whole estate. To achieve this the developer was asked to provide the following:

- A high quality sustainable regeneration solution for the whole of Park Hill
- Long term repairs to the structure of the buildings and historic details of the external fabric
- Refurbishment of the interior of the buildings
- A mixed use development
- Use of good design which highlights and enhances the existing architectural features and the heritage status of the buildings
- High quality public realm and improvement to the existing adjacent open spaces in furtherance of the city's reputation as a green city
- A high impact visual gateway to the city
- Improved accessibility with high quality connections and linkages and safe public routes to the city centre and railway station

4.3 In order to deliver our vision we are working with the Homes and Communities Agency and Urban Splash, a developer experienced in delivering high quality regeneration projects in urban areas. Urban Splash were chosen as a result of a competitive procurement process on the basis of their delivery track record, ability to deliver wider regeneration impacts, design excellence and their financial package. Great Places Housing Group are also key partners who will provide the affordable housing element, both for rent and low cost home ownership. GPHG were appointed using the same process as Urban Splash.

4.4 The regeneration proposals will create a mixed tenure, mixed use complex, which will be financially viable, and complement the regeneration of the city centre.

4.5 The regeneration of Park Hill is scheduled to be delivered in a number of phases. At present only phase 1 is being worked on. The enveloping of phase 1 is nearing completion. This includes flanks A, B and C. The fitting out of the homes for flank A is also nearing completion.

4.6 The sale of these flats has been actively marketed over the last 12 months and over 22 flats have either been purchased or reserved for owner occupation. This, along with the homes being purchased by Great Places Housing Group, has meant that half the homes in flank A have been sold.

4.7 All partners involved in the redevelopment process have acknowledged that now is the time to put into place a financial package to complete all of Phase 1 both internally and externally including environmental improvements around the block.

4.8

The negotiations to complete the financial packages are nearing final agreement and in order to complete these, this report seeks additional delegated authority to be given to the Executive Director, Place.

4.9 At present the Executive Director is authorised to give all consent and approvals and to exercise any powers required or permitted to be exercised under the terms of any lease or development or other agreement entered into in connection to the refurbishment of Park Hill.

4.10 The Executive Director cannot currently exercise any power to forfeit or terminate any lease or agreement. The regeneration of the Park Hill estate is progressing satisfactorily and the Council needs to be in a position to finalise the redevelopment of Phase 1. Granting comprehensive delegations of authority to the Executive Director now will help to enable a timely conclusion of any renegotiations for Phase 1.

5.0 LEGAL IMPLICATIONS

5.1 The refurbishment of Park Hill is a complicated scheme to be carried out over a number of years. The original legal agreements remain in place with some variations to reflect agreed changes and make provision for the uncertainties associated with a long scheme. Negotiations are ongoing to put in place a financial package for the completion of Phase 1 and these agreements will be kept under review. It is therefore recommended that the Executive Director Place in consultation with the Director of Legal Services, either the Executive Director, Resources or the Director of Finance, and the Cabinet Member with responsibility for Finance is authorised to negotiate and agree any amendments to any existing agreements, leases or arrangements that he may consider appropriate, to exercise the Council's rights to rescind, terminate, forfeit or assign any existing agreements (including, without limitation, the Development and Funding Agreements) or leases (including without limitation the lease of Phase 1) and to negotiate and approve such new agreements, leases or arrangements, with such parties and on such terms, as he may consider appropriate. Before the exercise of that authority , the relevant legal implications would be considered in detail.

5.2 Officers are mindful of the importance of putting into place appropriate arrangements to secure the desired outcomes, ensure compliance with legal requirements and protect the Council's position. The Council's Contracts Standing Orders will be adhered to throughout and as regards the terms of any lease, this authority shall not be exercised without the consent of the Director of Property and Facilities Management.

6.0 ALTERNATIVE OPTIONS CONSIDERED

6.1 The redevelopment process could be delayed in order to seek Cabinet approval at all the various stages of the renegotiation process. Any such delay could have significant financial consequences.

7.0 REASONS FOR RECOMMENDATIONS

7.1 Granting comprehensive delegations of authority to the Executive Director now will help to enable a timely conclusion of any renegotiations for Phase 1.

8.0 RECOMMENDATIONS

8.1 To note the current position in relation to the redevelopment of Park Hill

8.2 To authorise the Executive Director, Place to take such steps as he shall consider appropriate to progress the redevelopment of Park Hill and/ or to protect the Council's interests in this matter, including (but without limiting the generality of this authority):-

(i) to negotiate and agree any amendments to any existing agreements, leases or arrangements that he may consider appropriate;

(ii) to exercise the Council's rights to rescind, terminate, forfeit or assign any existing agreements (including, without limitation, the Development and Funding Agreements) or leases (including without limitation the lease of Phase 1);

(iii) to negotiate and approve such new agreements, leases or arrangements, with such parties and on such terms, as he may consider appropriate;

(iv) to approve design proposals on behalf of the Council as land owner and local housing authority but not as local planning authority;

(v) to approve funding and business plans of any third parties;

(vi) to negotiate and approve nominations agreements for lettings with any third parties;

(vii) to give any other consents or approvals and to exercise any powers required or permitted to be exercised by the Council under the terms of any agreement or lease entered into at any time in connection with the redevelopment of Park Hill;

Provided that the authority hereby conferred shall be exercised:-

(a) as regards matters falling within paragraphs (i), (ii) and (iii) above, in consultation with the Director of Legal Services, either the [Executive Director, Resources or the Director of Finance] and [the Cabinet Member with responsibility for Finance];

(b) as regards matters falling within paragraph (v) above, in consultation with either the [Executive Director, Resources or the Director of Finance] and [the Cabinet Member with responsibility for Finance];

(c) as regards matters falling within paragraph (vi) above, in consultation with the [Executive Director, Communities] and [the Cabinet Member with responsibility for Housing];

and as regards the terms of any lease, shall not be exercised without the consent of the Council's [Chief Property Officer].

Simon Green
Executive Director, Place

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SHEFFIELD CITY COUNCIL
Cabinet Report

Report of:	Eugene Walker
Date:	16 January 2012
Subject:	Revenue Budget & Capital Programme Monitoring 2012/13 – As at 31 October 2012
Author of Report:	Allan Rainford; 35108

Summary: This report provides the month 7 monitoring statement on the City Council's Revenue and Capital Budget for 2012/13.

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

Recommendations:

Please refer to paragraph 90 of the main report for the recommendations.

Category of Report: OPEN/~~CLOSED~~

Statutory and Council Policy Checklist

Financial implications
YES/~~NO~~ Cleared by: Eugene Walker
Legal implications
~~YES~~/NO Cleared by:
Equality of Opportunity implications
~~YES~~/NO Cleared by:
Tackling Health Inequalities implications
~~YES~~/NO
Human rights implications
~~YES~~/NO :
Environmental and Sustainability implications
~~YES~~/NO
Economic impact
~~YES~~/NO
Community safety implications
~~YES~~/NO
Human resources implications
~~YES~~/NO
Property implications
~~YES~~/NO
Area(s) affected
Relevant Scrutiny Board if decision called in
Strategic Resources and Performance
Is the item a matter which is reserved for approval by the City Council? YES/NO
Press release
~~YES~~/NO

REVENUE BUDGET & CAPITAL PROGRAMME MONITORING 2012/13 – AS AT 31ST OCTOBER 2012

PURPOSE OF THE REPORT

1. This report provides the Month 7 monitoring statement on the City Council's Revenue Budget and Capital Programme for 2012/13. The first section covers Revenue Budget Monitoring and the Capital Programmes are reported from paragraph 71.

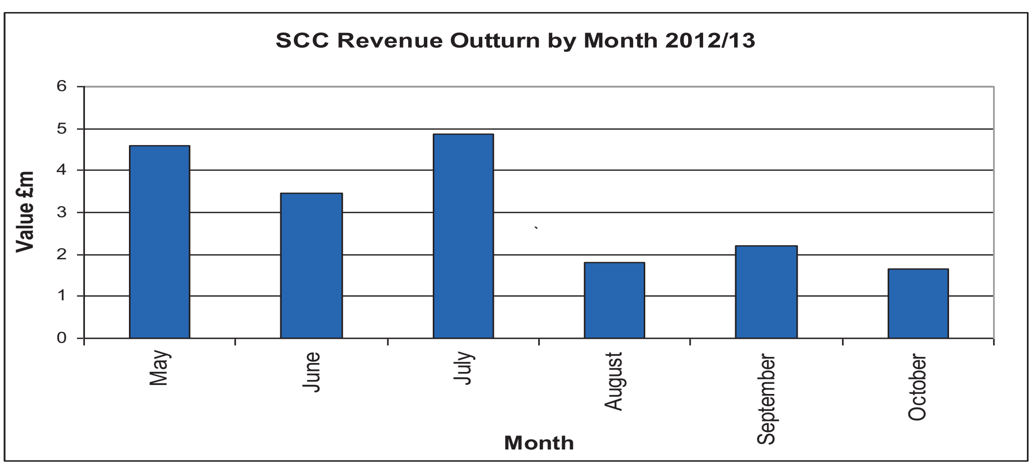
REVENUE BUDGET MONITORING

SUMMARY

2. The budget monitoring position at month 6 indicated a forecast overspend of £2.2m, based on expenditure incurred to date and forecasted trends to the year end. The latest monitoring position at month 7 shows a forecast overspend of £1.7m to the year end: i.e. a forecast improvement £551k since last month. This is summarised in the table below:

Portfolio	FY Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 6
CYPF	81,214	81,605	(391)	⇩
PLACE	164,201	164,479	(279)	⇩
COMMUNITIES	172,143	169,333	2,810	⇧
DEPUTY CHIEF EXECUTIVE	12,125	12,040	85	⇔
RESOURCES	61,308	61,838	(530)	⇩
CORPORATE	(489,337)	(489,295)	(42)	⇩
GRAND TOTAL	**1,654**	**0**	**1,654**	⇩

3. The forecast outturn for SCC shows a reducing overspend from the £4.6m overspend reported in May 2012 to £1.7m in October 2012. The position month by month is shown in the following chart:



4. In terms of the month 7 overall forecast position of £1.7m overspend, the key reasons are:

   - Children Young People and Families (CYPF) are showing a forecast reduction in spending of £391k, due mainly to a reduction in spending of £348k against grant funding provided by Skills Funding Agency.
   - Place are showing a forecast reduction in spending of £279k, due primarily from planned slippage' of grant funded project spend within HERS of £553k and £319k from staff vacancy savings across Development Services. These savings are partly offset by a £140k overspend in Street Force for the costs of backdated pay and grading appeals and £340k within Culture and Environment mainly due to funding stabilisation programme of Museums Sheffield (£500k).
   - Communities are showing a forecast overspend of £2.8m, due to a £5m overspend in Care and Support relating to Learning Disability Services and the purchase of Older People's care. This is partly offset by the use of a £1m portfolio wide contingency and a £1.1m underspend created by the release of £1.6m of prior year funding in Social Care Commissioning.
   - Resources are showing a forecast reduction in spending of £530k, due to £580k savings on Central Costs, £476k increased income in Commercial Services and £269k in Human Resources mainly due to income from traded services not previously forecast. This reduction in spending is partly offset by a reduction in income of £458k within Legal Services and an overspend relating to delays in the employee reduction process within Business Information Solutions of £265.

5. The key reasons for the £551k improvement from month 6 are:

   - Children Young People and Families are forecasting an improvement of £540k, due mainly to a reduction in spending on grant funded programmes (carry-forward requests are made in the portfolio section).
   - Place are forecasting an improvement of £498k, due to a £220k reduction in spending on street lighting energy costs, £185k savings on staffing and others costs within Development Services and £123k increase in the planned 'slippage' of Local Growth Fund projects. These improvements are partly offset by an adverse movement of £112k within the Street Force for backdated pay and grading appeals.

- Communities are forecasting an adverse movement of £1.4m, due predominantly to £1.8m in Care and Support as a result of the inclusion of the risk identified in month 6 of not achieving the £1.2m savings from the reablement initiative and £610k additional pressure across the service. This adverse movement is partly offset by a £360k improvement across all areas of the Commissioning Service.
- Resources are forecasting an improvement of £756k, due to a £107k saving on the Reed Agency Contract, £269k in Human Resources mainly due traded income not previously forecast, improved forecast of non-core charging income in legal services £119k and reduced spending on central costs of £119k.

INDIVIDUAL PORTFOLIO POSITIONS

CHILDREN YOUNG PEOPLE AND FAMILIES (CYPF)

Summary

6. As at Month 7, the Portfolio is forecasting a full year outturn of a reduction in spending of £391k, an improvement of £540k from the month 6 position. Lifelong Learning, Skills & Communities are forecasting a £422k reduction in spending, due to resources that will be used to fund future year activities. This relates to academic grant funding of £348k, it is recommended that these resources be carried forward provided the Portfolio maintains a balanced budget position.

Financials (Non – DSG activity)

Service	FY Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 6
BUSINESS STRATEGY	13,202	13,168	34	⇔
CHILDREN & FAMILIES	54,433	54,416	17	⇔
INCLUSION & LEARNING SERVICES	5,585	5,605	(20)	⇔
LIFELONG LEARN, SKILL & COMMUN	7,995	8,416	(422)	⇩
GRAND TOTAL	**81,214**	**81,605**	**(391)**	⇩

Commentary

DSG and Non DSG Budgets

7. The following commentary concentrates on the changes from the previous month.

Non-DSG Budgets

Lifelong Learning and Skills

8. The forecast variance in Lifelong Learning, Skills and Communities of £400k is due, in the main, to grants that are accounted for in the Council's revenue account as learners start courses. The grant income covers more than one financial year because it is front loaded by the Skills Funding Agency with an expectation that expenditure will be drawn down throughout the academic year. A request for approval is included in the recommendations of the report in recognition that spending will be based on an academic year, and therefore £348k is required to be moved to the 2013/14 financial year.

Children & Families

9. The Council has received funding of £2.3 million for the successful families initiative. This is not reflected in the figures for month 7 but will be shown in month 8 monitoring. An analysis of the expenditure required for the remainder of the current financial year has been undertaken and it is anticipated that £1.8 million needs to be carried forward to meet future years expenditure in order to achieve the outcome targets that have been set.

DSG Budgets

10. The following is a summary of the forecast variance position on DSG budgets:

	Month 6 £000	**Month 7 £000**
Business Strategy	(110)	(146)
Children and Families	(62)	(86)
Inclusion and Learning Services	178	144
Lifelong Learning, Skills and Communities	(5)	0
	1	**(88)**

11. There are no significant changes from the previous month on DSG budgets.

PLACE

Summary

12. As at Month 7, the Portfolio is forecasting a full year outturn of a reduction in spending of £279k, prior to carry-forward requests of £432k. These carry forward requests cannot therefore be considered in full until

the portfolio is balanced. This is an improvement of £498k on the previous period. The key reasons for the forecast position:

- **Culture and Environment:** £340k over budget arising from additional grant payments being made as part of a wider funding stabilisation programme for Museums Sheffield (£500k), offset to some extent by reductions in spend / additional income within parks and city centre management.
- **Development Services:** £319k under budget primarily from staff vacancy savings across the whole service area (£745k) offset to some extent by reductions in income, predominantly within car parking.
- **HERS:** £553k under budget primarily from planned slippage' of grant funded project spend (Local Growth Fund and Transitional HMR) into the following financial year.
- **Street Force:** £140k over budget due to costs of backdated pay and grading appeals.

Financials

Service	FY Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 6
BUSINESS STRATEGY & REGULATION	32,528	32,495	32	⇔
CREATIVE SHEFFIELD	3,318	3,338	(20)	⇔
CULTURE & ENVIRONMENT	41,346	41,006	340	⇔
DEVELOPMENT SERVICES	85,064	85,383	(319)	⇩
HERS	1,393	1,946	(553)	⇩
MARKETING SHEFFIELD	1,100	1,029	71	⇔
STREET FORCE	(915)	(1,055)	140	⇧
SUSTAINABLE DEVELOPMENT	368	337	31	⇔
GRAND TOTAL	**164,201**	**164,479**	**(279)**	⇩

Commentary

13. The following commentary concentrates on the key changes from the previous month resulting in a £498k improvement, together with any key risks.

Development Services

14. The current forecast for this activity is £319k under budget, an improvement of £405k this period. The improvement is largely attributable to a £220k reduction in the street lighting energy cost forecast following review since the last period, with the balance being further forecast reductions in staff and other costs.

15. The key risk is securing £10m planned external fee income from planning, building regulation and car parking activities. Service manager forecasts indicate a £652k (6%) shortfall, predominantly within car parking (£637k). This was is in part due to delays in the implementation of approved budget savings on CCTV enforcement, which have now commenced. This shortfall is however being offset from staff costs across the whole service area being forecast at £745k below budget.

HERS

16. The current forecast for this activity is £553k under budget, an improvement of £123k on the previous period. The improvement is due to an increase in the planned ‘slippage’ of Local Growth Fund project spend into the following financial year (now totals £326k), which is subject to a request to carry-forward. The ultimate value of the ‘slippage’ may still change depending upon progress made in the actual delivery of the projects.

