

# Cabinet

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**Wednesday 27 May 2015 at 2.00 pm**

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

**The Press and Public are Welcome to Attend**

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## **Membership**

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Councillor Julie Dore	(Leader of the Council)
Councillor Leigh Bramall	(Deputy Leader/Business, Skills & Development)
Councillor Isobel Bowler	(Neighbourhoods)
Councillor Ben Curran	(Finance and Resources)
Councillor Jackie Drayton	(Children, Young People & Families)
Councillor Jayne Dunn	(Housing)
Councillor Terry Fox	(Environment and Transport)
Councillor Mazher Iqbal	(Public Health and Equality)
Councillor Mary Lea	(Health, Care & Independent Living)

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## **PUBLIC ACCESS TO THE MEETING**

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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](http://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. 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 and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

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.

If you require any further information please contact Simon Hughes on 0114 273 4014 or email [simon.hughes@sheffield.gov.uk](mailto:simon.hughes@sheffield.gov.uk).

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## **FACILITIES**

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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.

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**CABINET AGENDA  
27 MAY 2015**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**  
To identify items where resolutions may be moved to exclude the press and public
- 4. Declarations of Interest** (Pages 1 - 4)  
Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting** (Pages 5 - 14)  
To approve the minutes of the meeting of the Cabinet held on 15 April 2015.
- 6. Public Questions and Petitions**  
To receive any questions or petitions from members of the public.
- 7. Items Called-In For Scrutiny**  
The Director of Legal and Governance will inform the Cabinet of any items called in for scrutiny since the last meeting of the Cabinet.
- 8. Retirement of Staff** (Pages 15 - 18)  
Report of the Director of Legal and Governance.
- 9. Integrated Commissioning of Health and Care** (Pages 19 - 42)  
Report of the Interim Executive Director, Communities.
- 10. A Second University Technical College serving Sheffield City Region** (Pages 43 - 62)  
Report of the Executive Director, Children, Young People and Families.
- 11. Economic and Environmental Wellbeing Scrutiny and Policy Development Committee Report: Private Sector House Building** (Pages 63 - 76)  
Report of the Director of Policy, Performance and Communications.
- 12. Revenue and Capital Year End Position 2014/15** (Pages 77 - 156)  
Report of the Interim Executive Director, Resources.

**NOTE: The next meeting of Cabinet will be held on**

**Wednesday 24 June 2015 at 2.00 pm**

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## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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

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

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

You **must**:

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

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

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

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

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

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

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

You have a personal interest where –

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

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

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

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

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

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

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Cabinet

Meeting held 15 April 2015

**PRESENT:** Councillors Julie Dore (Chair), Leigh Bramall (Deputy Chair), Jackie Drayton, Jayne Dunn, Isobel Bowler, Harry Harpham, Mazher Iqbal and Mary Lea

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**1. APOLOGIES FOR ABSENCE**

1.1 An apology for absence was received from Councillor Ben Curran.

**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 previous meeting of the Cabinet held on 18 March 2015 were approved as a correct record.

**5. PUBLIC QUESTIONS AND PETITIONS**

5.1 Public Questions in respect of Public Involvement in Local Housing Meetings

Martin Brighton asked the following questions in respect of public involvement in local housing meetings:-

1) Why did the Council decide not to allow members of the public to attend as observers at the HANAP meetings?

2) When was the removal of the right to attend what were previous Housing Management Board meetings, given prior consultation with and received consent from tenants?

3) Where can the minutes of HANAP meetings be found on the Council's web site?

4) Why did the Council decide not to allow members of the public to ask questions at Housing Area Board meetings?

5) When was the withdrawal of this facility, that existed previously, given prior consultation with and received consent from tenants?

In response, Councillor Harry Harpham, Cabinet Member for Homes and Neighbourhoods, commented that he had answered Mr Brighton's' questions at the Full Council meeting in January 2015 and the questions and answers at that meeting were a matter of public record.

5.2 Public Question in respect of Public Questions

Martin Brighton asked what the Council's policy was with respect to extending the restrictions upon citizens' availability to ask questions to hold the Council to account?

