

SHEFFIELD CITY COUNCIL

Cabinet

Meeting held 12 November 2014

PRESENT: Councillors Julie Dore (Chair), Isobel Bowler, Ben Curran, Mazher Iqbal, Mary Lea and Jack Scott

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Leigh Bramall, Jackie Drayton and Harry Harpham.

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 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting held on 15 October 2014 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 Public Question in respect of Care and Support

Mr Alan Savoury commented that, in 1993, he had been diagnosed with anxiety and depression. At the time he received no support from the City Council. In 1999 he received the same diagnosis and also at this time he received no support from the City Council. It was only in 2010 when he was diagnosed with stomach cancer that he received any support from the City Council. Throughout this period he was the main carer for his wife. He therefore asked why he had not received any support from the City Council until 2010?

Councillor Julie Dore, Leader of the Council, commented that the issues raised by Mr Savoury needed to be investigated. Councillor Mary Lea, Cabinet Member for Health, Care and Independent Living, commented that the issues appeared to have occurred over a number of years and a meeting should be arranged with Mr Savoury to discuss these issues and she would arrange for this to take place.

5.2 Public Question in respect of Budget Cuts

Dawn Sanders, a journalist from Sheffield Hallam University, asked how Sheffield City Council had dealt with the budget cuts imposed upon them and, with further cuts on the way, how did they plan to implement these and challenge the

Government?

Councillor Julie Dore commented that the final financial settlement had not yet been confirmed but the City Council expected to need to make £60m of savings in the next financial year.

Councillor Ben Curran, Cabinet Member for Finance and Resources, added that a budget consultation event had been held in October which had invited views from the public. At this event the Council's approach to implementing the cuts was outlined and endorsed by those present. The approach looked at prevention and took a longer term view. Further information could be provided if requested.

Councillor Julie Dore further commented that officers would discuss savings within their teams and the politicians would make the final decisions. This would be based on the administrations ambitions and priorities. The final budget would be submitted to Cabinet in February 2015 and to Full Council in March 2015.

5.3 Public Question in respect of Business Services Sourcing Strategy

Mr Nigel Slack referred to item 12 on the agenda 'Business Services Sourcing Strategy' and commented that this was confirmation that he had been expecting that the current Capita contract was to be extended for another six years. Mr Slack commented that his concerns over the outsourcing of public services was well known to the Cabinet and he was concerned that this report confirmed that the Council lacked the 'capacity' to bring the whole contract in-house as one of the options. He was happy to see that the customer facing roles would be brought back in-house and may therefore better reflect the Council's previously stated view that the poor and unemployed were not the causes of austerity but its victims.

Mr Slack therefore asked: Will the Council be working to recover the lost capacity within the Council for more of the currently outsourced contracts, including this one? If that was feasible will they take advantage of the break points to return more of the contract in-house? And Have the Council been able to renegotiate the profit element of this contract and if so what is the profit cap?

Councillor Ben Curran acknowledged that, in the past, the Council had not been the best example of contracting. However, lessons had been learned. He hoped that the contract was the best option for the City. There were break away clauses should the Council need to. Annual market testing would be undertaken. This was a good way to keep the contractor 'on its toes' and keep them focused on continual delivery.

It was impossible to say at this stage what would happen if the Council had to break away. However, it was important to have this flexibility. Commercial arrangements had been renegotiated; however these could not be discussed due to commercial sensitivity. Paragraph 8 of the report showed that savings had been made through back office savings rather than cuts to the services the people of the City relied upon.

The insourcing of the Revenues and Benefits service was quality driven. This was the only area where customer complaints had been received. Councillor Curran was confident that the in house team would provide a quality service.