17. Furthermore, part of a Transitional HMR grant received from the Homes and Communities Agency for the Sheffield City Region Partnership to help safeguard capacity and knowledge, is also subject to a proposed carry-forward (£106k).

18. Excluding the two carry-forward requests above, the service is forecasting a reduction in spend of £120k, largely due to staff savings arising from the completion of the capital delivery service restructure earlier than had been anticipated.

19. It should however be noted however that a key in-year risk is emerging around the potential for grant ‘clawback’ following a recent European audit on Tudor Square. Officers are currently reviewing an initial report with a view to mitigating issues identified.

Street Force

20. The provisional out-turn for the part-year leading up-to the commencement of the PFI contract, is £140k over budget. This is an adverse movement of £112k this period and is largely attributable to costs associated with the outcomes of some recent backdated pay and grading appeals.

21. Work continues on business transfer / closure issues, including the pursuit of a £360k debt from developers, relating to work undertaken on a section 278 agreement (alterations to the highway).

COMMUNITIES

Summary

22. As at Month 7, the Portfolio is forecasting a full year outturn of an overspend of £2.8 million, an adverse movements of £1.4m from the month 6 position. The forecasted outturn position reflects:

- **Business Strategy:** a forecast £1m reduction in spending, due to contingencies held in Portfolio-Wide Services to offset overspends on care purchasing budgets (especially in Learning Disabilities (LD) services). This is consistent with last months forecast position.
- **Care and Support:** a forecast £5m overspend, due to LD purchasing of £2.3m, Adult Social Care purchasing of £2.9m, LD Transport Contract £220k and Provider Services £750k , which are partially offset by staff savings of £700k and Housing Related Services of £190k. This forecast is an adverse movement of £609k from the previous month.
- **Commissioning:** a forecast £1.1m reduction in spending, due to £1.6m release of prior year funding in Social Care Commissioning offset by an overspend on Mental Health care purchasing of £651k. This forecast is an improvement of £360k from the previous month.
- Across the portfolio care purchasing is overspending by £5.851m.

Financials

Service	FY Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 6
BUSINESS STRATEGY	12,924	13,941	(1,017)	⇔
CARE AND SUPPORT	109,880	104,914	4,967	⇧
COMMISSIONING	38,219	39,321	(1,101)	⇩
COMMUNITY SERVICES	11,119	11,158	(38)	⇔
GRAND TOTAL	**172,143**	**169,333**	**2,810**	⇧

Commentary

23. The following commentary concentrates on the changes from the previous month.

Care and Support

24. Overall this area is forecasting an overspend of £5.0m, an adverse movement of £1.8m from the previous month, due mainly to the inclusion of the £1.2m reduction in anticipated savings from the reablement initiative.

25. Contributions to Care and Provider Services show an improved position of £279k and £86k respectively. Housing Related Services, Learning Disability and Assessment and Care Management show an adverse position of £83k, £211k and £681k respectively. The adverse movement is mainly due to an increase in purchasing overspend for Adult Social Care resulting from on-going pressures from continuing healthcare transfers and the impact of the Right First Time Project. These adverse movements account for the additional £610k pressure.

Commissioning

26. This area includes the mental health, adult social care and housing commissioning functions of the portfolio and is forecasting £1.1m reduction in spend, which is an improvement of £360k month. All areas show an improvement from last month, Housing Commissioning £29k, Mental Health Commissioning £55k and Social Care Commissioning £277k. This movement is mainly due to the release of a provision held for Burngreave of £270k following the final audit, used to offset ongoing premises running costs.

RESOURCES

Summary

27. As at Month 7, the Portfolio is forecasting a full year outturn of a reduction in spending of £530k, an improvement of £755k from the month 6 position. The key reasons for the forecast outturn position are:

- **Business Information Solutions:** a forecast £265k overspend, due mainly to an anticipated delay in the MER process required to make staff savings.
- **Commercial Services:** a forecast £476k increase in savings income.
- **Legal Services:** a forecast £458k overspend, due to a reduction in non-core charging income.
- **Human Resources:** a forecast £269k reduction in spending, due to the inclusion of £220k of traded services income from schools which had not been built into the forecasts, due to uncertainties over its value.
- **Central costs:** a forecast £580k reduction in spending.

Financials

Service	FY Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 6
BUSINESS INFORMATION SOLUTIONS	(334)	(599)	265	⇔
COMMERCIAL SERVICES	1,938	1,904	34	⇔
COMMERCIAL SERVICES (SAVINGS)	(1,296)	(820)	(476)	⇩
CUSTOMER FIRST	5,853	5,853	0	⇔
CUSTOMER SERVICES	3,008	2,891	117	⇔
FINANCE	2,519	2,531	(12)	⇔
HUMAN RESOURCES	185	454	(269)	⇩
LEGAL SERVICES	2,681	2,223	458	⇩
PROGRAMMES AND PROJECTS	1,682	1,749	(67)	⇔
PROPERTY AND FACILITIES MGT	31,154	31,155	(1)	⇔
TRANSPORT	448	448	0	⇔
TOTAL	47,838	47,789	49	⇩
CENTRAL COSTS	13,957	13,047	910	⇧
BENEFIT SUBSIDY	(487)	1,002	(1,489)	⇔
GRAND TOTAL	**61,308**	**61,838**	**(530)**	⇩

Commentary

28. The following commentary concentrates on the changes from the previous month.

Commercial Services (Invest to Save – savings)

29. The key reason for the £107k improvement in the forecast position is due to updated forecasts for savings through the Reed Agency contract.

Human Resources

30. The key reason for the improvement of £279k in the forecast position at month 7 is due to the inclusion of £220k traded services income for Schools HR, which had not previously been forecast due to uncertainties over its value.

Legal Services

31. The key reason for the improvement of £119k in the forecast position at month 7 is due to an improvement of £246k in the forecast for non-core charging income. .

Central Costs

32. Central costs (excluding Capita) are continuing to forecast a £2m reduction in spend. The overall variance of £580k is an improvement from the month 6 position of £119k, due mainly to savings delivered on the HR element of the Capita contract.

Central Costs	Forecast Variance Month 7 £ 000	Forecast Variance Month 6 £ 000
Capita – Control Account	599	155
Capita – ICT BIS	265	675
Capita – Finance	505	440
Capita - HR	94	297
Sub total Capita	1,463	1,567
Other Central Costs	(554)	(539)
Sub total	909	1,028
Benefits subsidy	(1,489)	(1,489)
Total	**(580)**	**(461)**

DEPUTY CHIEF EXECUTIVE'S

Summary

33. As at Month 7, the Portfolio is forecasting a full year outturn of an overspend of £85k, an improvement of £74k from the month 6 position. The key reason for the forecast outturn position is:

- **Modern Governance:** a forecast £142k overspend, due to higher forecast election costs, which is forecasting a full year outturn of an overspend of £210k.

Financials

Service	FY Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 6
ACCOUNTABLE BODY ORGANISATIONS	0	0	0	⇔
BUSINESS DEVELOPMENT	2,622	2,716	(94)	⇔
E-CAMPUS	1,039	1,039	0	⇔
HEALTH IMPROVEMENT	211	211	0	⇔
MODERN GOVERNANCE	3,872	3,730	142	⇔
PERFORMANCE AND CORP PLANNING	826	787	39	⇔
POLICY,PARTNERSHIP,AND RESEARCH	3,555	3,557	(2)	⇔
GRAND TOTAL	**12,125**	**12,040**	**85**	⇔

Commentary

34. The following commentary concentrates on the changes from the previous month.

Modern Governance

35. The key reason for the £72k improvement from the Month 6 position is due to a reduction in the forecast of £57k for spend of DEFRA funding for reservoir flood planning. The Portfolio is requesting that this funding is carried forward for use in 2013/14. The request to carry forward this funding into future years will only be recommended if the portfolio underspends.

CORPORATE ITEMS

Summary

36. The month 7 forecast position for Corporate budgets is a reduction in spending of £42k, which represent an improvement of £99k from last month. The table below shows the items which are classified as Corporate and which include:

- Corporate Budget Items: corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs.
- Corporate Savings: the budgeted saving on review of management costs and budgeted saving from improved sundry debt collection.
- Corporate income such as Formula Grant and Council tax income, some specific grant income and contributions from reserves.

Financials

	FY Outturn £'000	FY Budget £'000	FY Variance £'000
Corporate Budget Items	44,303	44,880	-577
Savings Proposals	-1,252	-1,794	542
Income from Council Tax, RSG, NNDR, other grants and reserves	-532,387	-532,381	-6
Total Corporate Budgets	**-489,337**	**-489,295**	**-42**

37. Corporate Budget items are showing a forecast underspend of £577k, due mainly to the temporary reduced cost of borrowing and increased investment income within the capital financing budget of £500k, and the recovery of previous years NNDR overpayments of £88k. This forecast outturn is a £63k improvement from month 6.

38. The forecast reduction on Savings Proposals of £542k relates to a reassessment of the sundry debt collection rates and subsequent revision, based upon month 7 actuals. This forecast outturn is broadly inline with the month 6 position.

LOCAL GROWTH FUND

39. The position on the Local Growth Fund is as follows:

	Total Allocated £000	2012/13 Spend to Date £000	Unspent Balance £000
Approved Schemes	3,943	420	3,523
Schemes Pending Approval	380		380
Unallocated Balance	1,010		1,010
Total Fund	**5,333**	**420**	**4,913**

40. Spending on Local Growth Fund projects has been slower than anticipated following the approvals earlier in the year. Profiled spends appear to be very ambitious and, without a significant improvement in project delivery performance, it is likely that a substantial portion of the approved amount will need to be carried forward to next year. Further information will be provided in Month 8.

HOUSING REVENUE ACCOUNT

41. The position for the HRA as month 7 is a projected in-year surplus of £6.7m. A contribution to the Capital Programme of £0.4m will be made leaving a net surplus of £6.3m compared with a budgeted deficit of £1.3m.This is an improvement of £7.6m on the budgeted position.

42. The main reason for the variation in the overall budget position relates to an anticipated reduction in capital financing costs. The overall reduction is estimated to be around £5.5m. This is primarily as a result of access to cheaper interest rates.

43. Although some of this overall saving on interest rates is sustainable, some is a one off. Now that that HRA is self-financing, the Council will have to consider the longer term risks on interest rates and ensure that its 30 year business plan includes a sustainable level of debt, factoring in the cost of the additional capital investment required to fund the backlog maintenance. This will be considered as part of the refresh of the HRA business plan later this year.

44. Other main areas that contribute to the improved year end forecast position include revised rental income £300k; a reduction in the level of

vacant properties £300k and related council tax savings of £300k; revised service charge income £300k; a reduction in running costs £600k and a delay in a number of projects £400k.

45. **Community Heating:** the budgeted position for Community Heating is a draw down from Community Heating reserves of £1m. As at month 7 the forecast position remains the same as previously reported with a draw down of £700k from reserves resulting in a reduction in spending of £300k. This is primarily due to an estimated reduction in energy costs due to the milder weather and invoiced consumption.

CORPORATE FINANCIAL RISK REGISTER

46. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. The most significant risks are summarised in this report for information together with a summary of the actions being undertaken to manage each of the risks.

Digital Region

47. The Council is providing £4m in loans to the Company and as a shareholder carries further rights and responsibilities. The Company's sales are proving slow to take off, leading to changes in the Business Plan and the procurement of a new private sector partner. The Council faces risks on its direct investment, as well as on guarantee clauses to key contractors. Provision has been made in the 2011/12 accounts for the potential capitalised costs of the losses on current operations and the procurement.

Capital Receipts & Capital Programme

48. Failure to meet significant year on year capital receipts targets due to depressed market and reduced Right-to-Buys, resulting in potential over-programming / delay / cancellation of capital schemes.

49. Building Schools for the Future Programme Affordability – The £18m affordability gap in the capital programme for the secondary schools estate which must be underwritten by the Council. This requirement has been identified in the Council's Capital Programme.

Pension Fund

50. Bodies whose Pension liability is backed by the Council are likely to find the cost of the scheme a significant burden in the current economic

context. If they become insolvent the resulting liability may involve significant cost to the Council.

Electric Works

51. The running costs of the business centre are not covered by rental and other income streams. The approved business plan set-aside contingency monies to cover potential deficits in its early years of operation. However, there remains a risk that the occupancy of units within Electric Works might be slower (lower) than that assumed within the business case, such that the call on the contingency is greater (earlier) than planned.

52. A refresh of the financial model was undertaken for 2011/12 budgeting purposes and again for 2012/13. The assumed level of occupancy for 2011/12 was 68% and the actual achieved was 64%. Most of the income shortfall was made up from conference lettings and virtual services. A target of 78% has been set for 2012/13. At September, the target was 77% but the actual is only 65%, mainly as the result of the termination of BIBC's license.

Contract Spend

53. The high and increasing proportion of Council budgets that are committed to major contracts impairs the Council's flexibility to reduce costs or reshape services. This is exacerbated by the fact that in general these contracts carry year-on-year inflation clauses based on RPIx which quite probably will not be available to the Council's funding streams, e.g. Council Tax and RSG.

Economic Climate

54. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues.

55. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

NHS Funding Issues

56. There are significant interfaces between NHS and Council services in both adults' and children's social care. The Council has prioritised these services in the budget process, but savings have nevertheless had to be found. Working in partnership with colleagues in the Health Service efforts have been made to mitigate the impact of these savings on both

sides. However, ongoing work is required now to deliver these savings in a way that both minimises impacts on patients and customers and minimises financial risks to the NHS and the Council.

Housing Regeneration

57. There is a risk to delivering the full scope of major schemes such as **Parkhill** and **SWaN** because of the severe downturn in the housing market. This could result in schemes 'stalling', leading to increased costs of holding the sites involved, and in the case of SWaN, potential exposure to termination payments. In addition, the ending of the Housing Market Renewal programme is causing funding pressure, e.g. on site clearance work and in enabling further phases of commenced demolition schemes, such as Arbourthorne.

Trading Standards

58. There is a low risk that it will not be possible to recover outstanding contributions from the other South Yorkshire Authorities. However, negotiations are in the final stages and there is an expectation that an agreement will be reached.

External Funding

59. The Council makes use of a number of grant regimes, central government and European. Delivering the projects that these grants fund involves an element of risk of grant claw back where agreed outputs are not delivered. Strong project management and financial controls are required.

Academies & Independent Schools

60. Local Authority community schools that choose to become independent academies are entitled, under current DfE finance regulations, to receive a proportion of the local authority's school related central spending budgets. Based on projected academy conversions for 2012/13 this could mean that up to £800k of DSG funding would be deducted from the Council's central spending budgets and given to the Academies.

61. From 2013/14 the DfE are proposing to introduce a new system of funding for central education support services for maintained schools and academies. Based on the current DfE consultation proposals and the projected number of academies this would mean that around £3.9 million of DCLG funding and £1.7 million of DSG funding would be deducted from the Council's budgets. The risk is that this would leave an

inadequate level of funding to maintain the centrally retained services and thus cuts would have to be made to balance the budget.

62. There are also further potential risks if a school becoming an academy is a PFI school, it is still unclear how the assets and liabilities would be transferred to the new academy and whether the Council could be left with residual PFI liabilities.

63. Where new independent schools (free schools) or Academies are set up and attract pupils from current PFI schools, the funding base available to pay for a fixed long term PFI contract would reduce, leaving the Council with a larger affordability gap to fund.

64. Currently, 5 primary schools and 6 secondary schools have converted in 2012/13. It is anticipated that 26 schools, in total, will have converted to academy status (16 primary /10 secondary) by the end of the year.

65. In 2013/14 a further 14 academy conversions (13 primary / 1 secondary) are currently anticipated.

66. If an academy is a sponsored conversion then the Council will have to bear the cost of any closing deficit balance that remains in the Council's accounts.

Treasury Management

67. The ongoing sovereign-debt crisis is subjecting the Council to significant counterparty and interest-rate risk. Counterparty risk arises where we have cash exposure to banks and financial institutions who may default on their obligations to repay to us sums invested. There is also a real risk that the Eurozone crisis could impact upon the UK's recovery, which in turn could lead to higher borrowing costs for the nation.

68. The Council is mitigating counterparty risk through a prudent investment strategy, placing the majority of surplus cash in AAA highly liquid and diversified funds. Ongoing monitoring of borrowing rates and forecasts will be used to manage our interest-rate exposure.

Welfare Reforms

69. The government is proposing changes to the Welfare system, phased in over the next few years. The full detail and impact of the changes are not known at this stage. Changes proposed include:

- Housing Benefit changes – there are a number of proposals where the anticipated impacts are that a number of claimants will receive fewer benefits than they do now, thereby impacting on their ability to pay rent.

- Abolition of council tax benefit – due from April 2013 to be replaced by a local scheme. It will be cash limited and subject to a 10% reduction from current levels.
- Introduction of universal credit – from October 2013 administered by DWP. Along with the impact of reducing amounts to individuals and the financial issues that might cause, the biggest potential impact of this change is the impact on the HRA and the collection of rent. This benefit is currently paid direct to the HRA; in future this will be paid direct to individuals. This will potentially increase the cost of collection and rent arrears. There will also be an impact on the current contract with Capita and internal client teams.