Councillor Julie Dore, Leader of the Council, commented that the Council endeavoured to create many opportunities for the public to ask questions and to hold Councillors to account, such as the Local Area Partnerships, Cabinet in the Community and Full Council.

5.3 Public Question in respect of Cabinet Member Responsibilities

Martin Brighton asked was it not an admission of not being on top of one's brief when in answer to questions, over an extended period, to repeatedly say 'I have no personal knowledge of this issue'?

Councillor Julie Dore responded that if a Cabinet Member had no knowledge of an issue referred to, she would find the response acceptable.

5.4 Public Question in respect of Code of Conduct

Martin Brighton asked the following questions in respect of Code of Conduct matters:-

1) The Council Leader has publically said that she would remove from office any Cabinet Member found to deliberately mislead. In one case, it has been repeatedly shown that one Cabinet Member had deliberately misled. Why was that Cabinet Member not removed from office?

2) Council records also show that the political advisor to the above Cabinet Member also deliberately misled, and Council officers attempted a futile cover up. Why were the officers and political advisor not removed?

3) It has also been shown that when the Council inadvertently issued information demonstrating that the performance of the department of the above Elected Member had not just failed, but was in truth an absolute disaster, there was a concerted effort to bully and gag this citizen. Why does the Council support this behaviour?

Councillor Julie Dore commented that the issues referred to by Mr Brighton were currently being investigated by the Information Commissioner and, as such, she was not able to answer and she would let the legal process follow its due course.

5.5 Public Question in respect of Relationship with Contractors

Martin Brighton asked whether this Council, or individual officers claiming to speak on behalf of the Council, have the right to instruct third parties such as contractors who they are allowed to speak to, and if so, why?

Councillor Julie Dore responded that the Council did not tell contractors who to speak to. They may advise contractors where there were issues of confidentiality or health and safety when dealing with the public and this was the same in any walk of public life.

5.6 Public Question in respect of Council Policy

Martin Brighton asked why did this Council consider that coercive control imposed so as to falsely claim 'consent' is acceptable, and also refusing to record massive rejection of a Council Policy, and at the same time engineer a claim of consent from an ineligible 'vote' on another issue?

Mr Brighton added that he had been told of this pattern of Council behaviour by a number of individuals across the City who had informed him that the Council had told them if they didn't follow Council Policy, sanctions would be imposed upon them.

Councillor Julie Dore commented that she had no knowledge of the issues referred to by Mr Brighton.

5.7 Public Question in respect of the Community Infrastructure Levy

Nigel Slack referred to item 10 on the agenda for the meeting which was a report on the new Community Infrastructure Levy (CIL). Mr Slack believed that, in principle, this was a good idea and worth supporting. He was concerned that it was supported and promoted by the current Government and it might be considered suspicious on that basis alone.

Mr Slack commented that he would appreciate some further clarity on the way spending decisions on the 'Neighbourhood Portion' will be made. For those areas with Parish Councils and those with developing neighbourhood plans, the proposals are apparent, but in other areas it is less so. The Council will hold the funds but what will be the mechanism for setting priorities? How will 'neighbourhoods' be designated? And who will make the decision on individual infrastructure projects?

In response, Councillor Leigh Bramall, Cabinet Member for Business, Skills and Development, commented that original proposals for the CIL had been developed by the last Labour Government. The Cabinet report set out the statutory requirement in respect of neighbourhood plans. The Council had jurisdiction on whether the Council could increase the 15% non-statutory element without neighbourhood plans and a policy would be developed in this respect.

5.8 Public Question in respect of Public Questions

Nigel Slack stated that some months ago he had commented on his concerns over the potential abuse of the public questions item on the Full Council meeting agenda through the use of planted or stooge questions. On this first occasion, it was asserted by Council that it was a spontaneous question and not prearranged.

Mr Slack added that, at the last Full Council meeting, a question was asked by the same individual 'member of the public' that was involved in the first occasion, a Labour Party member and previous candidate for election as Councillor. A second occurrence of a question clearly designed to provide the opportunity for a detailed 'Party Political' response, from the same protagonist, made Mr Slack question that assertion. Did Cabinet Members have any comment?