5.4 Public Question in respect of Budget Savings

Nigel Slack commented that, from the first budget consultation event, it became clear that the Council had naturally been working on potential savings over the summer and since then Mr Slack was given to understand that identified savings were in the region of £40m. This left a lot of work to be done but, in order to prevent duplication and so that people could make early comment on proposals, good or bad, would the Council declare their current position? This was common practice in many other Councils and gave opposition parties and public alike the chance to flag up areas of agreement and dissent in plenty of time for alternatives to be considered rather than in the last few weeks before the budget meeting in March.

Councillor Ben Curran responded that the target for the next financial year was to make £60m savings. £30m of this was a reduction in the Revenue Support Grant. The rest were service pressures, reduction in specific grants and to a small extent inflation. The Council would stick to the plan outlined at the budget consultation event which appeared to be supported by those present. There would be a full budget consultation event in the new year. The budget papers would be published five clear working days prior to the Cabinet meeting in February and the Full Council meeting in March and this process seemed to have worked well in the past.

Councillor Julie Dore added that officers did provide opposition parties with briefings throughout the process so they were aware of the exact figures and savings which needed to be found. This gave opposition parties the opportunity to present alternative budget savings at the Full Council meeting in March.

5.5 Public Question in respect of National Insurance Contributions

Nigel Slack commented that, at the start of their current conference, the CBI called for the raising of the National Insurance threshold for the low paid to address their concerns over the struggle of low paid workers. If Mr Slack was correct this would also affect their pensions through lower contributions being made and would benefit the corporations by reducing their own contributions on behalf of their staff. Did the Council agree that a simpler and quicker solution might be for the CBI to recommend their members to increase wages?

Councillor Julie Dore commented that she hoped she was speaking on behalf of her group that she believed the CBI should recommend that their members should increase wages for their staff as an absolute minimum. She was not fully clear how this worked in respect of National Insurance contributions and pensions. When there was a move to a single state pension contributions would be irrelevant and based upon years of contribution.

5.6 Public Question in respect of Webcasting

Nigel Slack stated that he continued to press for webcasting of Council meetings and he was currently putting proposals for a cost free means of doing so, that might even generate revenue for the Council, into the budget conversation. In the meantime a 'techy' friend had suggested it may be possible to plug into the Council amplification system to radically improve the quality of his recordings. He therefore asked if the Council consent to him looking into this potential and if so advise with whom?

Councillor Julie Dore reported that the Council was currently looking into public access in the Council Chamber and the use of equipment and Mr Slack's comments would be taken on board.

5.7 Public Question in respect of the Centenary Field Dedication

Nigel Slack commented that he commended the City Council for its intention to reflect on the 100 years since the first world war with the Centenary Fields project. The site at Weston Park with the adjacent museum was entirely fitting. Mr Slack's grandfather survived the Somme but never talked about it and this seemed to be a common experience for those lucky few that did come home. Therefore Mr Slack asked and urged the Council to try and find some altruistic company, university or personage that will enable a suitable commemoration to be created for the site?

Councillor Isobel Bowler, Cabinet Member for Culture, Sport and Leisure, thanked Mr Slack for his comments. The Council would work with Field of Trust and the British Legion in relation to a commemoration event and there would be a plaque of some kind installed. She would have to reflect on producing something larger and whether this would be appropriate near to a war memorial but she would hold discussions in this respect.

5.8 Public Question in respect of Devolution

Nigel Slack reported that, from comments made at the Sheffield Executive Board meeting, held on the morning of this Cabinet meeting, it seemed clear that a devolution offer was on the table for the Sheffield City Region. Would the Council commit to any offer being put before the public for comment before a decision was made?

Councillor Julie Dore commented that the Council did not have the time to go to the public with the negotiations due to the timetable set by the Government as they wanted to make a statement in the Autumn Statement on 3 December. All Cabinet believed that devolution was right for the City and the City Region. When the Government and the City Region had reached an agreement this would be publicised and the implications of this and Councillor Dore hoped that there would be an opportunity for consultation on this.