Housing Revenue Account (HRA)

70. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. As well as the introduction of Universal Credit, outlined in the risk above, the main identified risks to the HRA are:

- Interest rates – fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA.
- Repairs and Maintenance – existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions).

THE CAPITAL PROGRAMME FOR 2012/13

Summary

71. At the end of October 2012, capital expenditure so far to date is £31.5m (32 %) below budget. The outturn forecast is £37m (18%) below the Approved Capital Programme. A review of capital projects was undertaken at the mid year point and the results of this will be reflected in the budget monitoring position at month 8.

72. The variation in the year to date position arises mainly from either operational delays (£4.4m); project slippage (£5.8m) and incorrect budget profiling of (£13.4m). During the month of October, expenditure was £15.3m (31%) below the programme budget reflecting shortfalls of in all portfolios ranging the largest being £5.2m in CYPF.

73. The forecast for the year shows all portfolios underspending against the approved programme. The forecast, at £164.8m, is £11.9m lower than the Month 6 position (£176.7m) with the biggest falls being in the Housing Programme (down £8.6m); Resources (down £1.6m) and CYPF (down £2.1m). Further detail can be found in the specific sections below.

Financials 2012/13

Portfolio	Spend to Date £000	Budget to Date £000	Variance £000	Full Year Forecast £000	Full Year Budget £000	Full Year Variance £000
CYPF	29,574	39,638	(10,064)	71,990	77,461	(5,471)
Place	11,008	17,728	(6,720)	23,004	29,390	(6,386)
Housing	23,131	31,155	(8,024)	50,359	67,028	(16,669)
Communities	655	1,721	(1,066)	2,441	3,260	(820)
Resources	3,402	8,995	(5,593)	16,965	24,643	(7,678)
Grand Total	**67,770**	**99,237**	**(31,467)**	**164,759**	**201,782**	**(37,023)**

Commentary

74. Delays in forecasting by project managers accounts for £5.2m (14 %) of the projected shortfall on the annual programme.

Children, Young People and Families Programme

75. CYPF capital expenditure is £10.1m (25%) below the profiled budget for the year to date and forecast to be £5.5m (7%) below the programme by the year end for the reasons set out in the table below.

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-327	-1,467
Slippage on Devolved Budgets	-571	-3,000
Operational delays in projects due to planning, design or changes in specification	-1,393	35
Revised profile for Building Schools for the Future programme	-3,156	0
Incorrect budget profiles	-2,970	0
Delayed forecasts	0	-337

Underspending on project estimates	-665	-404
Other variances	-981	-299
	-10,064	**-5,471**
Spend rate per day	202.6	290.3
Required rate to achieve Outturn	530.2	
Rate of change to achieve forecast	161.8%	

76. The CYPF forecast shows a projected reduction in spend against the approved programme of £5.4m. The main variances are down to slippage with £3m on the Devolved Formula Capital; £600k on the Foster Carers Housing Extension project; £500k on Grace Owen Nursery and £300k within the Primary Prioritisation Programme.

Place Programme

77. The Place portfolio programme (excluding Housing) is £6.7m (38%) below the profiled budget for the year to date and forecast to be £6.4m (22%) below the programme by the year end for the reasons set out in the table below. The main reason for this month's variance is due to slippage on schemes delivering workshops on Alison Crescent (£1.6m) and on Anns Grove (£400k).

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-1,659	-2,587
Operational delays in projects due to planning, design or changes in specification	-1,415	-425
Incorrect budget profiles	-1,952	0
Delayed forecasts	0	-3,567
Projects submitted for Approval	106	-117
Overspending on project estimates	-370	369
Other variances	-1,431	-58
	-6,720	**-6,386**
Spend rate per day	75.4	92.8
Required rate to achieve Outturn	150.0	
Rate of change to achieve forecast	98.9%	

Housing Programme (Place Portfolio)

78. The Housing capital programme is £8m (26%) below the profiled budget for the year to date and forecast to be £16.7m (25%) below the programme by the year end for the reasons set out in the table below:

Cause of Change on Budget	Year to Date £000	Full Year Forecast £000
Slippage to be carried forward	-2,904	-11,447
Operational delays in projects due to planning, design or changes in specification	-1,693	-330
Incorrect budget profiles	-567	0
Projects submitted for Approval	-2,877	-1,027
Home Improvement grants held on behalf of other local authorities	142	-892
Items under investigation		
Underspending on project estimates	-512	-1,253
Other variances	387	-1,719
	-8,024	**-16,669**
Spend rate per day	158.4	203.1
Required rate to achieve Outturn	340.4	
Rate of change to achieve forecast	114.8%	

79. Slippage is the main reason for this month's reduction in the forecast. £11.4m of £16.7m spend below budget is within the Delegated Capital Schemes managed by Sheffield Homes which equates to 22% underspend against this year's budget.

Communities

80. The year to date spend on the Communities portfolio capital programme is £1.1m (62%) below the profiled budget, which relates to £651k on the implementation of the ICT infrastructure project. Most of the forecast variance occurs on Wincobank Community centre (£162k) and the ICT Infrastructure project (£215k) both are the subject of slippage requests as per Appendix 1 to this report. A further £412k is within other variances and relates to the Parson Cross Library project.

Resources

81. The year to date spend is £5.6m (62%) below the year to date programme and £7.7m (31%) below the approved budget for the whole year. The key reasons for the variance are below:

Cause of change on Budget	Year to Date £000	Full Year Forecast £000
Slippage b/fwd from 2011/12		
Slippage to be carried forward	-104	-5,681
Incorrect budget profiles	-3,772	0
Delayed forecasts	0	-1,346
Other variances	-1,717	-652
	-5,593	**-7,678**
Spend rate per day	23.3	68.4
Required rate to achieve Outturn	169.5	
Rate of change to achieve forecast	627.5%	

82. At Period 7 Property and FM are showing significant forecast slippage on the Capital Programme. Most of these under-spends are down to a delay in forecasting. Remedial action is taking place within the Service to address this before period 8 reporting. This includes clear identification of project managers to all projects including contingency arrangements if they are absent. Schemes will be closed down when physically complete.

83. The year end forecast position is £7.7m under budget and comprises of the following:

- £2.4m Accommodation strategy which will now be delivered to a revised project plan which will be included in the Month 8 report;
- £3.1m underspend on the Moor Indoor market. The building is under construction and is still forecast for completion in November 2013. The financial reporting of the actual spend on the project has not kept pace with the build and hence it appears that there is under-spend on this project when in fact this is not the case. Given the size and public profile of the project a dedicated officer from the Capital Delivery Team has been assigned and the forecast will be accurate by close of Period 8;

- £376k slippage on the Asset Realisation project which is designed to make vacant sites more attractive to potential developers raising cash for the Council much faster. This is a complex project with a number of variables which are difficult to control. The project profile will be rephrased to reflect these difficulties;
- £560k on the general Council building refurbishment and repairs programme;
- £612k on roof and lift replacement at the Town Hall. There is a proposal for a larger refurbishment project for the Town Hall as part of the Wider Review of Accommodation Strategy within the Council. The Heritage Plan and Vision are two substantial pieces of work which have required a deal of planning and implementing. In order to ensure best use of our capital funds it was important that we await these documents to inform us of the current repair requirements of the Town Hall in line with requirements of English Heritage (the Heritage Plan includes a full condition survey) and to ensure works support the future use of the property; and
- £113k slippage on the Road Transport fleet replacement programme.

Approvals

84. A number of schemes have been submitted for approval in line with the Council's agreed capital approval process.

85. Below is a summary of the number and total value of schemes in each approval category:

- 4 additions to the capital programme with a total value of £729k;
- 19 variations to the capital programme creating a net reduction of £7.7m;
- 1 slippage and 2 acceleration requests of £541k and £538k respectively.
- 1 procurement strategy.
- 1 contract award.
- 1 instance where directors have exercised their delegated powers to vary approved expenditure levels.
- 2 retrospective approvals.

86. Further details of the schemes listed above can be found in Appendix 1.

FINANCIAL IMPLICATIONS

87. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2012/13 and, as such it does not make any recommendations which have additional financial implications for the City Council.

EQUAL OPPORTUNITIES IMPLICATIONS

88. There are no specific equal opportunity implications arising from the recommendations in this report.

PROPERTY IMPLICATIONS

89. Although this report deals, in part, with the Capital Programme, it does not, in itself, contain any property implications, nor are there any arising from the recommendations in this report.

RECOMMENDATIONS

90. Members are asked to:

    (a) Note the updated information and management actions provided by this report on the 2012/13 budget position.

    (b) Consider for approval, the carry-forward requests detailed in paragraphs 8, 9, 16, 17 and 35.

    (c) Note carry-forward requests detailed in Paragraph 16 and 17 were declined for approval during month 6 monitoring pending a balanced forecast outturn within the Place portfolio.

    (d) In relation to the Capital Programme:

        (i) Note the proposed additions to the capital programme listed in Appendix 1, including the procurement strategies and delegations of authority to the Director of Commercial Services or Delegated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;

        (ii) Note the proposed variations in Appendix 1;

(iii) Note the variations approved by Directors under their delegated authority;

(iv) Approve the variations in Appendix 1 within its delegated power; and note:

(v) the latest position on the Capital Programme including the current level of forecasting performance.

REASONS FOR RECOMMENDATIONS

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

ALTERNATIVE OPTIONS CONSIDERED

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

Eugene Walker
Director of Finance

Capital Schemes

Scheme Description	Approval Type	Value £000	Procurement Route
HOMES:-			
Decent Homes Programme The Decent Homes programme is coming to an end as all 40,000 council owned properties are brought up to the required standard. An opportunity exists to accelerate the programme to finish by November 2013 saving time based costs The emerging costs are below budget due to the condition of the properties being better than originally expected. It is proposed to use this saving to fund the revised project timescale and create a contingency for potential risks to completion of the programmme. The areas schemes affected are shown below.			
North – New Parsons Cross	Variation	-1,351	N/A
South West – Abbey Brook	Variation	-1,199	N/A
East – Burngreave	Variation	-1,140	N/A
East – Burngreave	Accelerated Spend	222	Decent homes Framework
South East (SH)	Accelerated Spend	316	Decent homes Framework
Decent Homes Programme Block Allocation This variation is to put the under spends on the Decent Homes Programme to cover any latent risks and to fund any work outstanding work where it has not been possible to gain access to houses. Details of the risks and provisions made for the Decent	Variation	3,490	N/A

Capital Schemes

Homes Programme will be kept under review by the Capital Programme Group.			
Sweeny House Stocksbridge This project is to decommission the existing Elderly Persons Unit. Residents will be re-housed in alternative accommodation. Home loss and disturbance payments will be paid to residents. This is funded by unallocated HRA Self Financing funds currently within the block allocation. This will be reduced to fund this project.	Addition	406	Housing Demolitions Contract Awarded July 2012
PLACE:- Parks			
Ruskin Park Improvements This Project is to work with partners and stakeholders including the friends of Ruskin Park and the Walkley Forum to identify appropriate improvements to Ruskin Park, using section 106 monies. These improvements will include removal of an area of tarmac, the installation of some basketball hoops, setting of some recreational boulders and the beginnings of an outdoor gym. It is also to commission and install two bespoke benches at South road Open Space matching the existing benches installed at this site. A wavier of standing orders for this element has been approved (ref 373-2012) to use the same artist used to design the existing benches.	Addition	11	In-house - Other ancillary elements procured locally on basis of three competitive quotations waiver on the purchase of benches to use the same artist used previously
ROADS			
East Bank Road Zebra Crossing This addition is seeking approval to construct a Zebra crossing and traffic calming features at a site which is amongst the highest incidents of child personal injury accidents in the city. This scheme will be funded by releasing unused funds within the LTP programme (including £71k slippage from prior years) and from a £40k	Addition	161	Single source tender and in accordance with Schedule 7 of the Highways PFI contract

Capital Schemes

contribution from the Community Assembly's delegated capital budget. The £50k of LTP funds are being created by substituting this scheme for the two specific schemes below which are either underspending or have been delayed by to design problems. These schemes will be delivered from a future year's funding.			
A57 Manchester Rd/Nile St Saving on Statutory Undertakings costs in the original budget for the construction of a pedestrian crossing phased within an existing set of traffic lights at the Crookes/Nile Street/Fulwood Road junction in Broomhill. To be returned to the LTP programme.	Variation	-30	N/A
Upperthorpe Permit Parking The project is the design and build of a Permit Parking scheme in Upperthorpe at a cost of £95k. The scheme will now be implemented in two phases releasing £20k back to the LTP programme.	Variation	-20	N/A
Ecclesfield Road Smart Route Phase 2 This project has now been completed with a small under spend which will be returned to the LTP programme.	Variation	-3	N/A
Meadowhall/Barrow This project has now been completed with a small under spend which will be returned to the LTP programme.	Variation	-4	N/A
Relocatable Camera Enforcement This variation is to enable the signing and lining at a number of smaller bus lane and loading and waiting restrictions (including Fitzwilliam Gate, Owler Lane and Barnsley Road) to be designed and implemented to an enforceable standard. This project is funded by the Sheffield enforcement package within the successful	Variation	65	Highways PFI Contract

‘Better Buses’ bid approved by the Integrated Transport Authority on 1st March 2012. The variation is being funded through a £65k reduction in the budget for the Boston Street Bus gate scheme which will be re-programmed to 2013/14.			
Boston Street Bus Gate Scheme to be funded from 2013-14 LTP allocation.	Variation	-65	N/A
CHILDREN YOUNG PEOPLE and FAMILIES			
Short Breaks This project, formerly known as Aiming High for Disabled Children, continues to provide a mechanism for local applicants, following assessment by CYPF, to apply for small grants to support schemes that deliver significant benefits for disabled children and young people across the City, providing an opportunity to support the voluntary and community The proposed variation of £150k is for small schemes in 2013-14. These schemes are to be procured directly by applicants, who are required to follow procurement rules and ensure that external providers prove how they intend to meet best value. The expenditure is funded from a total of £383k for 2013-14 that, as in previous years, comes from Sheffield's element of the recently confirmed DfE Short Breaks for Disabled Children capital allocation. The remaining £233k from the 2013-14 grant, together with potential slippage from existing 2012-13 funds of £183k will be applied to larger schemes via a separate CAF variation request, once the results of preliminary planning investigations are known.	Variation	150	Small projects to be procured directly by applicants.
Intake Primary - Mobile Replace This addition will provide a brand new permanent classroom extension to the main school building to replace the current mobile on site, has been condemned. The cost of	Addition	262	YorBuild

a new build extension is comparable with a like for like replacement of a mobile and provides a more sustainable long term solution. Temporary readjustments to space within the school mean the school can cope for 1 year with reduced teaching spaces but a permanent answer needs to be in place for September 2013. The project is to be majority funded by the unused contingency provision on other Capital Maintenance projects - School Rewires: £200k and School Boiler Replacements (see below): £50k, with the remaining £11.5k coming from the Capital Maintenance allocation for 2012/13.			
School Rewires The emerging costs for this programme are within budget so the contingency element of the estimates is not required. School electrical wiring is subject to systematic review and a technical assessment has concluded that these are up to standard. Provision for emergency works exists elsewhere within the main Capital Maintenance budgets from slippage carried forward from previous years..	Variation	-200	N/A
School Boiler Replacement The emerging costs for this programme are within budget so the contingency element of the estimates is not required. School electrical wiring is subject to systematic review and a technical assessment has concluded that these are up to standard. Provision for emergency works exists elsewhere within the main Capital Maintenance budgets from slippage carried forward from previous years.	Variation	-50	N/A
Primary Maintenance Kitchens - Rivelin Meals at Rivelin were previously produced in one building on the site and then transported across to another building to be served. The project was therefore originally commissioned and authorised to co-locate the kitchen and dining room into purpose built accommodation, formerly in use as nursery and to relocate the toilets and nursery elsewhere on the Rivelin site.	EMT Variation	25	Kier - Jobs Compact route

Capital Schemes

Project costs were originally funded from; £90k from DfE Capital Maintenance allocation and £127k funded from revenue maintenance budgets. The additional costs of £25k have arisen to complete the work to required health and hygiene standards and will be funded from the revenue contribution held by - School Food Service Repairs and Maintenance.			
Primary Maintenance Kitchens - Hucklow Meals at Hucklow were previously produced at nearby St Patrick's RC Primary, involving the transportation of meals for service to Hucklow pupils between the two school sites. The original project therefore sought to install a full production kitchen at Hucklow leading to improved school meal arrangements for Hucklow school pupils. Project costs were originally funded from; £75k from DfE Capital Maintenance allocation and £77k funded from revenue maintenance budgets. The additional costs of £37k are necessary to complete the work to required health and hygiene standards and will be funded from the revenue contribution held by - School Food Service Repairs and Maintenance.	EMT Variation	37	Kier - Jobs Compact route
Grace Owen Nursery This scheme relates to the relocation of a 39 place Nursery with 35 Childcare places. Relocation of the Nursery within the Park Hill complex was the desired outcome as this will further enhance the attractiveness of the homes for local people. The project is mainly funded by Local Growth Fund (£700k), with contributions from Devolved Formula Capital fund (£73k) and other budgets within CYPF (£122k). Construction timescales have been revised on this scheme so that work on site may commence in February 2013 in order to meet the required opening of the new Grace Owen Nursery from September 2013. It is therefore proposed to slip by £541k the associated construction spend profile into 13/14 to meet this revised plan.	Slippage	-541	N/A