Councillor Dore responded that generally anyone in the Public Gallery in the Council Chamber, whether party member, ex-Councillor or member of the public were classed in the same way – they had a right to ask a question. Councillor Dore accepted that what Mr Slack referred to did take place in every Chamber across the country, even Prime Minister's Questions. Although Councillor Dore did not remember the specific question referred to by Mr Slack, she believed that this happened across all parties. She accepted that and actually welcomed it if it presented Members the opportunity to explain Council policy and that it worked both ways, if the opposition wanted to challenge the Administration and hold Members to account, this was also acceptable.

## **6. ITEMS CALLED-IN FOR SCRUTINY**

6.1 Matthew Borland, Scrutiny Policy Officer, submitted a report of the Safer and Stronger Communities Scrutiny and Policy Development Committee outlining the outcome of the Scrutiny Committee meeting held on 26 March 2015 where a Call-In on Future Options for the Housing Repairs and Maintenance Service was considered.

6.2 **RESOLVED:** That Cabinet notes the following decision of the Safer and Stronger Communities Scrutiny and Policy Development Committee at its meeting held on 26 March 2015 in respect of Future Options for the Housing Repairs and Maintenance Service:-

- (a) notes the contents of the report together with the comments made and responses provided;
- (b) notes the decision of the Cabinet, made on 18 March 2015, in relation to the insourcing of the Housing Repairs and Maintenance Service from 1 April 2017;
- (c) recommends that no action be taken in relation to the call-in decision; and
- (d) requests:-

(i) that a report be submitted to a future meeting of the Committee to include:

- Full costings of holding a ballot of tenants and leaseholders on

- insourcing the Housing Repairs and Maintenance Service, together with,
- Other, fully-costed, consultation options

(ii) tenants representatives be invited to the meeting at which the above report is to be considered.

## **7. RETIREMENT OF STAFF**

7.1 The Interim 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>
<b><u>Children, Young People and Families</u></b>		
Joan Burkinshaw	Admin Officer, Marlcliffe Primary School	25
Rehana Ramzan	Senior Teaching Assistant Level 3	26
Kathryn Robinson	Curriculum Specialist, Woodthorpe Community Primary School	29
Denise Rogers	Teacher, Marlcliffe Primary School	39

(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. BEST START SHEFFIELD**

(NOTE. Prior to the commencement of this item the Chair, Councillor Julie Dore left the meeting and the Deputy Chair, Councillor Leigh Bramall, took the Chair for the remainder of the meeting).

8.1 The Executive Director, Children, Young People and Families submitted a report in relation to the Early Years Best Start Strategy.

8.2 **RESOLVED:** That Cabinet:-

- (a) approves the draft strategy; and
- (b) delegates authority to the Director of Children and Families, in consultation with the Cabinet Member for Children, Young People and Families to make minor amendments to the draft strategy.

### **8.3 Reasons for Decision**

- 8.3.1 The experience and outcomes for very young children can be very different. Inequalities in early learning, early achievement, health and wellbeing has led to a gap in the overall attainment of children from disadvantaged homes compared to those more advantaged. The key protective factor to enable infants to reach their potential is the quality of the interactions they receive from their caregivers. We know that parents and carers want the best for their children; this is much harder when families are concentrating on making ends meet financially. In Sheffield we want to make it a priority to support parents/caregivers and make life easier for people from the earliest opportunity.
- 8.3.2 There is a need to respond to the increasing birth rates and the changing demographics across the City to ensure high quality flexible childcare at the time of need. This is one of the critical elements of the refreshed Tackling Poverty Strategy. High quality flexible childcare enables adults to learn and work and provides the best foundations for children to a future free from poverty. This strategy will be integral to the wider public health priority of encouraging good health, early learning and wellbeing from an early start as well as supporting the Tackling Poverty Strategy.
- 8.3.3 It is necessary to build up local community capacity and resilience, develop active and vibrant partnerships to engage families in developing and delivering services to give all children in Sheffield a great start in life.