5.9 Public Question in respect of Tenants Authority

Mr Martin Brighton asked whether Council-supported tenants had the authority to decide where people belonging to an ethnic minority were allowed to live and to

demand that the Housing Service relocate people belonging to an ethnic minority according to personal whims?

Councillor Dore confirmed that they did not have the authority.

5.10 Public Question in respect of Tenants Publicity Material

Martin Brighton asked, where Council supported tenants publicised material around the community that incited hatred of another group, was it expected that they continued to be supported in their action by the Council? They continued to be recognised by officers and elected Members? The police not be informed?

Councillor Dore stated that if that were the case it was not expected that they would continue to be supported by the Council. The Council would have to reconsider recognition and the police should be informed were that to be the case.

5.11 Public Question in respect of Criminal Damage

Martin Brighton asked, where there was criminal damage caused by Council supported tenants, can the community reasonably expect that the damage was put right? The damage was fairly reported by the Housing Service? The Police be informed? The perpetrator was cautioned by the Council that they were in breach of their tenancy, and evicted if the behaviour did not cease?

Councillor Dore confirmed that would be the case and any action would be in accordance with the tenants tenancy agreement.

5.12 Public Question in respect of Member and Officer Behaviour

Martin Brighton asked, where senior Council officers, supported by an Elected Member, serially and wilfully abrogate their Council, or statutory duties was it reasonably expected that the Council would continue to support them? Steps would be taken to ensure they continued without censure? Those reporting their unacceptable behaviour shall be targeted?

Councillor Dore commented that the behaviour of Members was covered by the Members Code of Conduct. If a specific example could be identified of a Member not following the code, due process would be followed.

5.13 Public Question in respect of Officer Behaviour

Martin Brighton asked, where senior Council officers deliberately misdirected external statutory agencies, especially where such inappropriate action was to defend errant behaviour of senior Elected Members, can it reasonably be expected that the Council will self-report the offences? The miscreant officers are disciplined? The senior Elected Members required to stand down? The errors are voluntarily corrected by the Council?

Councillor Julie Dore commented that there was also an Officer Code of Conduct which officers had to follow. Discipline procedures had been established where it

was found that officers were not following this. Members of the public could take issues to the Local Government Ombudsman if they did not feel the Council were dealing satisfactorily with their complaint.

6. ITEMS CALLED-IN FOR SCRUTINY

6.1 There were no items called-in for Scrutiny.

7. RETIREMENT OF STAFF

7.1 The Executive Director, Resources submitted a report on Council staff retirements.

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:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
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Children, Young People and Families

Susan Bennett	Learning Assistant/Primary Assistant, Stradbroke School	Support School Primary 34
Stephen Cole	Teacher, Springfield School	Primary 39

Resources

Zoe North	Assistant to the Lord Mayor	38
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(b) extends to them its best wishes for the future and a long and happy retirement; and

(c) directs that an appropriate extract of this resolution under the Common Seal of the Council be forwarded to them.

8. RESPONSE TO THE PETITION REQUESTING THE IMPLEMENTATION OF ROAD SAFETY MEASURES ON NORMANTON HILL

8.1 The Executive Director, Place submitted a report containing the Council's response to a petition, containing 12,571 signatures, requesting a controlled pedestrian crossing and speed restrictions on Normanton Hill and outlining actions taken so far and the road safety measures proposed.

8.2 **RESOLVED:** That:-

(a) the petitioners be thanked for bringing their concerns about this location to

the attention of the Council;

- (b) officers inform the petitioners of the intention to install a signalised pedestrian crossing on Normanton Hill by the crossing point to Richmond Park; and
- (c) Cabinet notes the various actions taken to improve road safety and respond to public concerns at this location.

8.3 **Reasons for Decision**

- 8.3.1 The proposed road safety measures described in the report will contribute to an improvement in safety on Normanton Hill, in particular at the crossing point to Richmond Park.
- 8.3.2 Reducing the speed of traffic should reduce the number and severity of collisions and reduce the fear of collisions.