Capital Schemes

PROCUREMENT STRATEGY APPROVALS:-			
Spital Hill – Ellesmere Green This approval request reflects the combination (see above) the public realm improvements on Spital Hill (funded by a £371.5k, S106 contribution from the new Tesco store on Savile St), with the original investment at Ellesmere Green (funded by £605k from Local Growth Fund - Capital). The combined project delivers public realm improvements on Spital Hill & soft landscape improvements to the Ellesmere Green (inc. the creation of a space for events/markets). It will increase footfall to Spital Hill Centre and encourage further new investment. The project is to be designed by the in-house Environmental Planning Design Team and future procurement is to be negotiated through Amey.	Stage Approval	372	Procurement Strategy agreed to combines Phases A&B. It has also been agreed to negotiate with Amey for the total project.
Spital Hill – Public Realm The Business Unit for this project is to be closed and the scheme transferred to the Spital Hill - Ellesmere Green project below, as the schemes are now to be procured and run on a combined basis (see below).	Stage Approval	-372	N/A
Asbestos Surveys Approval is sought from Cabinet to delegate to the Director of Commercial Services power to issue a variation to extend the existing contract for the provision of asbestos surveys for a further 12 months. The contractor has delivered good service performance and continuing value for money. There is no evidence that the market has fallen since the 2011 tender process and so a retender exercise would not achieve	Stage Approval		

Capital Schemes

cheaper prices.			
EMERGENCY APPROVALS:-			
None			
DIRECTOR VARIATIONS:-			
None			
RETROSPECTIVE APPROVALS;-			
Newhall Road This project is for a road safety scheme at the junction of Attercliffe Road and Newhall Road. The scheme was originally planned for construction in 2009, but was delayed due to funding cuts. The majority of this scheme was constructed before August by Streetforce, there has been a small element completed by Amey. This approval is retrospective, as a lot of the work has already been completed.	Retro Approval	120	Majority of costs incurred by in house provider (Streetforce). Traffic signals work via single source tender and in accordance with Schedule 7 of the Highways PFI contract
Countrywide RS Initiatives The project is for the implementation of an ‘average speed limit camera enforcement’ scheme on the A61 from the Norfolk Arms, Grenoside to the A628 Tankersley roundabout – in Barnsley. Funding is from the Road Safety Partnership passported through Sheffield City Council to South Yorkshire Police who have procured and delivered the project. The approval is retrospective most of the work has already been	Retro Approval	265	Procured by external party

Capital Schemes

completed.			

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SHEFFIELD CITY COUNCIL
Cabinet Report

Report of:	Executive Director, Children, Young People and Families
Date:	16 January 2013
Subject:	The Building Successful Families Programme
Author of Report:	Sam Martin Tel: 2296140

Summary: This report proposes the development of the Building Successful Families Programme which is intended to turn around the lives of families with multiple and complex needs. The programme will use resources made available through the Government's 'Troubled Families Programme' over the next three years and use existing service provision to provide 60% match funding. The programme is intended to improve school attendance, reduce crime and anti-social behaviour and get parents on the road back to work.

Reasons for Recommendations:
The City Council has been invited to participate in the Government's Troubled Families initiative by committing to the financial framework and payment mechanism published by the DCLG. This scheme offers significant new resources to support the development of our existing plans to provide whole household interventions to families with multiple and complex problems.

By making use of the new resources, the City Council has the opportunity, working with a range of local partners, to further improve family support services so that they are better coordinated, more efficient and deliver impact. In this the City Council will embed the successes of pilot work already undertaken and will, in addition, provide a model of sustainability in a climate of public spending reductions.

Recommendations:
That Cabinet:

- Delegates to the Executive Director of Children, Young People and Families, in consultation with the Lead Member for Children and Families, the authority to establish the Building Successful Families Programme as described in Section 4 of this report.

- Delegates to the Executive Director, Children, Young People and Families, in consultation with the Director of Finance, and in consultation with the Lead Member for Children and Families, the authority to agree an investment and resource plan for the programme for the period 2012-15, taking into account the income profile set out in the report.

- Delegates to the Executive Director, Children, Young People and Families, in consultation with the Lead Member for Children and Families, the authority to take any further action necessary to achieve the outcomes outlined in this report.

- Recognise and approve that any income received in advance, due to the time lag between receipt of the funding and the spending on the programme as explained in the body of this report, will be required to be 'carried forward' to future years and should not be considered to be an under spend in year. This amount will be highlighted in the monthly budget monitoring reports for approval.

Background Papers:

Category of Report: OPEN

If Closed add – 'Not for publication because it contains exempt information under Paragraph… of Schedule 12A of the Local Government Act 1972 (as amended).'

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* Delete as appropriate

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Tricia Phillipson
Legal Implications
YES Cleared by: Nadine Wynter
Equality of Opportunity Implications
YES Cleared by: Bashir Khan
Tackling Health Inequalities Implications
YES
Human rights Implications
YES
Environmental and Sustainability implications
NO
Economic impact
YES
Community safety implications
YES
Human resources implications
YES
Property implications
NO
Area(s) affected
All
Relevant Cabinet Portfolio Leader
Children, Young People and Families
Relevant Scrutiny Committee if decision called in
CYPF
Is the item a matter which is reserved for approval by the City Council?
YES
Press release
YES/NO

REPORT TITLE

1.0 SUMMARY

1.1 This report proposes the development of the Building Successful Families Programme which is intended to turn around the lives of families with multiple and complex needs. The programme will use resources made available through the Government's 'Troubled Families Programme' over the next three years using existing service provision to provide 60% match funding. The programme is intended to improve school attendance, reduce crime and anti-social behaviour and get parents on the road back to work.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 It is estimated that up to 1,680 families in Sheffield have a complex range of problems that not only cause family members to suffer significant personal and social challenges but, at the same time, to exhibit behaviour that impacts adversely on the lives of those in the communities in which they live. Family members tend have a combination of acute needs including mental health needs, illness and disability, substance misuse problems, worklessness, inadequate or unsuitable housing and poverty that merit frequent or in-depth support from more than one public service.

2.2 The Building Successful Families Programme will engage these families with the aim of getting their children back into school on a regular basis, reducing their involvement in crime and anti-social behaviour and helping adult family members on the road back to work. Achieving these outcomes will not only improve the lives of the families themselves, but will improve the lives of the communities in which they live and reduce the cost to the public purse incurred by social care, criminal justice, health services and the benefit system.

2.3 Families with complex needs will have the opportunity to shape the services that support them and they will benefit from additional investment that will allow these services to work with them for a longer period of time thereby strengthening family resilience, helping them to develop sustainable solutions to the challenges that they face and preventing, therefore, a subsequent 'bounce back' into services.

3.0 OUTCOME AND SUSTAINABILITY

3.1 The programme will utilise the resources made available through the Government Troubled Families Programme until 2015 to support a re-design of family support services focused on meeting the multiple and inter-connected needs of family members through a 'whole household' approach.

3.2 The families that this programme will help are those that are frequent beneficiaries of public services and therefore pose a significant cost to the public purse that could be reduced or removed if the response to their challenges was better planned, better coordinated and more persistent. These costs are, for instance, incurred every time a child fails to attend school, every time a police officer is called to a street to deal with a noise nuisance call, every time a young person is arrested, attends court or is remanded into custody and through the legitimate benefit claims of family members who have been without work, usually for an extended period.

3.3 The Building Successful Families Programme is built on the assumption that by investing up front by helping family members to become more stable and independent, we will both help them to turn their lives around and, as a consequence, reduce the longer term costs of support.

3.4 There is some evidence both from pilot work in Sheffield and nationally to support this approach. We will use the programme to test further this methodology and to design a family support system that by 2015 is more efficient, responds more quickly before problems get worse, and which can evidence its value to taxpayers.

3.5 Though we want to be ambitious in our scope, it is important to recognise that the development of a strong family support system will not in itself be enough to ensure that the lives of *all* families with multiple problems identified by the programme will be completely turned around by 2015. There are significant external pressures on families e.g. the challenge of a tight jobs market and the rising cost of living that could, for families already in crisis, impact negatively on the prospects of success for some families attached to the programme.

3.6 It is therefore essential that the additional resources made available by Government to support this programme are invested alongside existing resources for prevention and early intervention and that we carefully evaluate the programme to assess whether it is successful in improving the lives and prospects of families in crisis and consequently results in savings to the public purse.

4.0 MAIN BODY OF THE REPORT

4.1 Analysis of the data undertaken by the Department for Communities and Local Government (DCLG) suggests that 1,680 families in Sheffield are struggling with a range of complex and multiple problems. These families not only suffer tremendous personal and social difficulties but can also affect the communities within which they live.

4.2 In Sheffield we have already moved some way towards a better joining up of public services with the piloting of the 'whole household' approach. The Building Successful Families

Programme proposed in this report will accelerate this work, draw additional resources into the city, and improve the lives of some of our most challenged families.

4.3 The Building Successful Families Programme will be the vehicle through which the City Council implements the Government's Troubled Families initiative in Sheffield. The programme will improve a range of outcomes for families and communities in Sheffield, including:

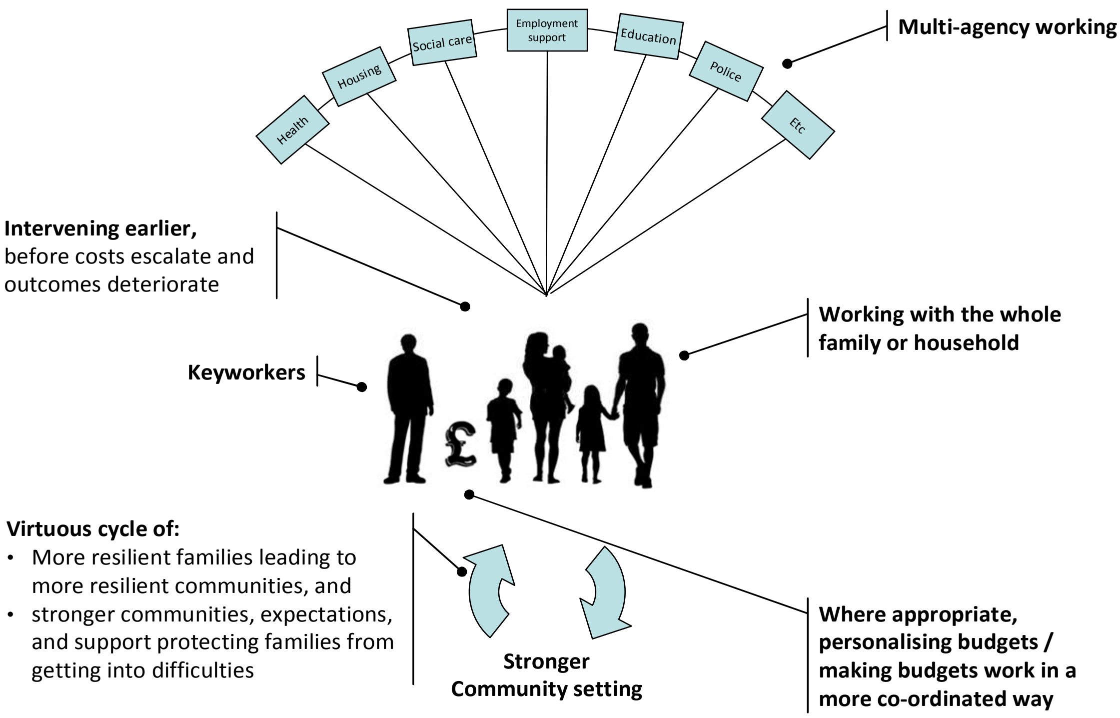
- better educational outcomes
- less crime and anti-social behaviour
- more people into work resulting in less poverty
- increased sense of citizenship, and families being more constructively and positively engaged with the communities they live in.
- better health and wellbeing
- improved access to community services and housing
- increased individual and family resilience
- increased satisfaction and engagement with services on the part of the families that access these.

4.4 The methodology adopted for working with these families is grounded in the evidence of what has worked in Sheffield pilots, such as the earlier Family Intervention Programmes, and from evaluations of national programmes. This tried and tested methodology, also summarised in Figure 1 below, has the following features:

- **intervening before crises occur** and before outcomes deteriorate for people
- working across services in a **more joined-up** way
- using well trained and supported **keyworkers** who will get to know a family well and go the extra mile to help them make the changes they need to get back on track
- **working with the whole family or household**, recognising the issues affecting one person are likely to affect, or be caused by other householders and can rarely be solved in isolation
- developing an approach to each family that is **tailored** to

their own unique needs and strengths, giving them a **greater choice** in the support they receive from services.

Figure 1: Distinct ways of working

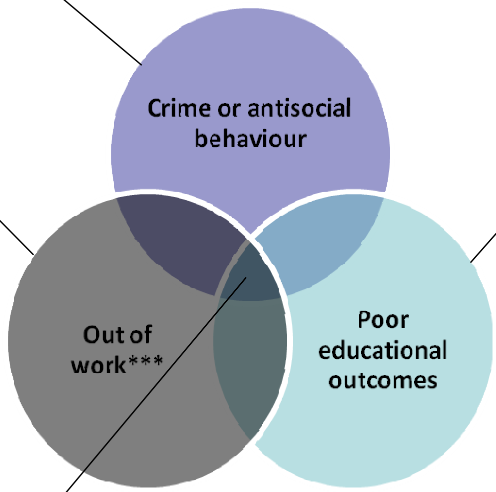


4.5 We will identify the families eligible for the programme using criteria set out in the Government's 'Troubled Families' Programme. Figure 2 (below) summarises the Government's criteria. It is important and helpful to note the use of a 'local discretion factor' to identify families/households in need of extra help and support. We intend to take go further and take a broad view of the factors likely to contribute to a family being in need of additional support and, following consultation with a range of key stakeholders, will include factors like parental mental health or substance misuse, domestic violence, young people at risk of gang involvement, in work poverty or families with young carers.

Figure 2: Government criteria for identifying 'Troubled Families'

- Households with 1 or more child with a proven offence in the last 12 months; **and/or,**
- Households where 1 or more member has been involved in anti-social behaviour in the last 12 months *

- Households which also have an adult on DWP out of work benefits.



- A child has been subject to permanent exclusion; three or more fixed school exclusions across the last 3 consecutive terms; **or,**
- Is in a PRU or alternative provision because they have previously been excluded; **or,** is not on a school roll; **and/or**
- A child has had 15% unauthorised absences** or more from school across the last 3 consecutive terms.

Our 'Troubled Families' are:
•All those families who meet all three of these dimensions; **plus,**
•Any families who meet two of the dimensions and our ***local discretion filter – see section 4.5 of this report***
•By implication, some of these Troubled Families may not have dependent children in them. However, the PbR approach has an emphasis on child-centred outcomes (e.g., improved attendance; 'reduction in offending rate by minors')

* A range of measures are suggested, but local discretion is advised
** We intend to use 15% absence to measure this
*** This dimension should be considered after the other two have been considered, and for those household who meet one or two of the other dimensions, for data sharing reasons
Source: CLG

4.6 We are already interrogating existing City Council databases and other public service information to generate a list of families and households that might meet the criteria for the programme. To help us identify those families and households with at least one adult receiving out of work benefits, a secure data transfer system has been established with the Department for Work and Pensions (DWP), under a new and ground breaking arrangement agreed by the Government.

4.7 We expect that our local discretion factors could identify considerably more than 1,680 families and households in Sheffield, and while they won't necessarily form part of the 'Troubled Families' cohort **we need to make sure that these families/households also benefit from our distinct ways of working.**

5.0 How the programme will work

5.1 It is not proposed to use the new resources available through the Troubled Families initiative to establish a completely new service, although we will need to commission some new provision for some of the families. Many of the families to be helped by the programme will already be involved with a range of support and care services delivered by the City Council, the NHS, and other statutory and voluntary services. The Building Successful Families Programme will build on these services, will add capacity to them and, more importantly, will bring them together more effectively to deliver what these families really need to turn their lives around.

5.2 The first step will be to undertake a thorough analysis of the cohort of families, once the full dataset has been received from DWP (currently expected to be in July/August) This will give us a clearer picture about where families are in the city, which services they already have contact with and what their needs are likely to be. This will allow us to prioritise our interventions.

5.3 Once identified each family will receive the following:

- a thorough assessment of their needs as a family undertaken by an experienced and skilled family worker. The assessment will be based upon the existing Common Assessment Framework and will look at the needs of all family members. Where a family is already known to services, a thorough review and reassessment will be undertaken looking at what has worked so far and what needs to be done differently. The assessment will establish which service is best placed to act as the key worker for the household and will draw up a plan of action for the whole family
- regular contact with the trusted key worker who will get to know the family, help them manage input from other services, and draw up a family plan to help them get back on track
- access for individuals or the whole family to specialist services, such as financial advice, housing support, substance misuse treatment, mental health services or family therapy, where necessary
- practical help, where necessary, with household routines such as getting children to school on time, sorting out bills and dealing with debts.
- Advice and support around employment and skills and access to employment programmes.