### **8.4 Alternatives Considered and Rejected**

- 8.4.1 To continue with existing service delivery without a joint coherent strategy. This alternative would be unacceptable as there are inequalities in early learning, achievement and health and a need to narrow the attainment gap for children at the foundation stage.

## **9. IMPLEMENTING THE COMMUNITY INFRASTRUCTURE LEVY (CIL) IN SHEFFIELD**

- 9.1 The Executive Director, Place submitted a report in relation to the Community Infrastructure Levy (CIL)
- 9.2 **RESOLVED:** That Cabinet:-
  - (a) notes the recommendations of the CIL Examiner's Report, received on 25 February 2015, that the CIL charges proposed are appropriate (with three

amendments) and that the Charging Schedule be approved and resolves to recommend to Full Council that the CIL Charging Schedule is approved with an implementation date of 15 July 2015;

- (b) agrees to offer an Instalment Policy and Exceptional Circumstances Relief for CIL, as set out in the documents attached to the report;
- (c) agrees to the production of a Supplementary Planning Document on CIL and Planning Obligations, to be referred to Cabinet for subsequent approval following public consultation;
- (d) agrees that the Interim Regulation 123 List will be adopted as the Council's list of infrastructure projects or types of infrastructure that it intends will be, or may be, wholly or partly funded by the CIL (the Regulation 123 List);
- (e) agrees that Cabinet shall take recommendations from the Council's various internal programme and outcome boards to create, and update as required:-
  - (i) the priorities for the Infrastructure Delivery Plan; and
  - (ii) the Regulation 123 List; and
- (f) agrees that projects funded by the CIL shall be approved by Cabinet as part of the Council's capital and revenue financial approval procedures.

### **9.3 Reasons for Decision**

9.3.1 The CIL will help deliver the City's strategic priorities for infrastructure provision, will be generated by economic growth and reinvested into economic growth and infrastructure. Specifically it will:-

- Be fairer, faster and more transparent than Section 106;
- Give the Council and local communities freedom to set infrastructure priorities that are justified;
- Be a predictable funding stream making infrastructure delivery more efficient;
- Give developers certainty and quicker planning decisions;
- Be more transparent and flexible than Section 106;
- Reward communities for new development through the neighbourhood portion;
- Be supported and promoted by Government;
- Focus on strategic infrastructure priorities for the City as well as local priorities through the neighbourhood portion;
- Focus on delivering new homes and businesses in the priority locations set out in the local plan;
- Generate significantly more funding than Section 106; and
- Be set at a level that ensures it is affordable.

9.3.2 The Council is committed to charging a CIL and the Government Planning Inspector has confirmed the levels of the charge proposed are appropriate. The Council must now approve the CIL Charging Schedule at a meeting of Full Council.

9.3.3 Implementation of the CIL will also require details of the Instalments Policy and Relief for Exceptional Circumstances to be approved by Cabinet. It will also require clarification on how the CIL will work alongside Section 106 and how the CIL funds will be spent.

#### 9.4 **Alternatives Considered and Rejected**

9.4.1 One option is not to implement a CIL, as it is not compulsory. Some local authorities have decided not to implement a CIL at the present time, where there are no major infrastructure requirements or viability is marginal, but most Councils are working on a CIL because funding for infrastructure is otherwise limited. As of mid-January 2015, 186 out of 326 local authorities have published a Charging Schedule (including 5 out of 8 Core Cities) and around 60 were already charging CIL. The CIL Examiner's report confirms that it is appropriate to implement a CIL in Sheffield.

### 10. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2014/15 MONTH 10 (AS AT 31/1/15)**

10.1 The Interim Executive Director, Resources submitted a report providing the month 10 monitoring statement, as of 31<sup>st</sup> January 2015, on the City Council's Revenue Budget and Capital Programme for 2014/15.

10.2 Councillor Mazher Iqbal reported that £120k from the public health underspend would be allocated to Community Wellbeing providers to tackle physical inactivity along with £170k to the Community Wellbeing Providers to support Mental Health and Wellbeing.