8.4 **Alternatives Considered and Rejected**

- 8.4.1 This site is currently a location for a Speed Indication Device (smiley SID). It is Council policy to use these devices for a relatively short period of time and rotate them between other roads in the area, otherwise motorists become used to them and they do not have the desired effect. The speed data from the SIDs at this location shows that average vehicle speeds of 39mph in the downhill direction which suggests that at this location such a measure is ineffective.
- 8.4.2 A traffic calming scheme could be considered. However, given existing speeds a localised traffic calming scheme could lead to a loss of control accidents. Therefore, it would probably be necessary to traffic calm the whole length of the road, linking the scheme with the existing measures located between Linley Lane and Coisley Hill. The cost of such a scheme along this length would be very expensive and it would be difficult to justify this, given the overall low collision rate along the length of Normanton Hill.

9. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2014/15 MONTH 5 (AS AT 31/8/14)**

- 9.1 The Executive Director, Resources submitted a report providing the month 5 monitoring statement on the City Council's Revenue and Capital Budget for 2014/15.

9.2 **RESOLVED:** That Cabinet:-

- (a) notes the updated information and management actions provided by the report on the 2014/15 budget position;
- (b) in relation to the Capital Programme:-
 - (i) approves the proposed additions to the Capital Programme, listed in

Appendix 1 of the report, including the procurement strategies and delegations of authority to the Director of Commercial Services or nominated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group; and

- (ii) the proposed variations and slippage in Appendix 1 of the report; and notes
- (iii) the latest position on the Capital Programme including the current level of delivery and forecasting performance;
- (iii) there was no exercise of delegated emergency approval by the Executive; and
- (iv) the instances where Cabinet Members, EMT or directors of service exercised their delegated authority to vary approved amounts.

9.3 **Reasons for Decision**

- 9.3.1 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.

9.4 **Alternatives Considered and Rejected**

- 9.4.1 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.

10. **CITY COUNCIL PARTNERSHIP WITH THE FOOTBALL ASSOCIATION**

- 10.1 The Executive Director, Place submitted a report seeking Cabinet approval for the City Council to enter into a partnership with the Football Association (FA) which will lead to a long term relationship to oversee the planning and investment of around £9.6m in the City's football facilities.

10.2 **RESOLVED:** That Cabinet:-

- (a) approves the principle of a partnership agreement between the City Council and the Football Association and delegates authority to the Executive Director, Place in consultation with the Director of Legal and Governance to enter into an agreement with the Football Association for the purposes of delivering the outcomes set out in the report;
- (b) approves the strategy for hub sites set out in the report and in particular the development of the first two hubs at Thorncliffe Recreation Ground and Graves Leisure Centre;

- (c) delegates authority to the Executive Director, Resources to confirm the funding of a £1.173m contribution from the City Council towards the Phase 1 programme of £9.6m set out in the report. In particular, to seek confirmation of match funding for the two hubs at Thorncliffe and Graves. The City Council funding will be provided from a mix of Capital Programme funding which optimises the Council's Capital and Revenue Budget strategy. This may include borrowing repaid from the anticipated future revenue savings;
- (d) delegates authority to the Executive Director, Place, in consultation with the Director of Legal and Governance and the Director of Finance to enter into agreements for external funding into the Council for the purpose of meeting the costs at Thorncliffe and Graves Leisure Centre and to approve the terms of such funding agreements;
- (e) delegates authority to the Executive Director, Place in consultation with the Director of Legal and Governance and the Director of Finance to take such other steps as he may deem appropriate to achieve the outcomes in the report in relation to the partnership with the FA and specifically the delivery of the Thorncliffe and Graves Leisure Centre projects;
- (f) delegates authority to the Director of Capital and Major Projects to advertise the disposal of public open space;
- (g) delegates authority to the Director of Capital and Major Projects in consultation with the Executive Director, Place:-
 - (i) to agree terms with the FA or its football trust for the disposal of the hubs once completed; and
 - (b) instruct the Director of Legal and Governance to prepare and complete the necessary legal documentation to implement the transaction in accordance with the agreed terms except in relation to any public open space where valid objections had been received to the disposal in which case the matter shall be referred back to Cabinet.
- (h) notes that a capital approval submission had been submitted in the month 5 Budget Monitoring report for the necessary authority to undertake and procure the proposed works at Thorncliffe Recreation Ground and Graves Leisure Centre, in accordance with Council procedures.