5.4 We are establishing a system of support and quality management to ensure that our key workers have the tools necessary to go the extra mile in getting families back on track. This will include specialist supervisors, clear guidance and support networks to encourage the sharing of problems and the possible solutions.

6.0 Financial Implications

6.1 The Building Successful Families Programme will use the resources available through the Government's Troubled Families initiative to support a broader redesign of family support services in Sheffield by 2015.

6.2 The Government requires participating local authorities to provide 60% match funding for the programme. In Sheffield, we will meet this obligation through the investment that the city already makes in those services that are already supporting some of the identified families. The contribution of 40% Government funding equates to £4,000 per family, which will be made available on a payment-by-results basis when local authorities and their partners achieve successful outcomes as follows:

- children back into school.
- a reduction of criminal and anti-social behaviour
- parents on the road back to work, and
- reductions in the costs to the taxpayer.

6.3 The payment mechanism for the Government's Troubled Families initiative will mean a payment of a maximum of £4,000 per family where the performance indicators set out in 6.2 above are achieved. A proportion of this money is to be paid up front as an 'attachment fee'. This proportion decreases over time, from 80% in 2012/13 to 40% in 2014/15.

6.4 Over the next three years we have agreed a project profile with Communities and Local Government to start working with 800 families in 2012/13, a further 600 families in 2013/14, and a further 280 families in 2014/15. Assuming that the programme delivers successful outcomes for 60% of our cohort, and that the 'success payment' is paid one year after the intervention starts, the payment profile will be as set out in Appendix 1 (page 15). Note that this does not reflect the expenditure profile, which would need to be smoother than the income profile.

6.5 The external audit of outcomes will not be unduly onerous. DCLG guidance states:

"*We are asking for self-declarations of these results [which]* *should be approved within your own Internal Audit arrangements and under the authority of the Chief Executive. In addition, Department for Communities and Local Government will carry out a small number of 'spot checks' in a sample of areas.*"

6.6 We intend to use the money provided by the attachment fees to invest in sustainable systems change. This will change the way we work with families across the public sector so that the positive outcomes achieved by the programme will continue with other families beyond 2015 when the additional funding from government comes to an end.

6.7 The City Council is also being given £175,000 per year for three years to set up, manage and 'grip' the local programme, through, for example the appointment of a local programme lead, the creation of new data systems and by developing key worker capacity.

6.8 The key implication for financial planning purposes is that although the programme will be delivered over three years the available income for the programme from an up front 'attachment fee' will be greater in the first year of the programme. Once a clear analysis of need has been established, a resource plan will be developed that takes into account the likely investment profile over the remaining years of the programme.

6.9 There is some ambiguity around the status of the attachment fees element of the payments as set out in DCLG Financial Framework for the Troubled Families Programme. However as part of the local and national discussions that have taken place, involving CYPF representatives, the DCLG has confirmed to these representatives that they will only seek to amend the allocated number of attachment fees made available where an area is actually refusing to co-operate in the delivery of the programme. Attachment fees will continue to be paid, even where all the required outcomes don't seem to be coming through, as long as an area is continuing to make every effort to deliver these outcomes. As a result the expenditure committed under this programme will not exceed the attachment fees allocation until outcome payments have been confirmed.

6.10 The funds for the attachment fees have been designated by the DCLG as un-ring fenced grants and as such these will have to be applied into the City Council's revenue account immediately upon receipt. Therefore a carry forward of funds will be required at the relevant financial year ends so that the programme can continue to be resourced in future years. The financial profile for the programme will be clear that these funds will not be reported as underspend against wider service budgets.

7 HR implications

If approved, the programme will develop the local workforce within the City Council and through key partners to enable key workers to engage effectively with families with multiple and complex needs. Any recruitment of new staff will follow the City Council's agreed procedures (including the use of the talent pool, and use of temporary posts where appropriate), and will be undertaken consultation with staff and trade unions.

8 Legal Implications

The programme proposes no changes to any existing powers or responsibilities held by the City Council. The City Council will seek appropriate advice as necessary on the legal authority for sharing information with key partners and any procedures which need to be followed in order to comply with data sharing legislation.

9 Equality Implications

Although the initial analysis is not yet complete, it is possible that some demographic groups will be overrepresented in the cohort of families with multiple problems. The implementation of the programme will ensure that any interventions respond to the diverse needs of the families involved – interventions that do not are unlikely to be successful and achieve the outcomes sought.

10.0 Alternative Options Considered

10.1 The City Council could decide not to participate in the Government's Troubled Families initiative. This would mean turning down considerable additional resources, but would also mean Sheffield missing out on the opportunity to build on what its previous Family Intervention pilots have shown work and therefore the chance to invest these new resources in the system-wide service redesign necessary to improve the life chances of those families with complex needs. For these reasons, participation in the initiative is recommended

10.2 The City Council could use the resources made available through the Government's Troubled Families Programme to set up a new 'Troubled Families' service in Sheffield. This option has been rejected because:

- most of the families identified are likely to already be in touch with a range of support services. We intend to use

the programme to *better coordinate* these services, rather than add an additional service to the range of support made available
- the City Council and other partners have already moved some way towards developing more joined up approaches to working with families with complex needs. It would be a waste of resources to set up a parallel programme.

11.0 REASONS FOR RECOMMENDATIONS

11.1 The City Council has been invited to participate in the Government's Troubled Families initiative by committing to the financial framework and payment mechanism published by the DCLG. This scheme offers significant new resources to support the development of our existing plans to provide whole household interventions to families with multiple and complex problems.

11.2 By making use of the new resources, the City Council has the opportunity, working with a range of local partners, to further improve family support services so that they are better coordinated, more efficient and deliver impact. In this the City Council will embed the successes of pilot work already undertaken and will, in addition, provide a model of sustainability in a climate of public spending reductions.

12.0 RECOMMENDATIONS

12.1 That Cabinet:

- Delegates to the Executive Director of Children, Young People and Families, in consultation with the Lead Member for Children and Families, the authority to establish the Building Successful Families Programme as described in Section 4 of this report.

- Delegates to the Executive Director, Children, Young People and Families, in consultation with the Director of Finance, and in consultation with the Lead Member for Children and Families, the authority to agree an investment and resource plan for the programme for the period 2012-15, taking into account the income profile set out in the report.

- Delegates to the Executive Director, Children, Young People and Families, in consultation with the Lead Member for Children and Families, the authority to take any further action necessary to achieve the outcomes outlined in this report.

- Recognise and approve that any income received in advance, due to the time lag between receipt of the funding and the spending on the programme as explained in the body of this report, will be required to be 'carried forward' to future years and should not be considered to be an under spend in year. This amount will be highlighted in the monthly budget monitoring reports for approval.

Appendix 1 – Financial Profile Building Successful Families Programme

	2012-13	2013-14	2014-15	2015-16	
Projected Income					**Total**
Upfront Payment	£2,130,000	£1,310,000	£300,000	£0	**£3,740,000**
Outcome Payments	£30,000	£600,000	£370,000	£110,000	**£1,110,000**
Co-ordination Payments	£175,000	£175,000	£175,000	£0	**£525,000**
Total	**£2,335,000**	**£2,085,000**	**£845,000**	**£110,000**	**£5,375,000**

The profile is built upon a number of assumptions as follows:

- A total available payment of £4000 per family, for 5 in 6 of 1680 families (1 in 6 are expected to be 'turned around' by other Government programmes (i.e. work programme)
- An attachment fee for each family to be paid in advance to the value of 80% in Y1, 60% in Y2 and 40% in Y3, the rest to be paid based upon successful claims by the council.
- That we are successful (i.e. meet the governments key criteria around work, school attendance and crime) with 60% of the families. This is an untested assumption based on success rates from previous Family Intervention Projects.
- That we will need to continue to work with some families into year 4 of the programme.
- That up front and coordination payments are received by May of each financial year, and success payments received by March or the same financial year.
- Note the above figures are rounded to the nearest £10k

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SHEFFIELD CITY COUNCIL
Cabinet Report

Report of:	**Jayne Ludlam/Dawn Walton**
Date:	16 January 2013
Subject:	Sheffield Attendance Strategy (for Early Years, Schools, Academies and Colleges)
Author of Report:	Diane Dewick 0114 250 6865

Summary:
The purpose of this report is to explain the changes to the Local Authorities (LA) policy with regard to the delivery of Statutory Duties and to improve School Attendance.

The report explains:

- Reasons for the new Attendance Strategy;
- Current position of attendance in Sheffield;
- 5 key themes of the Strategy;
- Outcomes of the consultation on the Strategy;
- Implementation of the Strategy.

The new and different approach for Sheffield, outlined within the new strategy in Section 3, will to be to help achieve our Big Ambition for Sheffield – that every child, young person and family achieves their full potential by raising expectations and attainment and enabling enriching experiences:

By working in partnership and developing strategies that ensure:

- A Great Start in Life
- Every school a great school
- Young people active, informed & engaged
- Skills and training for life and employment
- Every child, young person and family safe, healthy and strong

Which will ensure

- That every child and young person is in education every day

And to

- Encourage schools to take an increased role in low level attendance issues prior to requesting support from the Multi Agency Support Teams (MAST);
- Implement the early intervention approach where all MAST workers have attendance as a key priority;
- Implement the whole family approach with regard to attendance;
- Prioritise Looked After Children;
- Work in a targeted way with schools requiring additional support which will prioritise Special Schools, the Inclusion Centres and vulnerable groups;
- Make full and effective use of Legal powers available to the LA;
- Increase Sheffield's attendance to match or exceed the National Average;
- Lower Persistent Absence.

Reasons for Recommendations:
The purpose of this report is to seek approval of the new Attendance Strategy for Sheffield and to agree its implementation which will enable us to achieve our Big Ambition and Corporate Strategy.

Recommendations:
Cabinet is recommended to note the outcomes of the consultation on the draft Attendance Strategy and to approve:

- The new Sheffield Attendance Strategy including the 5 major themes and priorities;
- The implementation of the Attendance Strategy for CYPS, Schools and partners.

Background Papers:	**The Draft Attendance Strategy** **The Attendance Strategy Consultation Feedback Report**
Category of Report:	OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Andy Bray
Legal Implications
YES Cleared by: Nadine Wynter
Equality of Opportunity Implications
YES Cleared by: Bashir Khan
Tackling Health Inequalities Implications
YES/NO

Human rights Implications
YES/NO:
Environmental and Sustainability implications
YES/NO
Economic impact
YES/NO
Community safety implications
YES/NO
Human resources implications
YES Kath Selman
Property implications
YES/NO
Area(s) affected
Relevant Cabinet Portfolio Leader
Cllr Jackie Drayton
Relevant Scrutiny Committee if decision called in
Children, Young People and Families
Is the item a matter which is reserved for approval by the City Council?
YES/NO
Press release
YES/NO

REPORT TITLE

1. SUMMARY

1.1 Schools and the Local Authority (LA) have a statutory duty under Section 175 Education Act 2002 to safeguard and promote the welfare of children.

1.2 The proposal to implement a new Attendance Strategy for Sheffield is due to the changing role of the LA in relation to support services provided for schools. This includes schools continued move towards greater autonomy and the expectation, therefore, that schools will take more responsibility for improving school attendance. This report seeks permission to implement the Strategy with Schools, CYPF and Partners.

1.3 The purpose of this report is to explain the:

- Reasons for the new Attendance Strategy;
- Current position of attendance in Sheffield;
- 5 key themes of the strategy;
- Outcomes of the consultation on the Strategy;
- Implementation of the Strategy.

1.4 The new and different approach for Sheffield, outlined within the new strategy in Section 3, will to be to help achieve our Big Ambition for Sheffield – that every child, young person and family achieves their full potential by raising expectations and attainment and enabling enriching experiences:

By working in partnership and developing strategies that ensure:

- A Great Start in Life
- Every school a great school
- Young people active, informed & engaged
- Skills and training for life and employment
- Every child, young person and family safe, healthy and strong

Which will ensure

That every child and young person is in education every day

And to

- Encourage schools to take an increased role in low level attendance issues prior to requesting support from the Multi Agency Support Teams (MAST);
- Implement the early intervention approach where all MAST workers have attendance as a key priority;
- Implement the whole family approach with regard to attendance;
- Prioritise Looked After Children;
- Work in a targeted way with schools requiring additional support which will prioritise Special Schools, the Inclusion Centres and vulnerable groups;

- Make full and effective use of Legal powers available to the LA;
- Increase Sheffield’s attendance to match or exceed the National Average;
- Lower Persistent Absence.

2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 Sheffield families will have their support needs identified at an earlier stage and have access to high quality services.

2.2 In addition to universal services, the services provided via the Multi Agency Support Team (MAST), will be targeted to meet the needs of the most vulnerable including Looked After Children (LAC), Young Carers and children and young people with Learning Difficulties and or Disabilities (LD/D). These needs and risk factors will also be identified and support targeted via the ‘Building Successful Families’ programme.

2.3 The targeted support will also extend to identify minority groups as identified in the Equalities Impact Assessment.

2.4 Families will have access to the right support at the right time and place which is accessible and welcoming regardless of where they live in Sheffield.

2.5 By improving school attendance we will not only enhance achievements and the life chances of children but also their parents and carers who will be supported to meet their identified needs which may provide opportunities for them to improve their skills and/or take up employment.

2.6 By improving school attendance we will be safeguarding children and young people and protecting their human rights.

3. OUTCOME AND SUSTAINABILITY

3.1 The proposals provide a clear framework for improved practice in the LA and in schools which is the foundation of the new Attendance Strategy which will contribute towards health inequalities and will safeguard children and young people.

3.2 The LA will provide the leadership, challenge and monitoring to ensure that processes and practices surrounding school attendance are adhered to. In addition the LA will promote the effective use of legal powers, where appropriate, to improve school attendance and outcomes for children.

3.3 Schools will become more effective by becoming more creative, innovative and by seeking more efficient ways of working to ensure that more children attend school regularly. The LA will support this work by helping schools to build their capacity, to identify needs and risk factors at an early stage.

3.4 Working together with our partners from health and other sectors and by developing joint solutions with improved integration of services, we aim to improve the effectiveness of universal services, thereby reducing the need for families to access specialist services.

4. MAIN BODY OF THE REPORT

4.1 REASONS FOR A NEW STRATEGY

Schools, Local Authorities, parents/carers and the wider community all have a role to play in improving attendance. Schools have a statutory duty under Section 175 Education Act 2002 to safeguard and promote the welfare of children. Every school therefore should have policies and procedures designed to ensure that all its pupils attend regularly and the LA should have clear policies and procedure in terms of how they will carry out their statutory duties and support schools with the wider attendance agenda.

4.2 Under Section 7 of the Education Act 1996, as amended, parents/carers are responsible for ensuring that a child of compulsory school age receives efficient full-time education suitable to the child's age, ability, and aptitude, by regular attendance at school or by educating the child otherwise (home education).

4.3 The LA has developed the new strategy as a result of the introduction of the significant changes which have taken place since the last strategy in 2002 and the introduction of MAST and Early Intervention and Prevention strategy.

4.4 Furthermore, improving school attendance is central to all the priorities in the city's corporate plans, which are:

- Improving skills
- Raising attainment and aspiration
- Improving children's health
- Safety and happiness
- Looked after children
- Successful transition to adulthood

Most of these priorities are linked to the Corporate Plan ambition of ensuring a better life for children and young people.

4.4 The new and different approach for Sheffield, outlined within the new strategy in Section 3, will to be to help achieve our Big Ambition for Sheffield – that every child, young person and family achieves their full potential by raising expectations and attainment and enabling enriching experiences:

By working in partnership and developing strategies that ensure:

- A Great Start in Life
- Every school a great school
- Young people active, informed & engaged
- Skills and training for life and employment
- Every child, young person and family safe, healthy and strong

Which will ensure

That every child and young person is in education every day

4.5 **CURRENT POSITION**

Improving school attendance has been, and continues to be, a challenge for schools, parent/carers and the LA. The overall picture for school attendance in Sheffield, and nationally, has shown an increase in all phases from 2001. However the table below (also in the draft Attendance Strategy **Appendix A)**, indicates that from 2008 to 2011 the picture for Sheffield has stayed fairly static, which demonstrates that Sheffield is falling behind the national picture.

4.6

	Primary		**Secondary**		**Special**	
	National	**LA**	**National**	**LA**	**National**	**LA**
2008	94.74	94.41	92.66	92.22	89.43	85.90
2009	94.70	94.27	92.80	92.49	89.28	85.7
2010	94.79	94.38	93.20	92.59	89.75	89.26
2011	95.0	94.55	93.5	92.59	90.0	88.30
2012	*	95.25	*	93.60	*	88.87

* National figures not yet released due in February 2013

4.7 Following the implementation of the MAST Service Redesign in November 2011, and during the development of the new Attendance Strategy, many aspects of the new strategy have already been implemented. This may have contributed towards the improved attendance figure in all three phases at the end of 2012.

4.8 A key priority both nationally and locally is to reduce Persistent Absence (PA). A child or young person is deemed to be PA if their overall total attendance is below 85%; this benchmark has recently been raised from 80%.

4.9 The current picture for PA in Sheffield in 2012 shows an improved position for primary of 4.3% and secondary 9.0% but disturbingly, PA in special schools has increased by 0.9% to 20.6%. Unfortunately we are not able to compare this nationally as the figures will not be available until February 2013.