10.3 **RESOLVED:** That Cabinet:-

- (a) notes the updated information and management actions provided by the report on the 2014/15 Revenue Budget position;
- (b) approves the proposed use of £783k for Public Health forecast reduction in spend, as detailed in Appendix 2 of the report;
- (c) approves the proposed £1.4m of general fund activity to be funded via Public Health grant, as detailed in Appendix 2.1 of the report;
- (d) in relation to the Capital Programme:-
  - (i) approves the proposed additions to the Capital Programme, listed in Appendix 4.1 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 the Capital Programme Group;

- (ii) approves the proposed variations and slippage in Appendix 4.1 of the report;
- (iii) delegates authority to the Director of Finance and the Director of Legal and Governance to finalise, and, if satisfactory, accept the conditions of the grant listed in Appendix 4.2 of the report;
- (iv) notes the latest position on the Capital Programme; and
- (v) notes the slippage requests authorised by the Cabinet Member for Finance and Resources under his delegated authority.

#### 10.4 **Reasons for Decision**

- 10.4.1 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.

#### 10.5 **Alternatives Considered and Rejected**

- 10.5.1 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.

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## SHEFFIELD CITY COUNCIL Cabinet Report

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**Report of:** Chief Executive

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**Date:** 27<sup>th</sup> May 2015

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**Subject:** Staff Retirements

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**Author of Report:** Simon Hughes, Democratic Services

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**Summary:** To report the retirement of staff across the Council's various Portfolios

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### 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.
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**Background Papers:** None

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**Category of Report:** OPEN

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**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:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<b><u>Children, Young People and Families</u></b>		
Sharon Abbey	Clerical Officer, Waterthorpe Infant School	29
Elaine Faulkner	Personal Assistant	30
Karen Franklin	Service Support Officer	21
Susan Haighton	Teacher, Beck Primary School	32
Linda Hambleton	Bursar, Bents Green Secondary School	30
Sandra Hawley	Supervisory Assistant, Limpsfield Junior School	31
Sue Hopkinson	Headteacher, Dore Primary School	26
Ann Hoyland	Assistant Headteacher, Stocksbridge High School	37
Janet Lee	Teacher, Beck Primary School	33
Susan Massey	Team Manager	29
Sandra Pickergill	Community Youth Team Worker	26
Pauline Smith	Supervisory Assistant, Limpsfield Junior School	20
<b><u>Communities</u></b>		
Kay Bilsborough	Support Manager	30
Sandra Turner	Support Manager	21
Hazel Wilson	Housing Officer	25
Ann Wright	Support Manager	26
Lorraine Zealand	Housing Officer	24

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<b><u>Place</u></b>		
Stephen Pickering	Gardener	37
<b><u>Resources</u></b>		
Andrew Chappell	Markets Manager	40
Graham Rogers	Senior Clerk of Works	50

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.

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## SHEFFIELD CITY COUNCIL

### Cabinet

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**Report of:** Laraine Manley, Executive Director, Communities

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**Report to:** Cabinet

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**Date:** 27 May 2015

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**Subject:** Integrated Commissioning of Health and Care

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**Author of Report:** Joe Fowler, Director of Commissioning

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#### Summary:

- Describes how pooled budgets and integrated commissioning could enable improved outcomes for the people of Sheffield
- Provides background and context on the Section 75 Agreement between Sheffield City Council and Sheffield Clinical Commissioning Group, which establishes pooled budgets and integrated commissioning arrangements for Health and Care Services in Sheffield
- Proposes that the Council works with the Clinical Commissioning Group to develop ambitious plans to use our pooled budgets to develop better, more joined-up health and care services that help more people stay independent, safe and well.

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#### Recommendation:

Cabinet supports the increased joining up the work of the Clinical Commissioning Group and Sheffield City Council so that our pooled health and care budgets can be used to commission better, more joined-up health and care services that help more people stay independent, safe and well.