10.3 **Reasons for Decision**

- 10.3.1 Football is a major participation sport in the City – with over 800 teams, of which over 500 are junior/youth teams. Like every other major City, Sheffield's pitches and changing facilities are under severe pressure from Government budget cuts. The proposed partnership with the FA offers the opportunity for major investment in facilities and the chance to turnaround the long term prospects for

the game. This will boost participation and therefore improve health and reinforce the important social role that football plays across all communities in the City.

- 10.3.2 The report recommends that the first two hub sites be located at Thorncliffe Recreation Ground and at Graves Leisure Centre given that both offer major opportunities for synergy with the impending indoor sports developments at each – in terms of usage levels, construction and operational economies of scale and partnership.

10.4 **Alternatives Considered and Rejected**

- 10.4.1 The City Council and the FA are considering a range of options in relation to the potential investment in the hub sites. These sites will be confirmed in due course. However, there is consensus on the merits of two of the sites being located at Graves Leisure Centre and Thorncliffe. This is based on the following advantages offered by both:-

- Strong locations serving significant catchment populations;
- A critical mass of indoor and outdoor facilities on a single site will create synergy in terms of footfall and income;
- Economies of scale on construction costs via the potential to synchronise the development of indoor and outdoor facilities;
- Opportunities for extensive partnership with Sport England, the National Centre for Sport and Exercise Medicine, the indoor leisure contractor and, in the case of Thorncliffe, with Ecclesfield Parish Council and the operator(s) of the other on site sports facilities;
- The outdoor developments will achieve economies of scale by sharing some of the new infrastructure being constructed for the indoor facilities on each site e.g. access and car parking.

11. **DECISION BY CABINET AS TRUSTEES OF THE WESTON PARK TRUST CHARITY - PROPOSED WORLD WAR 1 CENTENARY FIELD DEDICATION: WESTON PARK, SHEFFIELD**

- 11.1 The Executive Director, Place submitted a report in relation to a proposed World War 1 'Centenary Field' dedication at Weston Park.

- 11.2 **RESOLVED:** That Cabinet acting in its capacity as trustee of the Weston Park Trust give approval and authority to:-

- (a) formally submit an application to designate Weston Park, Sheffield, S10 2TP as a Centenary Field in conjunction with the Fields in Trust Charity, to provide further protection to ensure that it will continue to be managed as a public park and recreation ground in perpetuity;
- (b) the Director of Capital and Major Projects in consultation with the Director of Culture and Environment, to negotiate the terms of the documentation needed to dedicate the land; and

- (c) the Director of Capital and Major Projects to instruct the Director of Legal and Governance to take all necessary action and complete the documentation needed to dedicate the land.
- (d) subject to recommendations a-c being concluded, the site will be formally dedicated as a Centenary Field in a ceremony to be arranged during next year.

11.3 **Reasons for Decision**

- 11.3.1 Weston Park is felt to be the most significant and accessible high profile City park that Sheffield has to offer which best matches the national Centenary Field designation criteria. The historic local links and memory of the Sheffield City Battalion/ the Sheffield Pals and Yorks and Lancaster Regiment are significant. Nominating this site does not further increase the Council's current revenue commitment for maintenance or require any new capital investment. The designation further compliments the charitable status and is consistent with the objects of the Charity. Fittingly, Weston Park is recommended as the City's flagship nominated site for WW1 Centenary Field designation.