4.10 **KEY THEMES AND PRIORITIES**

The Strategies key themes and priorities are:

- Schools' own management of attendance
- Early Intervention and Prevention
- Support for Looked After Children
- Local Authority Targeted Support for Schools
- Full and Effective use of Legal Powers

4.11 **CONSULTATION**

4.12 The draft strategy was developed in the spring term of 2012 and has been shared with schools, governors and staff for their views on the content.

4.13 All the consultation feedback has been collated and the highlights are in the Attendance Strategy Consultation Feedback Report. **(Appendix B)**

4.14 Following consultation, the strategy has been amended; overall the majority of feedback supported the five major themes and priorities, particularly having a focus on 'Looked After' and vulnerable children.

4.15 The concerns raised by schools and staff were largely around the lack of resources to deliver the strategy but most people were in favour of having an early intervention and prevention approach to the issue of improving school attendance. Schools did however express concern about the 'loss' of dedicated Education Welfare Officers (EWOs).

4.16 **IMPLEMENTATION OF THE STRATEGY**
Following the redesign of MAST, staff have already undertaken training on the new ways of working outlined in the strategy to support improving school attendance. The skills and knowledge of the old ‘EWOs’ have been shared with staff in the new roles of Prevention and Intervention Workers.

4.17 In addition, within the new MAST structure there are seven dedicated specialist Attendance and Inclusion Officers (A & I Officers), three of which are Social Work Qualified (SWQ). The A & I Officers offer a range of support to staff, schools and families. The A & I Officers (SWQ) in addition have a specific remit to support the attainment and achievements of Looked After Children (LAC) and also oversee the process of utilising the legal powers available to the LA.

4.18 Once the Strategy has gone through the political process, it will be rolled out across the city at a series of meeting for schools and partners, for full implementation in January 2013.

5. COMMUNICATION

5.1 There is a communication strategy for parents, partners and key stakeholders regarding the support provided for children, young people and families in the city. One strand of this communications strategy is specifically related to attendance. This strand includes regular public campaigns to raise the awareness of the importance of children attending school every day.

6.0 ALTERNATIVE OPTIONS CONSIDERED

6.1 The only alternative considered was to relaunch the ‘Making a Mark’ strategy of 2002. It was felt that this was an excellent strategy of its day in terms of standardising procedures, sharing good practice and raising the profile of the importance of raising school attendance. As with most strategies the agenda required a refreshed approach from that of several years ago.

6.2 Also taken into consideration were the major changes to support services within the LA and the central position of schools being responsible for the attendance of children within their schools.

6.3 It had also been identified that there was a need to continually strengthen and improve the attendance for vulnerable groups of children.

7.0 REASONS FOR RECOMMENDATIONS

7.1 Improving school attendance and safeguarding children and young people is central to Sheffield’s Corporate Plan ambition of ensuring a better life for children and young people. The overall reason for the recommendations therefore is to improve school attendance which in turn will positively impact on life chances and educational outcomes for children and young people and keep them safe. It will also enable Sheffield to improve its attendance position when compared to National, Statistical and Core City data.

7.2 Cabinet are asked therefore to approve a change in policy in relation to school attendance and our LA Statutory duties and responsibilities. This change in policy reflects the changing role of the LA in relation to the support provided to school and the increasing expectation that schools will take an increased responsibility for this agenda.

7.3 **The Local Authority** will promote the five themes of the strategy with schools, families and partners to ensure that due process is followed and legal responsibilities are adhered to.

7.4 **Schools** - will adopt the recommendations in the attendance strategy which will support them to implement an early intervention approach, request additional support when required and contribute towards achieving a consistent approach across the city to improve school attendance and keep children safe.

7.5 **Families** - will have their support needs identified at an earlier stage, have access to high quality services and be supported to improve their children's school attendance.

8.0 **FINANCIAL IMPLICATIONS**

8.1 There are no financial implications as this strategy is to be funded from within existing resources.

9.0 REASONS FOR EXEMPTION (if a Closed report)

9.1 No exemption requested.

10.0 RECOMMENDATIONS

10.1 **Recommendations:**
Cabinet is recommended to note the outcomes of the consultation on the draft Attendance Strategy and to approve:

- The new Sheffield Attendance Strategy including the 5 major themes and priorities;
- The implementation of the Attendance Strategy for CYPS, Schools and partners.

APPENDICES

Appendix A	**The Draft Attendance Strategy**
Appendix B	**Attendance Strategy Consultation Feedback Report**

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SHEFFIELD CITY COUNCIL

SHEFFIELD'S ATTENDANCE STRATEGY

(for Early Years Settings, Schools, Academies and Colleges)

Version 6 – (8 January 2013)

Contents

1. Introduction

1.1 Schools, local authorities, parents/carers and the wider community all have a role to play in improving attendance. Every child should be in education every day and every school should have policies and procedures designed to ensure that all its pupils attend regularly. The Local Authority (LA) should have clear policies and procedures in terms of how it will carry out its statutory duties and support schools with the wider attendance agenda.

1.2 The LA issued the ‘Making a Mark’ attendance strategy in 2002, which aimed to improve school attendance by working in close partnership with schools. It raised the profile of school absence, introduced a rigour and coherency into the processes of supporting vulnerable young people and, for the first time, assisted with the development of whole school strategies.

1.3 Feedback from schools was that this document was extremely helpful at the time in terms of standardising procedures, sharing good practice and raising the profile of the importance of improving school attendance. As with most strategies, there comes a time when it is appropriate to review our approach, taking into account the significant changes which have taken place since 2002. This review has been particularly influenced by the:

- Corporate Plan & CYPF’s Big Ambition;
- major changes to support services within the LA;
- central position of schools being responsible for the attendance of the children on their roll;
- need to continually strengthen and improve the attendance of vulnerable groups of children.

1.4 School attendance is central to all the priorities in the city’s corporate plans, which are:

- Improving skills
- Raising attainment and aspiration
- Improving children's health
- Safety and happiness
- Looked after children
- Successful transition to adulthood

1.5 Most of these priorities are linked to the Corporate Plan and CYPF Big Ambition “that every child, young person and family achieves their full potential by raising expectations and attainment and enabling enriching experiences, of ensuring a better life for children and young people, with one (Improving skills) linked to leading Sheffield's transformation.

1.6 Improving school attendance for children and young people will not only help the LA to achieve these priorities, more importantly it will help improve the life chances of the most vulnerable including: Looked After

Children, Young Carers and children with learning difficulties and or disabilities (LD/D).

Evidence shows the true impact of children and young people missing school:

- 10 minutes late to school every day = 32 hours a year of lost education;
- 1 day a week of school missed = 2 months a year of lost education;
- Half a day a week missed, throughout school life =
-

One full year of lost education!

1.7 The new strategy is therefore central to the LA's Big Ambition which includes ensuring that all schools are good schools and that every child will be in education everyday.

1.8 The new and different approach for Sheffield, outlined within the new strategy in Section 3, will to be to:

- Encourage schools to take an increased role in low level attendance issues prior to requesting support from the Multi Agency Support Teams (MAST);
- Implement the early intervention approach where all MAST workers have attendance as a key priority;
- Implement the whole family approach with regard to attendance;
- Prioritise Looked After Children;
- Work in a targeted way with schools requiring additional support, which will include Special Schools and the Inclusion Centres';
- Make full and effective use of legal powers available to the LA;
- Increase Sheffield's attendance to match or exceed the National Average;
- Lower Persistent Absence.

1.9 The aim of this document is to help schools and services efficiently manage pupil attendance and absence procedures as set down by the statutory requirements and the guidance from the DfE *. The document will provide a corporate approach for managing attendance and absence in Sheffield.

*http://www.dfe.gov.uk/schoolattendance
Attendance Codes Guide for Schools and LAs 2009
The Education Act 1996 (External link)
The Education (Pupil Registration (England) regulations 2006 (External link)
The Education (Pupil Registration) (England) (amendment) Regulations 2010 (External link)
The Education (Pupil Registration) (England) (amendment) Regulations 2011 (External link)

2. Context/Background

2.1 Attendance

2.2 Improving school attendance has been, and continues to be, a challenge for schools, parents/carers and the LA. The overall picture for school attendance in Sheffield, and nationally, has shown an increase in all phases since 2001. However the table below (also in **Appendix A)**, indicates that from 2008 to 20011 the picture for Sheffield has stayed fairly static.

Primary increasing by 0.14% and Secondary (including Academies from 2009/10) increasing by 0.37%. This indicates that Sheffield is falling behind the national picture which has seen a larger increase in both phases, in Primary by 0.26% and Secondary by 0.84%. Special schools have also seen an increase in overall attendance from 2008 to 2011, nationally by 0.57% and in Sheffield by 2.4% which represents a very good increase for Sheffield but is still well below the national average.

2.3 However, Sheffield has seen an encouraging increase across all phases in 2011/2012. In Primary by 0.7%, in Secondary 1.01%, and Special 0.57%. This may be due to the early implementation of the recommendations of this strategy. Unfortunately, we are not able to compare this nationally as the figures will not be available until February 2013.

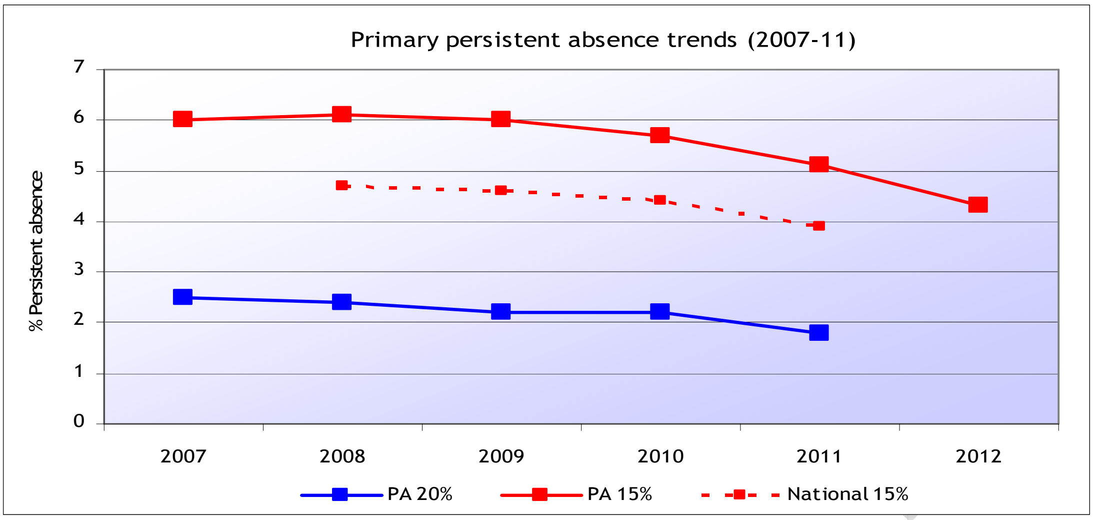
	Primary		**Secondary**		**Special**	
	National	**LA**	**National**	**LA**	**National**	**LA**
2008	94.74	94.41	92.66	92.22	89.43	85.90
2009	94.70	94.27	92.80	92.49	89.28	85.7
2010	94.79	94.38	93.20	92.59	89.75	89.26
2011	95.0	94.55	93.5	92.59	90.0	88.30
2012	*	95.25	*	93.60	*	88.87

* National figures not yet released due in February 2013

2.4 **Persistent Absence – Primary**

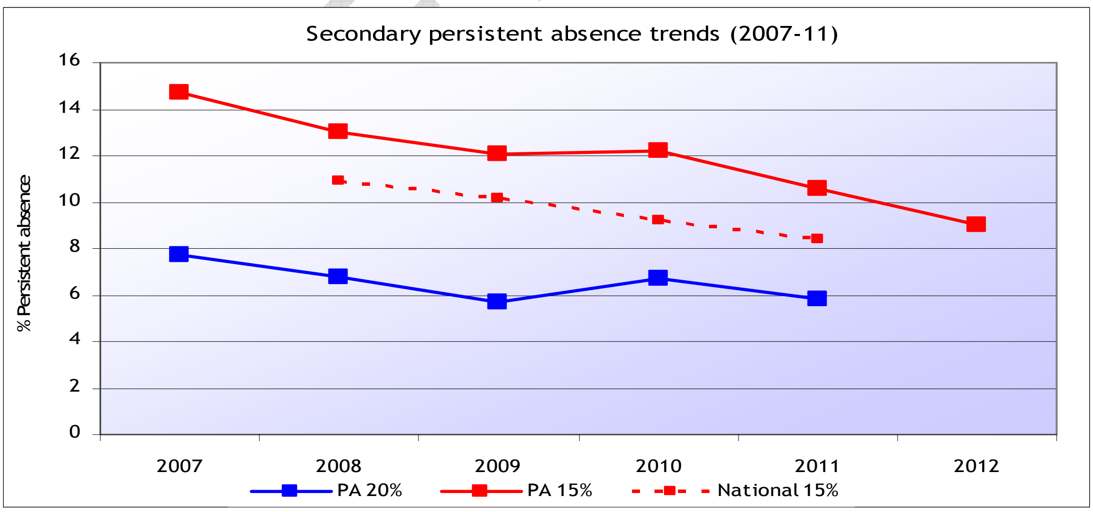
2.5 A key priority both nationally and locally is to reduce Persistent Absence (PA). A child or young person is deemed to be PA if their overall total attendance is below 85%; this benchmark has recently been raised from 80%.

2.6 The graph below (and in **Appendix B)** indicates that using the baseline of 85%, in 2007 for Sheffield primary schools the percentage of pupils who were PA was 6.1% in comparison to national which was 4.7%. In 2011 Sheffield was 5.1% in comparison to national which was 3.9%. Therefore although Sheffield has a higher percentage of PA than national we have reduced slightly more than national over this period by an additional 0.2%.



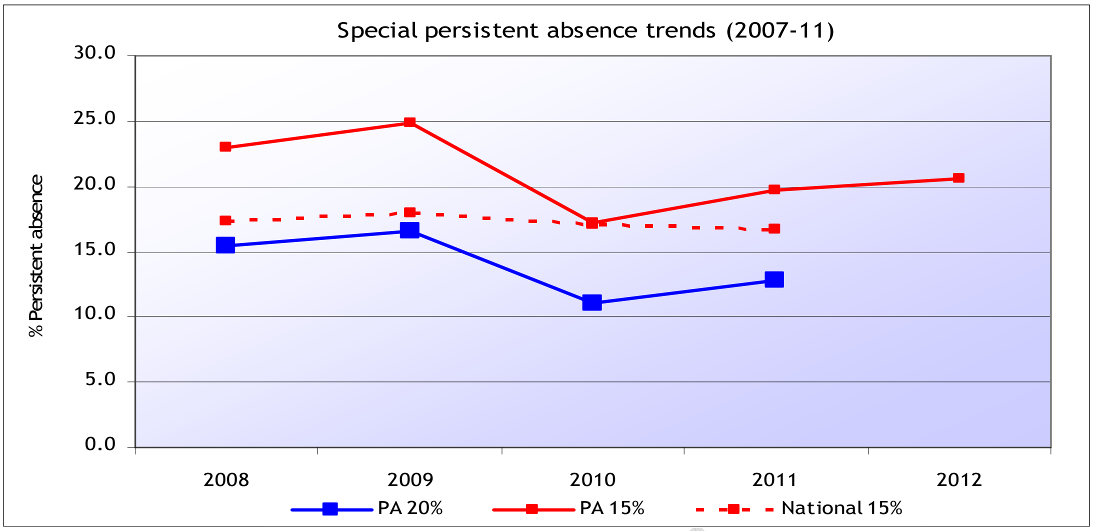
2.7 **Persistent Absence - Secondary**

2.8 The graph below (and in **Appendix B)** indicates that using the baseline of 85%, in 2007 for Sheffield secondary schools the percentage of pupils who were PA was 13% in comparison to national which was 10.9%. In 2011 Sheffield was 10.6% in comparison to national which was 8.4%. Therefore Sheffield remains with a higher percentage of PA than national and have reduced at a similar rate to national over this period of time.



2.9 Persistent Absence – Special

2.10 The graph below (and in **Appendix B)** indicates that using the baseline of 85%, in 2007 for Sheffield special schools the percentage of pupils who were PA was 23% in comparison to national which was 17.3%. This was a very worrying picture for Sheffield at this point being 5.7% higher than the national picture. In 2011 Sheffield had reduced this figure to 19.7% in comparison to national which was 16.7%. Although this was a good reduction for Sheffield unfortunately we have not managed to close the gap and still remain higher than national by 3%.



2.11 The current picture for Sheffield in 2012 shows an improved position for PA in primary of 4.3% and in secondary 9% but, worryingly, PA in special schools has increased by 0.9% to 20.6%. Unfortunately we are not able to compare this nationally as the figures will not be available until February 2013.