**Statutory and Council Policy Checklist**

<b>Financial Implications</b>
Cleared by: Hugh Sherry
<b>Legal Implications</b>
Cleared by: David Hollis
<b>Equality of Opportunity Implications</b>
Cleared by: Phil Reid
<b>Tackling Health Inequalities Implications</b>
YES
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
YES
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
<b>Relevant Cabinet Portfolio Leader</b>
Mary Lea
<b>Relevant Scrutiny Committee if decision called in</b>
Healthier Communities & Adult Social Care
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
YES



## Report to Cabinet

### 1. Management Summary

- 1.1 This report outlines how integrated commissioning of health and care services with a pooled health and care budget could enable improvements to the management and delivery of health and care services in Sheffield, which should in turn help to improve outcomes for the people of Sheffield.
- 1.2 The report recommends that Cabinet agrees that the Council should work with partners on further joint ventures to develop and deliver more joined-up, innovative and efficient health and care services for the people of Sheffield – recognising that the delivery of these plans will involve further risk-sharing across health and social care budgets.
- 1.3 The report explains how the recently agreed Section 75 Agreement between Sheffield City Council and Sheffield Clinical Commissioning Group has brought together £271m of health and care budgets into a single pooled investment budget that the Council and the Clinical Commissioning Group will manage and prioritise together.
- 1.4 The report also sets out how the Section 75 Agreement will provides the legal and governance framework for quickly creating further joint ventures – meaning that we can move further budgets into the pool and / or increase the level of risk sharing between the Council and the CCG on budgets included within the pool.

### 2. What does this mean for the people of Sheffield?

- 2.1 Sheffield people have told us that it often feels like they are passed ‘from pillar to post’ between different parts of the health and care system. People also say that it is frustrating when aspects of their care and support are delayed (or uncertain) because health services and social care are debating which part of the system should pay for what element of their care and support.
- 2.2 Health and care practitioners on the ground speak about having to spend time dealing with multiple organisational processes and tensions between budget holders. They want to spend their time making sure people get the care and support they need to live as independently, safely and well as possible.
- 2.3 Managers in health and social care also want to be able to identify and pursue obviously projects that benefit Sheffield people – regardless of whether the resulting financial benefits accrue to a separate organisation.
- 2.4 The city’s Health and Wellbeing Board recognises the issues discussed above and has agreed that *part* of the solution is integrated

commissioning arrangements for health and care – with a single pooled health and care budget. The intention is simple: we want to focus on getting the best outcomes and services for Sheffield people whilst getting the best value for the ‘*Sheffield pound*’.

- 2.5 The potential efficiencies from working better together should also give us a much better chance of maintaining a sustainable health and care system in the face of significant local government funding cuts and increasing demand pressures.

### **3. Our Ambitions**

- 3.1 Our plans to integrate our commissioning and health and care budgets are in line with the Department of Health (DH) requirements for a Better Care Fund. However, our plans are significantly greater in scale and ambition. The DH stated minimum Better Care Fund for Sheffield is £37.7m (excluding capital grant income). Sheffield’s ‘Better Care Fund’ has created a pool of £271m.
- 3.2 The size of our pooled budget means that we are establishing one of the most ambitious integration programmes in England.

#### ***Strategic Aims***

- 3.3 Our aims for our pooled budget, drawn from the city’s [Joint Health and Wellbeing Strategy](#) and the Council’s new [Corporate Plan 2015–2018](#), are simple and bold:
- We want to promote good health
  - We want to prevent and tackle ill health
  - We want to reduce health inequalities
  - We want to help more people stay independent, safe and well.
- 3.4 If we can achieve these aims we will improve outcomes for individuals *and* reduce the demand pressures on the health and care system – making the system more sustainable.

#### ***Plans and partnerships***

- 3.5 Achieving our aims in the context of reducing Council budgets and significant demand pressures on health and care services will require more than the pooling of budgets. We will need ambitious, collaborative and trusting partnerships between the Council, the Clinical Commissioning Group, and public, private and voluntary sector health and care providers. We will need to work with partners on joint ventures that deliver more efficient, joined-up health and care services that genuinely focus on helping people maintain and recover their independence and wellbeing.
- 3.6 The shift in investment we should see over the coming years from treatment to prevention creates a real opportunity for Sheffield’s many

voluntary, charitable, community and independent sector organisations. These organisations will be encouraged to use their capability and creativity to make an increasing impact – delivering services that can successfully reduce the risk of people losing their independence and wellbeing.