11.4 **Alternatives Considered and Rejected**

- 11.4.1 Sheffield City Council has been directly approached by the Fields in Trust/The Royal British Legion to nominate a suitable site within the City's boundary to be part of this national initiative. The City Council does not have to nominate a site but the report provides the City the opportunity and option to now do so.
- 11.4.2 The Fields in Trust/Royal British Legion Centenary Fields initiative is specifically about the centenary of World War 1 (1914-18). Any site nominated needs to have an appropriate historic link and value. Following desktop research, the Sheffield General Cemetery, Chapelton Park and the rural Redmires Practice trenches have also been considered as having significant local historical merit because of their WW1 associations and connections. At this stage, however, it is envisaged that each would require further site investment to increase their profile to become more suitable as a promoted visitor attraction/ feature as part of this national initiative and as the City's flagship.
- 11.4.3 Some locally significant WW2 associated park sites were also identified in the desktop research undertaken, including Endcliffe Park. In further consultation with the Fields in Trust, the Council had subsequently been advised and confirmed that the primary focus of the 'Centenary Field' programme and associated designation is for WW1 associated sites and memorials.

12. **BUSINESS SERVICES SOURCING STRATEGY**

- 12.1 The Executive Director, Resources submitted a report in relation to the Business Services Resourcing Strategy.
- 12.2 **RESOLVED:** That Cabinet:-

- (a) notes the content of the report;
- (b) approves the continuation of the Capita provision of the following managed services for a six year period from January 2016, with break points in January 2018 and January 2020:
 - Information and Communication Technology (with flexibility within the contract to market test elements of provision with other suppliers)
 - Revenues and Benefits transactional services
 - Human Resources transactional and payroll services
 - Finance business transactions;
- (c) approves the development of a strategy/ies, in line with the Council's Corporate Plan, to set out the Council's future requirements for these managed services, and other currently outsourced contracts, in order to inform subsequent sourcing decisions, in time for the first break point in the contract in 2018;
- (d) approves the move in-house (i.e. from Capita to Sheffield City Council) the delivery of the Revenues and Benefits front office (contact centre and face to face) from January 2016, and to integrate with the Council's Customer Services function;
- (e) accepts Capita's guarantee of revenue savings from January 2015 onwards, in line with the schedule set out at paragraph 8.1 of the report, the guarantee on Council Tax collection rates set out at paragraph 8.3 of the report, and notes the potential additional savings arising from business change activity, also set out at paragraph 8.3 of the report;
- (f) delegates authority to the Interim Executive Director, Resources, in consultation with the Interim Director of Commercial Services and the Interim Director, Legal and Governance, and the Cabinet Member for Finance and Resources to enter into final negotiations with Capita on this basis, and to finalise the relevant changes to the current contract;
- (g) delegates authority to the Interim Executive Director, Resources, in consultation with the Director of Human Resources, Director of Customer Services, the Interim Director of Finance, and the Cabinet Member for Finance and Resources to make arrangements to secure a robust transition of the services set out at (d), including ensuring compliance with relevant legislation to minimise the risk of disruption to the organisation or public; and
- (h) delegates authority to the Interim Executive Director, Resources to establish the revised governance arrangements set out in section 7 of the report and to make arrangements to monitor the performance and delivery of the contract over its lifetime.

12.3 **Reasons for Decision**

12.3.1 Each element of the proposed package has been considered on its merits. The

proposals are being recommended as providing an appropriate balance between:

- Providing quality services, which meet the expectations of customers (both internal customers and the public)
- Making a considerable, and ongoing, contribution to the Council's savings target, over and above what was envisaged as part of the 2008 contract
- Maintaining risk (financial, legal, reputational and delivery) within acceptable limits
- Being affordable and representing best value to the organisation within the short and long term
- Supporting the organisation to transform its services and deliver differently

12.4 Alternatives Considered and Rejected

12.4.1 For each element of the proposal, a number of other options were considered. These are noted at the relevant sections of the report, along with the recommended option.