3 Strategy Themes and Priorities

3.1 The key themes and priorities of the strategy are:

- **Schools' own management of attendance**
- **Early Intervention and Prevention**
- **Support for Looked After Children**
- **Local Authority Targeted Support for Schools**
- **Full and Effective use of Legal Powers**

3.2 Schools' own management of attendance

Schools have a statutory duty under Section 175 of the Education Act 2002 to safeguard and promote the welfare of children. While regular school attendance is predominantly the responsibility of parents and carers, schools play a central role in ensuring that children and young people attend school regularly. This includes taking a positive and proactive role in the promotion of regular school attendance through strategies identified within the school attendance policy that will engage families. It is important that Governors take a key role in promoting good attendance when approving this policy.

3.3 It is further acknowledged that schools will take responsibility for low level attendance issues before requesting additional support from the Multi Agency Support Teams (MAST). In most schools this would include 'First

Day' absence procedures, meeting with parents and, where resource permits, home visits.

3.4 Good practice guidance suggests that schools can improve attendance by:

- Designating a member of the Senior Management Team as Attendance Lead;
- Identifying a member of the Governing Body to take responsibility for attendance. Other governors may also play a more active role in monitoring individual cases where this is part of the school's attendance policy;
- Producing and reviewing a whole school attendance policy, which sets out how attendance is managed and what monitoring systems are in place. This should be endorsed and monitored by the governing body;
- Setting realistic but challenging annual attendance targets;
- Having efficient and effective registration systems which encourage punctuality and safeguard children;
- Adhering to legal requirements regarding attendance and registrations **(please refer to 'Full and Effective Use of Legal Powers' No. 3.22 below)**
- Having efficient and timely monitoring and referral systems that identify attendance concerns, provide support and escalate to Social Care Fieldwork Teams when appropriate;
- Being observant and alert to changes in patterns of attendance by individual pupils as well as particular groups;
- Having a rigorous approach to sanctioning holidays in term time, following the LA guidance **(please refer to Appendix C);**
- Encouraging both teaching and non-teaching staff to forge effective links with parents;
- Sharing good practice locally across families of schools.

3.5 Early Intervention and Prevention

Integrated Children's Services were introduced in 2006 and the Attendance and Inclusion Service was redesigned and became part of the Children and Young People's Service. Investment has been made over recent years in the 'Early Intervention and Prevention' approach, with the introduction of the Multi-Agency Support Teams (MASTs) as part of the Early Intervention and Prevention strategy. MASTs are made up of a range of staff with a variety of skills and backgrounds. The introduction of the 'whole household' approach ensures that issues and difficulties faced by children, young people and families are dealt with in a holistic way, which would of course include school attendance.

3.6 More recently, in November 2011, the MAST service has been redesigned and re-launched, which has been driven by an aspiration to develop a multi-agency approach directed at the whole family, built on the principle of one family, one worker and one plan. The new service has included a complete reshaping of the services and the roles and responsibilities of MAST workers.

3.7 The key principle which underpins the LAs procedures for managing attendance is the belief that regular and punctual attendance is the key to academic and social development. This will in turn safeguard vulnerable young people and will improve their life chances. Attendance and Inclusion is therefore is a key priority for all MAST staff as they continue to work closely with children, young people, families, partners and schools to embed the concept of early intervention and prevention and keep children and young people safe.

3.8 Children, Young People & Families (CYPF), via MAST, will continue to provide support to schools on a range of issues, which will include attendance and inclusion (including exclusions). When schools have exhausted their internal support systems they can refer to MAST. The Attendance & Inclusion Officers, who are specialists within MAST, will offer advice and support to ensure that needs are identified and appropriate support is requested. Where the issue identified is a simple single agency issue, this will be requested via the completion of a ‘Request for Support’ proforma. Where the issues presented are more complex it may require a multi-agency discussion, to address issues within the whole family, and will therefore require the completion of a Common Assessment Framework (CAF) assessment.

3.9 MAST will continue to work closely with Social Care Fieldwork Teams to reduce the number of cases that may otherwise escalate. The Social Workers for Prevention and Intervention (SWPIs) who are part of MAST will play a lead role in providing advice and guidance to schools, partners and other MAST staff.

3.10 MAST will also continue to work closely with colleagues in the Inclusion and Learning Service (ILS) where dedicated work is already underway to ensure that ‘Every child is in education every day’. Further information on this work can be accessed via

3.11 Support for ‘Early Years’ is integral to the early intervention approach and MAST staff and Managers will continue to build robust relationships with professionals working in Early Years, including Children’s Centres. Support will be offered to Early Years settings on the management of attendance and punctuality and tailor made guidance will be developed for early year’s practitioners.

3.12 The LA will continue to work with other agencies, including housing, to identify vulnerable children and young people who may be missing school by implementing the ‘Environmental Protocol’;

3.13 It is acknowledged that children and young people, who are ‘Young Carers’ for their parents, or other family members, can have poor or fluctuating attendance patterns. It is also evidenced that attendance and therefore their attainment can be substantially affected.

3.14 The LA has made a pledge to work with schools and other partners to identify young carers at the earliest possible opportunity and to provide tailored packages of support for them. This will require close working arrangements with Adult Services to negotiate and secure effective packages of support to ensure that these children and young people have every opportunity to reach their full potential and are not disadvantaged by loss of school time.

3.15 The LA has provided ID cards to all Young Carers. If the Young Carers would like some extra support at school, because they are looking after someone at home, they can carry the card with them and can show the card discreetly to teachers when they need the additional support.

3.16 It is acknowledged that children and young people with Learning Difficulties and/or Disabilities (LD/D) may require additional support to enable them to attend school every day and reach their full potential. MAST will work with partners who support children with complex needs to enable families to have additional support to improve their attendance during and after the statementing process.

3.17 The LA will offer support to schools to ensure that absences are appropriately coded. This will include annual register checks and challenging schools where there may be the practice of 'unofficial' exclusions.

3.18 The LA will set realistic but challenging targets for attendance that will be discussed and agreed with heads and by governors. Progress against these targets will enable the LA to demonstrate that the early intervention and prevention approach is having a positive impact on the children, young people and families that have been supported. **(please refer to Appendix D);**

3.19 The LA will ensure that it fully utilises all available data to effectively track and monitor attendance trends and will target its resources appropriately by providing early intervention and prevention services or by challenging and supporting schools to manage their attendance. For further information please contact: https://www.sheffield0to19.org.uk/professionals/masts.html

3.20 Support for Looked After Children

A key priority for Sheffield LA is to improve all outcomes for Looked After Children (LAC). For further information on Sheffield's LAC strategy **(please refer to Looked After and Adopted Children Strategy 2011-2013)** http://www.sheffield.gov.uk/caresupport/childfam/looked-after-children

3.21 As mentioned previously, poor school attendance frequently has a direct impact upon achievement and life chances of young people, therefore for LAC this is a crucial area for support. CYPF will do this by:

- The implementation of the Virtual School for Looked After Children;

- Targeting the support of the Virtual School team, which will include monitoring attendance daily and calling multi-agency meetings at an early stage to address escalation of poor attendance. The Virtual School team will:

    1. Monitor the attendance of all LAC in the city via Welfare Call;
    2. Follow up identified attendance issues for all LAC out of city, by contacting the schools and/or the Social Worker;
    3. Follow up identified attendance issues for all LAC in city, by contacting the school and/or the Social Worker and advising the school to make a referral to the MAST, where appropriate.

- Develop the role of the 3 LAC Champions as part of MAST who will support the process to fast track referrals for allocation and support;
- Providing targeted support to staff and young people in Children's Residential Homes.

3.22 Local Authority Targeted Support for Schools and Providers

3.23 MAST will work collaboratively with schools to identify key issues relating to the impact of persistent poor attendance on overall attainment and progress. For schools and providers with identified attendance issues the LA will target its resources to support them in the following circumstances:

- Schools that have a Persistent Absence figure of 2% or more than the National Average (NA) (Primary NA 3.9%, Secondary NA 8.4%);
- All Special Schools with identified attendance issues and high levels of PA;
- Schools that are identified as causing concern where attendance is a key issue;
- Schools that are in a category for school improvement;
- Schools that have an influx of new groups that may impact negatively on school attendance;
- School with high numbers of children identified in the 'Building Successful Families' programme and or Young Carers;
- The Inclusion Centres;
- .Providers of alterative provision that have young people with attendance issues.

3.24 It is acknowledged that schools and providers across the city may be at different points in terms of attendance process and procedures, and may have differing resources to support this agenda. Before a referral is made to MAST, the Attendance & Inclusion Officers will work with schools/providers to ensure that staff are able to:

- Identify the absence patterns;
- Work with the young person to identify the issues and put a support plan in place to address the issues;

- Contact parents where attendance issues do not improve;
- Inform parents that a referral is being made to MAST when the school/provider has exhausted all its internal support services available.

3.25 MAST will liaise with key members of Lifelong Learning and Skills (LL&S) to improve monitoring systems for attendance with alternative providers and will ensure that young people who will be effected by the raising of the compulsory participation age and who have had identified school attendance issues, are supported **(please refer to 'The Education and Skills Act 2008' Raising Participation Age).**

3.26 Full and effective use of legal powers

The LA has statutory duties to fulfil with regards to poor school attendance which include utilising legal powers. However, the LA will continue to work with Parents and Carers to do all it can to engage them and their children with schools. The LA will also ensure that all possible support avenues, both within schools and within the LA, have been exhausted before taking any punitive action. It will be important therefore to target families sensitively to ensure additional pressure is not put on vulnerable families in crisis.

3.27 ***Parenting Contracts, Parenting Orders and Penalty Notices** are interventions available to promote better school attendance and behaviour. Good behaviour and attendance are essential to children's educational prospects. These measures are permissive and it is for individual governing bodies and local authorities to decide whether to use them.

3.28 The LA will work closely with, and offer support to, named attendance staff in schools to progress cases via the legal system where required.

3.29 LAs also have other powers to enforce school attendance where this becomes problematic, including the power to prosecute parents who fail to comply with a school attendance order or fail to ensure their child's regular attendance at school.

3.30 ***School Attendance Orders**. If it appears to the local authority that a child of compulsory school age is not receiving a suitable education, either by regular attendance at school or otherwise, then they must begin procedures for issuing a School Attendance Order. The order will require the child's parents to register their child at a named school. If they fail to comply with the order the parent can be prosecuted.

*The Education (Parenting Contracts and Parenting Orders) (England) Regulations 2007
The Education (Penalty Notices) (England) Regulations 2007
The Education (Penalty Notices) (England)(Amendment) Regulations 2012
Under section 437 of the Education Act 1996.
Under section 447 of the Education Act 1996

3.31 ***Education Supervision Orders**. The local authority must consider applying for an Education Supervision Order (ESO) before prosecuting parents. A local authority may apply for an ESO instead of or as well as prosecuting parents. The order is placed on the child and the local authority is appointed by the court to supervise that child's education either at a school or at home for a specified period of time.

3.32 Schools – Should adhere to legal requirements regarding attendance and registrations by:

- Completing attendance registers each morning and afternoon;
- Notifying the LA of any unexplained absences in excess of 10 continuous school days;
- Maintaining an 'Admissions and Attendance Register';
- Only removing pupils from the Admissions Register in accordance with the requirements of the regulations;
- Keeping registers for three years, making them available to LA Officers when required;
- Keeping accurate records of any support offered which may be used if cases are progressed via the legal route;
- Presenting reports on absence to the Governing body for discussion;
- Taking a lead responsibility for initiating and monitoring 'Parenting Contracts' with support from MAST where required;
- Liaising with the LA if they wish to issue Penalty Notice warning letters.

For more detailed information, (**please refer to 'Advice on School Attendance'** www.dfe.gov.uk).

3.33 **Local Authority** – The LA will initiate legal proceedings only as a last resort when all other attempts to resolve attendance issues have been unsuccessful. Before initiating legal proceedings, we would expect at least one of the following alternatives to have been tried:

- Fixed Penalty Notices (FPN) may be used as a precursor or alternative to legal action, in appropriate cases. Head teachers, MAST workers and the Police may recommend the use of FPNs, which will be issued by the Attendance & Inclusion Social Work Qualified Officer (A & I O SWQ) if attendance is below 90% with at least 20% of the absence unauthorised.
- Supporting schools to develop 'Parenting Contracts', as a means of supporting the family to address concerns about school attendance.
- 'Parenting Orders' as directed by court to help address anti-social behaviour working closely with the Police, Housing and Targeted Youth Support.

3.34 The DfE expects all LAs to use Fast Track Case Management where appropriate. This involves the setting of targets for pupil attendance, which if not met can result in early prosecution of parents. The LA will adhere to legal requirements regarding attendance and registrations by:

- Taking legal action against parents, either in the Magistrates Court, or the Family Proceedings Court if their children do not attend school regularly. This could result in heavy fines and for the more serious cases imprisonment.

4 Resources

4.1 **Schools** will:

- Identify a Senior Manager as Lead for Attendance;
- Identify a School Governor to take responsibility for Attendance;
- Analyse attendance data on a regular basis and make recommendations to the school's SMT;
- Submit attendance data on a regular basis in line with DfE and LA guidelines;
- Identify a member of staff to do first day calling (or will subscribe to an agency to carry out this work);
- Ensure that all school staff have a remit for challenging and supporting the attendance agenda;
- Have identified staff to liaise with MAST regarding a range of issues including attendance.

4.2 **The Local Authority** will:

- Identify a Senior Manager as Lead for Attendance;
- Develop an Attendance Strategy Group made of LA Officers, members of school staff and partners;
- Regularly analyse data provided by school to produce reports for key members of LA staff and schools;
- Identify a number of A & I (SWQ) Officers, to have a specific responsibility for LAC and for progressing cases through the legal system where appropriate;
- Identify a number of A & I Officers to support the strategic development of attendance in schools with specific responsibility for data and supporting processes in school;
- Identify a number of Social Workers for Prevention and Intervention (SWPIs) to give advice and guidance to schools, partners and MAST staff;
- Ensure that all MAST staff have a remit for challenging and supporting the attendance agenda;
- Identify appropriate Business Support to carry out the administration process for the legal processes;
- Identify staff within the Virtual School to monitor the attendance of LAC.

5 Action Plan and Review

5.1 Sheffield's Attendance Strategy will be supported by a live action plan which will be developed and agreed with key local partners including schools. Progress in relation to the action plan will be monitored termly by the

Attendance Strategy Group and the findings will form the basis of a termly report that will be made available on request.

5.2 If the strategy is working, then the key outcomes we would expect to see are:

- improved levels of attendance;
- reduced absence for holidays in term time;
- reduced numbers of pupils missing for unauthorised absence;
- an increase in the numbers of families supported via ‘Building Successful Families’ programme;
- improved levels of attainment in schools;
- improved outcomes for children, young people and families;
- improved outcomes for vulnerable groups e.g LAC, Young Carers and LD/D;
- reduction in the number of young people Not in Education or Employment (NEET);
- reduction in the number of cases escalated to the Social Care Fieldwork Service;
- reduction in the number of children deemed as ‘Children In Need’ (CIN);
- reduction in the number of children on child protection plans;
- reduction in the number of children taken into the care of the LA.

5.3 The strategy will be reviewed annually led by the Attendance Strategy Group in consultation with key partners including schools. The LA will monitor the effectiveness of the strategy through regular reports to the Children and Young People SLT and Scrutiny Board.