### ***Risk sharing***

- 3.7 The Section 75 Agreement between the Clinical Commissioning Group and Sheffield City Council creates a framework for pooling budgets and sharing risk. The Agreement pools £271m of health and care budgets – with any *underspend* on these budgets being retained within the pool to offset any pressures elsewhere in the pool.
- 3.8 The Council and the Clinical Commissioning Group do however remain responsible for the vast majority of the budgets that each has put into the pool. This means that if the overall pooled budget *overspends*, then each organisation has to find the money to balance ‘their’ budgets within the pool.
- 3.9 Currently, the only exception to this arrangement is the Independent Living Solutions (community equipment) budget. The ‘joint venture’ arrangement for this budget means that any overspend on this budget that isn’t offset by an underspend elsewhere in the pool would be met by the Clinical Commissioning Group and the Council in proportion to the financial contribution that each organisation made to the joint venture.
- 3.10 The Section 75 Agreement has been designed to accommodate an increasing number of these ‘joint ventures’ – allowing for full risk-sharing across an increasing proportion of the overall pooled budget. We believe that this will help us better deal with the pressures on the health and care system, whilst achieving our strategic aims and really focusing on getting the most for the ‘Sheffield pound’.
- 3.11 However, it is important that we recognise that the more ‘joint ventures’ we commit to as a Council, the less independent and direct control we will have over the budgets included in the pool. Decisions on varying the budgets for ‘joint ventures’ will need to be made *with* Sheffield Clinical Commissioning Group.
- 3.12 More information on the Section 75 Agreement is provided in section 4.

### ***Links to wider devolution agenda***

- 3.13 It is recognised that the support people need to improve or maintain their independence and wellbeing often extends beyond traditional ‘health and social care’ services – and to public services that are currently outside local control.

- 3.14 For example, there is good evidence that meaningful employment or training can make a tangible positive difference to someone’s wellbeing – and reduce current and future need for formal health and care services. Currently those services do not always join up or work together as effectively as they might ideally do.
- 3.15 This type of thinking has led a number of organisations from across the city, supported by Government, to come together to think about how the £4.5bn that is currently spent on public services in the city each year could be invested differently to focus on:
- Achieving the best possible outcomes for people rather than fragmented agencies and budgets
  - Prevention – making sure that people are given the support they need to stay healthy or the skills they need to find employment rather than relying on benefits, and reducing long term dependency on the state
  - Making sure that public money is used as efficiently and effectively as possible.
- 3.16 To do this, some of the main public service organisations in the city have proposed that we explore the potential for all public investment in Sheffield to be combined together in a way that makes the biggest difference to the wellbeing of Sheffield people. And, this includes not only money held locally, but also budgets currently controlled by national bodies.
- 3.17 We therefore expect the next few years to see us increasingly move to more integrated investment, and greater control over budgets that are currently managed nationally to achieve better outcomes for local people through more joined up public services.
- 3.18 In health and social care, this could include:
- Increasingly pooled budgets and risk-sharing between health and care using the Section 75 Agreement as a framework
  - Asking Government for more control and/or influence over national health budgets (e.g. primary care) – potentially requiring new legal frameworks and agreements with national Government and local partners (as per recent developments in Greater Manchester)
  - Proposals to Government for increased devolution of budgets or rule changes to allow more intelligent investment of public money in Sheffield to achieve improved outcomes.
- 3.19 The current work on health and care integration should be seen as part of our journey towards genuine ‘public investment reform’ in Sheffield.