12.4.2 The option recommended in each case depends on the particular circumstances of that element, and evaluated in line with the principles set out in paragraph 5.3 of the report. In broad terms, the options for each element were:

- Proceeding with the proposal made to the Council by Capita (with or without amendments following negotiation)
- Retaining in-house delivery, or moving delivery in-house from the current provider
- Moving delivery of a service currently provided by Capita to a new provider either as a block, or as part of a multi-source arrangement;

12.4.3 For services currently managed by Capita, there was a do-nothing option as the contract would expire in January 2016, with no contingency arrangements in place, resulting in critical (and in some cases statutory) services not being capable of being delivered.

12.4.4 In March this year the Council completed an external benchmark of Capita services via an independent organisation – Information Services Group (ISG) which revealed that, all existing services represent 'value for money' and that HR and Payroll could already be considered 'upper quartile'. ISG forecast that market would reduce approx. 4% year on year and Capita's new proposal has bettered this position. Therefore, this reinforces the view that continuing with Capita provision of the existing managed services represents good value for money with the authority.

13. STREETS AHEAD - SECURING SAVINGS FROM THE FUNDING STRUCTURE

13.1 The Executive Directors, Place and Resources submitted a joint report seeking approval to the Council providing additional Capital Contributions to the Streets Ahead project and to progress some more complex alternative funding structures on an 'invest to save' basis.

13.2 **RESOLVED:** That Cabinet approval be given to:-

- (a) Option 2 – providing additional Capital Contributions up to the value of 50% of the existing capital funding of the CIP as set out in section 5.2 of the report;
- (b) the establishment of a budget from the PFI reserves to fund the implementation of the first stage of the preferred alternative funding option and to subsequently progress the second stage to determine the optimum funding structure to be approved by Cabinet;
- (c) fund any abortive costs from the Streets Ahead contingency;
- (d) procure and appoint external financial and legal advisers for the Council;
- (e) develop and submit an OBC to DfT/HMT to seek approval to progress the changes to the funding arrangements;
- (f) make staged payments to Amey in relation to the Contract change due diligence costs subject to costs being auditable; and in accordance with agreed estimates; and
- (g) progress Options 3 and 4 – the second stage of the preferred alternative funding option on the basis that the conclusion of this second stage will be signified by the submission of a subsequent Cabinet report and the submission of a FBC to DfT/HMT; and
- (h) delegates authority to the Executive Director, Resources in consultation with the Cabinet Member for Finance and Interim Director, Legal and Governance to implement the first stage of the preferred alternative funding option following the agreement of the commercially acceptable payment terms with Amey; and
- (i) delegates authority to the Executive Director, Resources in consultation with the Executive Director, Place, the Interim Director, Legal and Governance and the Cabinet Members for Finance and Recycling and Streetscene, to take other such steps as he deems appropriate to achieve the outcomes set out in the report.

13.3 Reasons for Decision

- 13.3.1 As outlined in the report, there is a clear strategic and economic case to justify the Council using its prudential borrowing powers and increasing the Capital Contributions to the project in order to secure a saving of circa £0.5m pa. This saving can be achieved with minimal risk to the Council and without impacting on the delivery of the highway maintenance service and the ongoing improvements in the infrastructure asset.
- 13.3.2 Failure to increase the Capital Contributions will result in more pressure on achieving the Council's current and future budget and may result in more drastic cuts to front line services.

13.3.3 The options to bank refinance the remaining bank debt with alternative bank and/or partial public refinance need to be explored further so as to ensure that an opportunity is not missed to generate additional financial savings to assist with ensuring the Contract is sustainable in the future.

13.4 **Alternatives Considered and Rejected**

13.4.1 Alternative options were outlined in the report.