Appendix A

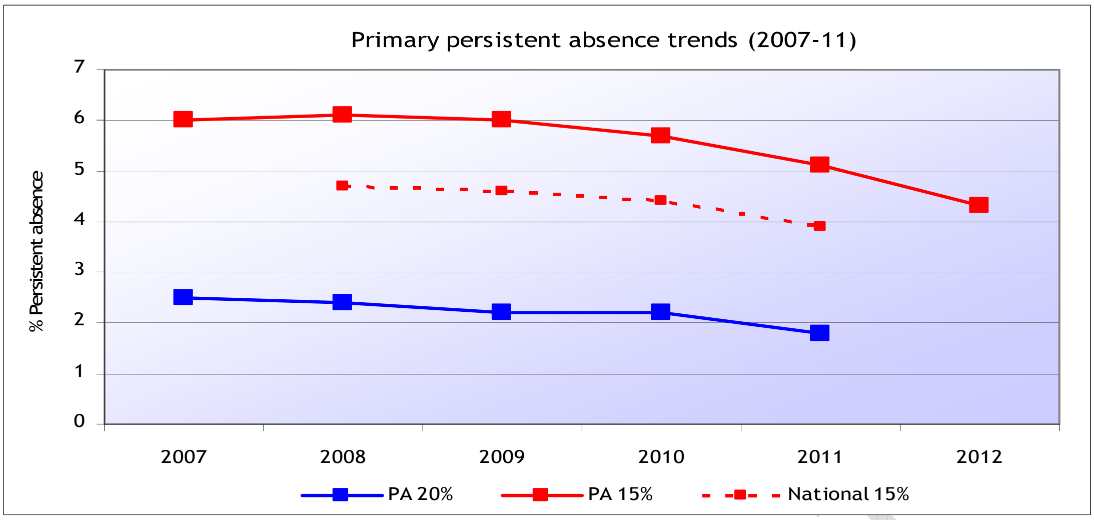
Primary	2007/08	2008/09	2009/10	2010/11	2011/12*
Attendance					
National	94.74	94.70	94.79	95.0	
LA	94.41	94.27	94.38	94.55	95.25
Authorised Absence					
National	4.69	4.66	4.54	4.3	
LA	4.80	4.83	4.64	4.4	3.7
Unauthorised Absence					
National	0.57	0.64	0.67	0.7	
LA	0.8	0.9	1.0	1.1	1.0
Persistent Absence					
National 15%	4.7	4.6	4.4	3.9	
LA 15%	6.1	6.0	5.7	5.1	4.3
LA 20%	2.4	2.2	2.2	1.8	

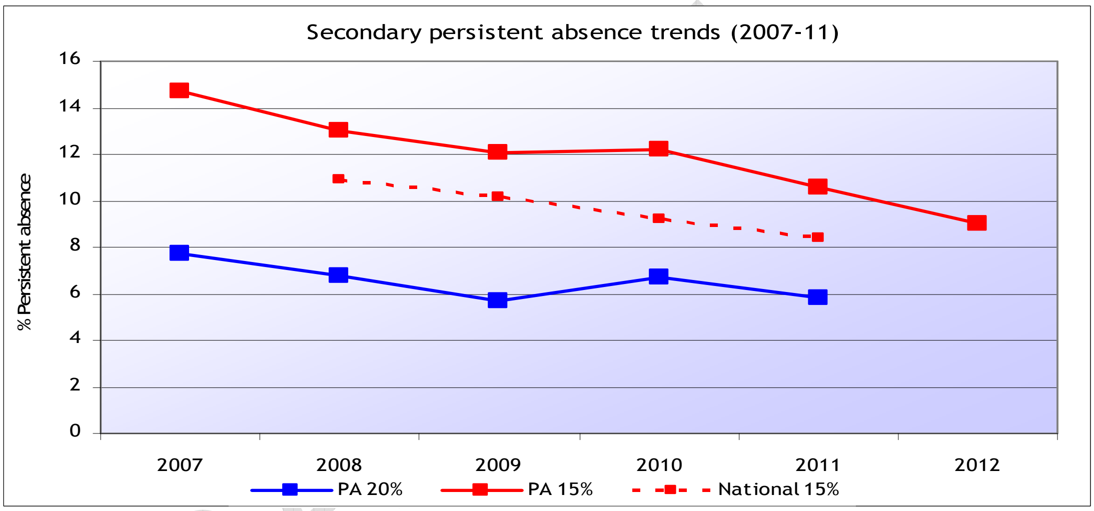
Secondary	2007/08	2008/09	2009/10	2010/11	2011/12*
Attendance					
National	92.66	92.80	93.10	93.5	
LA	92.22	92.49	92.59	92.59	93.60
Authorised Absence					
National	5.87	5.74	5.42	5.1	
LA	5.59	5.48	5.46	5.0	4.6
Unauthorised Absence					
National	1.5	1.5	1.4	1.4	
LA	2.1	2.0	1.9	2.3	1.8
Persistent Absence					
National 15%	10.9	10.2	9.2	8.4	
LA 15%	13.0	12.1	12.2	10.6	9.0
LA 20%	6.8	5.7	6.7	5.8	

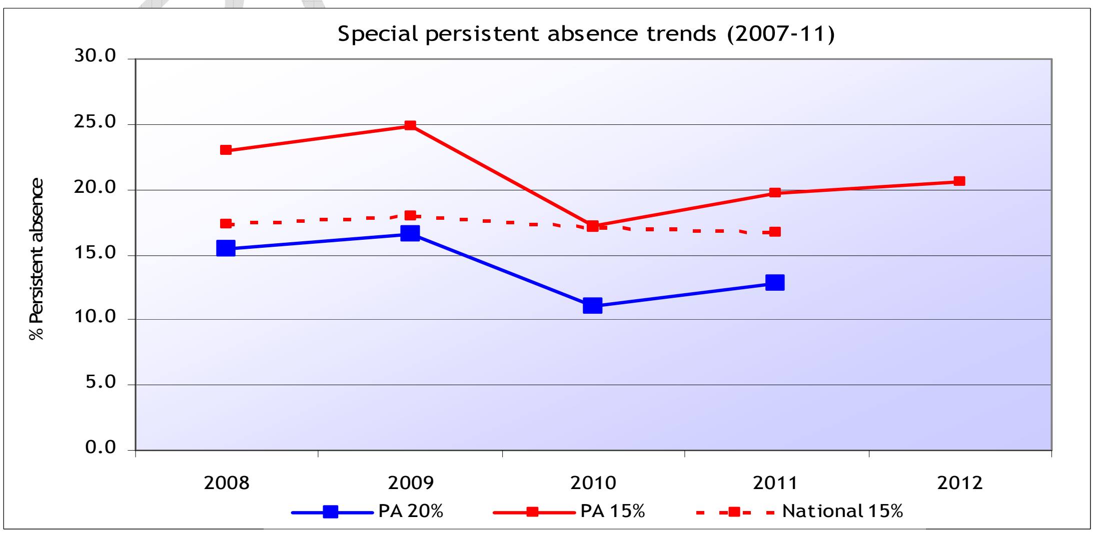
Special	2007/08	2008/09	2009/10	2010/11	2011/12*
Attendance					
National	89.43	89.28	89.75	90.00	
LA	85.90	85.7	89.26	88.30	88.87
Authorised Absence					
National	8.41	8.58	8.24	8.0	
LA	9.4	9.8	8.26	8.7	8.6
Unauthorised Absence					
National	2.16	2.14	2.01	2.0	
LA	3.6	4.5	2.48	3.5	2.5
Persistent Absence					
National 15%	17.3	18	17.1	16.7	
LA 15%	23.0	24.9	17.2	19.7	20.6
LA 20%	15.4	16.6	11.1	12.8	

2011/12 data is provisional

Appendix B


Primary persistent absence trends (2007-11)
% Persistent absence
0
1
2
3
4
5
6
7
2007
2008
2009
2010
2011
2012
PA 20%
PA 15%
National 15%


Secondary persistent absence trends (2007-11)
% Persistent absence
0
2
4
6
8
10
12
14
16
2007
2008
2009
2010
2011
2012
PA 20%
PA 15%
National 15%


Special persistent absence trends (2007-11)
% Persistent absence
0.0
5.0
10.0
15.0
20.0
25.0
30.0
2008
2009
2010
2011
2012
PA 20%
PA 15%
National 15%

Appendix C

This local guidance and was developed in partnership with schools and was implemented in 2010.

Holiday leave in Term Time

Nationally 5.4 million days were lost due to holidays during the Autumn 2006 and Spring 2007 terms. Of these 4.9 million days were authorised and approximately 10% of all absences were due to holidays.

Schools are now being urged by the DfE to reduce these figures in order to improve attendance and achievement.

The regulations make it clear that parents do not have a legal right or entitlement to take a child out of school for the purpose of a term – time holiday.

The regulations state that:

- schools can agree to an absence for a family holiday of up to 10 days if there are **special** circumstances that warrant it (code H).
- schools can agree to an absence of more than 10 school days if there are **exceptional** circumstances (code F)

If the school does not agree to the absence and the pupil still goes on holiday, then the absence is unauthorised. An unauthorised extension to an agreed holiday will be also classed as an unauthorised absence (code G). The Local Authority may issue fixed penalty notice if the pupil already has an attendance issue i.e. attendance below 90% with at least 20% of the absence unauthorised.

If the pupil fails to return to school after 10 days from the end of the agreed 'holiday' period, s/he could be taken off roll providing all reasonable efforts have been made by the school and Local Authority to locate him/her *and* approval has been given by the Children Missing from Education Team.

Local Authority Standpoint

The Local Authority expects schools to follow the regulations and use the absence codes as shown above. Wherever possible it will seek to apply fixed penalty notices to discourage parents from going against the ruling made by the Head Teacher.

This guide outlines the considerations schools are expected to make when holiday requests in term time are made.
http://www.education.gov.uk/rsgateway/DB/SFR/s001060/sfr04-2012nt.xls

NB Following Charlie Taylor's recommendations, Government intent to strengthen the rules around Term Time holidays by September 13.

Appendix C

Sheffield School Attendance Targets % (Draft)

	2010/11	2011/12	Target 2012/13	Target 2013/14	Target 2014/15
Primary					
National	95.00	*			
LA	94.55	95.25	0.15	0.15	0.15
Secondary					
National	93.5	*			
LA	92.59	93.60	0.30	0.30	0.30
Special					
National	90.00	*			
LA	88.30	88.87	0.40	0.40	0.40

* National figures not yet released due in February 2013

Persistent Absence Targets %

	2010/11	2011/12	Target 2012/13	Target 2013/14	Target 2014/15
Primary					
National	3.90	*			
LA	5.10	4.30	0.40	0.40	0.40
Secondary					
National	8.40	*			
LA	10.60	9.00	0.73	0.73	0.73
Special					
National	16.70	*			
LA	19.70	20.6	1.00	1.00	1.00

* National figures not yet released due in February 2013

LAC Targets %

	2009/10	2010/11	2011/12	Target 2012/13	Target 2013/14	Target 2014/15
National	94.2	94.5	*			
LA	92.8	93.1		0.46	0.46	0.46

* National figures not yet released due in February 2013

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Attendance Strategy Consultation Feedback Report

Introduction

The Local Authority issued the ‘Making a Mark’ attendance strategy in 2002 which aimed to improve school attendance by working in close partnership with schools. Feedback from schools outlined that the strategy was extremely helpful at the time but with the introduction of the concept of ‘Early Intervention and Prevention’ and the redesign of the MAST structure it was agreed that the time was right to develop a new strategy.

The draft strategy was developed in the spring term of 2012 and has been shared with schools, governors and staff to take views on the content.

All the consultation feedback has been collated and below are the highlights from the feedback on the five themes of the strategy.

Theme 1 - Schools’ Own Management of Attendance

Whole School Approach - the ‘whole school’ approach was strongly agreed upon with rigorous tracking and monitoring systems.
Family Of Schools Approach – suggested ensuring consistency.
Accurate Recording – of attendance was highlighted as a big issue in schools.
Admissions Process - It was acknowledged that the admissions process of allocation is unrealistic and has a negative impact especially when children in the same family are allocated to different schools and often outside the catchment area. Transport was also sited as a problem area.
Targets - Should be set but in discussion with the head teacher not imposed, although it was suggested that the LA should set the overall targets for schools and that this could form part of SLA between MAST and the School. It was also stressed that schools are under pressure to meet other targets and attendance is not always a priority for them.
City Wide Forum – should be introduced to share good practice and positive recognition including promoting incentives.
Financial Barriers – restrict schools from doing more but it was suggested that it would be helpful if schools were able to employ more staff to help with attendance.
Term Time Holidays – and extended leave to country of origin impacts on attendance, again suggesting a ‘family of schools’ approach would be helpful.
Childs Voice – was highlighted as important.
Transition – the importance of regular school attendance should be emphasised at each stage of transition from Nursery to Primary and then to Secondary.
Practice Guidance – should be provided to accompany the strategy.
Consistency of Service – in MAST was highlighted as an issue as there is different ways of working across the 3 MAST areas.
Overall Responsibility – for attendance should be held by the schools with school undertaking initial home visits, and school meetings held where required to ensure that parents are aware of any targets that are set .

Communication – needs to be improved within schools, and between schools and MAST.

Theme 2 - Early Intervention & Prevention

Advice and Support – from MAST should be new and additional to what school have already provided.
Admissions Process - It was acknowledged again, that the admissions process of allocation is unrealistic and has a negative effect especially when children in the same family are allocated to multiple schools and may need a number of bus rides to get there.
Financial Barriers – whilst it was acknowledged that MAST don't have capacity it was suggested that MAST should provide schools with personnel or funding to improve attendance.
EWOs / Attendance & Inclusion Officers - Schools expressed their concern about the removal of experienced EWO's and said they do require more "door knocking". In addition other people were concerned about the reduction of A & I Officers and believed that there are not enough in the new redesign therefore there is an inability to challenge schools re coding which is ultimately a safeguarding issue
Accurate Recording – of attendance in schools was again highlighted as a big safeguarding issue. The lack of challenge to the schools and the safeguarding issues this potentially causes when children are not in school and are incorrectly coded, therefore not referred to MAST for follow up. If schools are not using the correct codes for CYP then MAST don't get a true picture about who and why they are not in school. It was also emphasised that schools should input their attendance data and send it onto SIMS more quickly. MAST often have to work with data that is up to 6 weeks out of date.
Caseloads for MAST – it was acknowledged that MAST is limited to caseload size but that workers were taking on too many cases. It was suggested that 4 to 6 contacts is not realistic when it comes to attendance especially if the cases are to be progressed through the legal process. Also, timescales was questioned where schools delay in sending in referrals and then MASTs have waiting lists.
Family of School Approach – is required, as there is a link missing between secondary and primary for families where children in each school have same pattern of attendance. Also, the importance of Early Years was emphasised.
Whole Family Approach – was acknowledged as good practise but MAST are not there yet re 'one worker, one family, one plan'.
Meeting Needs – it is important to respond to local needs/circumstances including family needs and minority communities. It was also stressed that attendance may not be a high priority for families that are facing multiple issues.
Parents Evenings – it was suggested that MAST workers should be invited to attend parents evenings.
Early Years – it was emphasised that Early Years professionals need to have an understanding of attendance e.g parents missing Health Visitor appointments.
SEN – MAST need to have a much stronger link with the SEN department.
Transition - from children to adult services was highlighted as an issue.

Theme 3 - Support for Looked After Children –

Out of City Placements – it was suggested that the funding for out of city placements should be central / national so that cities would not be charging each other for care placements.
Children in Respite Care – are not recognised as LAC therefore there may be less support for attendance and they don't have a social worker.
Transport - for LAC is an issue and it is suggested that there is a dedicated transport system provided.
Communication - from social services to schools could be improved.
Designated Teacher – it was suggested that detailed information regarding the designated teacher role is communicated.
LACES – it was made clear that there is a lack of knowledge and understanding of the role of LACES.
Residential / Foster Carers - it was suggested that detailed information regarding foster carers and residential homes is communicated including the link role of the A & I Officer (LAC Champion) in MAST.
Resources – there needs to be more resources and budget for LAC at Primary, Secondary and for Out Of City.
Personal Education Plan (PEP) – the role of the PEP needs to be acknowledged and understood.
LAC Handbook – it was strongly suggested that everyone should read practitioners handbook for education of LAC.

Theme 4 - Local Authority Targeted Support for Schools

Mid Term Admissions - Schools that are under numbers often due to high migration are vulnerable to high numbers of mid term admissions which can have a negative impact.
Persistent Absence (PA) - Is more a reflection on issues in the community therefore more resource/attention required in wider community (including schools). For example where changes in a community e.g migration, affects schools (Slovak Rome) there needs to be a more rapid and supportive input from the LA.
Advice and Guidance – there needs to be common policies shared between schools and clear guidance on issues such as coding, non attendance, registration and extended holidays
Home Visits – there needs to be more support with service delivery/knocking on doors rather than strategy
Consistency – there needs to be more consistency regarding staffing and support
Academies – it was suggested that Academies should be targeted for additional support.
Special Schools – it was suggested that Special Schools should be targeted for additional support.
Troubled Families (Successful Families) - it was suggested that targeted support should be linked to the Troubled Families pilot.

Resources – It was suggested that schools that already have lots of additional resources would get additional MAST resources, this is unfair to schools with limited funding.
Exclusions – Schools should be targeted if they have high rates of exclusions.

Theme 5 - Full and Effective use of Legal Powers

Penalty Notices – There was a difference of opinion about the issuing of Penalty Notice Warning Letters (PNWL). Some Secondary schools do this already and other schools would like to, but a number of schools would not want to do this and would prefer the LA to take this responsibility. This came particularly from some Primary Schools (but not all). It was believed that there would be more impact if they are issued by the LA rather than school and it would enable the school to maintain good relationships with parents. It was stressed that if schools do issue PNWL they have to inform the LA and if this then goes onto a PN being issued this **has** to be done by the LA. Schools currently issue PNWL as a punitive measure whereas MAST workers issue PNWL as a part of a support package. It was voiced as a concern that school may not be aware of the underlying reasons for non attendance. The majority of people thought that the LA should continue to take a lead but if schools did issue PNWL the cases should be checked by A&I Officer (SWQ).
Progression to Court – some Secondary schools would like to progress their own cases to court others are very much against taking this action and want the LA to continue to fulfil this role. If schools do consider progression of cases to court they would have to pay for access to legal services.
Prosecuting more Parents - again there was a difference of opinion here. A minority of people were in favour of increasing the number of cases to court. It was felt that many cases were not suitable for the legal process e.g. where families have multiple issues that would require addressing before court could be considered. It was strongly felt that the legal route should only be used as a last resort when all other support systems have been utilised. It was further acknowledged that cases should only progress to court if confident that it would make a difference to the child's attendance.
Training for Schools – If schools decide to take the lead on the legal process they will require training regarding gathering evidence, writing Witness Statements and understanding 'Statutory Defences'.
Parenting Contracts – if Parenting Contracts are to be promoted in the strategy it is important that they are effectively implemented.
Children's Fieldwork Services – It was felt that Social Workers need to understand that poor attendance can be classed as neglect.

Diane Dewick
Service Manager West MAST and Strategic lead for Attendance
7.11.12.