## 4. Background and Context

### ***Section 75 Agreement***

- 4.1 Our Section 75 Agreement ('the Agreement') with the Clinical Commissioning Group is a legally binding document that sets out the terms of our integrated commissioning. It came into force at the start of April 2015.
- 4.2 The Agreement details robust, fair, effective and legal mechanisms to enable us to make decisions about money and responsibilities in the pooled budget, including how much each organisation contributes and how we share any efficiency savings or financial pressures.
- 4.3 The Agreement recognises the ongoing statutory responsibilities of each organisation and respects the mandate each has. It is explicit about where authority for decision making has moved from a single organisational process to a joint process.
- 4.4 The Agreement includes:
- Aims and Objectives
  - Scope of the Pooled Budget (in terms of Commissioning Expenditure themes)
  - Budgets (for 2015/16 initially)
  - How strategic direction has been set and will be set in future
  - How operational decisions will be made
  - Operational Budget Management
  - Benefit and risk share arrangements
  - Approach to procurement and contracting
  - Performance & Quality performance monitoring
  - Information Governance
  - How we expect staff to work together.
- 4.5 Arguably the most important elements of the Agreement are those that set out how we make decisions about use of the pooled funding; how we manage and share risk – financial, reputational, and legal; and, how we place and manage contracts.
- 4.6 The proposed arrangements for each of these are set out below. These arrangements reflect the fact that in 2015/16, most budgets will still be managed separately whilst plans to implement single commissioning arrangements are developed further. However the arrangements also need to create the right environment for joint ventures, more collaborative working, and combined decision-making.

### ***Proposed Funding to be covered by the Section 75 Agreement***

- 4.7 Significant work has been undertaken by Directors and senior managers from SCC and CCG to establish the budgets to be included in our local Better Care Fund arrangements for 2015/16.

- 4.8 This work has been reported to the relevant Cabinet Member, through the budget process, and to members of the internal Strategic Health and Wellbeing Outcome Board, and the city's Health and Wellbeing Board.
- 4.9 Members will be aware of the issues, challenges and pressures faced by both organisations to established balanced budgets for 2015/16. The Agreement sets out the indicative budgets for 2015/16 as agreed within each organisation - including assumptions being made on price, demand and other pressures, and any savings agreed by SCC and CCG.
- 4.10 Over the last few weeks both organisations have been undertaking further work to finalise budgets for next year, and the table below gives the position at 20 April 2015.
- 4.11 It is intended that these are the figures included within the Agreement, but as discussed below, these figures can be changed in year with the agreement of both parties and are still subject to some marginal fine-tuning. The figures are consistent with those included in the CCG financial plan submitted to NHS England on 27 February 2015 and those agreed in the budget agreed at Full Council on 6 March 2015.

Individual Schemes		2015/16 Initial Budgets
		£'000s
1	<b>Keeping People Well in their Local Community</b> <b><u>NHS Sheffield CCG</u></b>	
	Grants to SCC Health Trainers and CSWs	500
	Other Grants	60
	GP Locally Commissioned Services (eg Care Planning )	1,408
	sub total	1,968
	<b><u>Sheffield City Council</u></b>	
	Mental Health - partnership working and grants	413
	Community Grants and support to VCF sector	1,695
	Public health	1,466
	Carers Support	789
	Housing Related Support for Older People	2,413
	Community Access Reablement Service (CARS)	647
	Supporting People with Learning Disabilities	426
	sub total	7,849
<b>Scheme 1 Total - Keeping People Well in their Local Community</b>		<b>9,817</b>
2	<b>Active Support &amp; Recovery</b> <b><u>NHS Sheffield CCG</u></b>	
	Integrated Care Teams (including community nursing)	15,429
	Intermediate Care - Home & Bed based services	21,276

Dementia Response	439
Length of Stay and Discharge Teams	2,771
Grants to SCC for STIT, AICS, CAICS and Social Workers	2,140
sub total	42,055
<b><u>Sheffield City Council</u></b>	
Short term Intervention team (STIT)	5,513
Intermediate Care Assessment Teams	1,258
Community Support Workers	480
Community Reablement Service	654
sub total	7,905
<b>Scheme 2 Total - Active Support &amp; Recovery</b>	
	<b>49,960</b>

<b>3 Independent Living Solutions</b>	
<b><u>NHS Sheffield CCG</u></b>	
Community Equipment (to be included in new ICES contract)	1,925
sub total	1,925
<b><u>Sheffield City Council</u></b>	
Equipment (to be included in new ICES contract)	887
Equipment & Adaptation Teams	678
Minor adaptations and Sensory Impairment Assessment (to remain outside of scope of ICES contract in 2015/16)	101
sub total	1,666

<b>Scheme 3 Total - Independent Living Solutions</b>	
	<b>3,591</b>

<b>4 Long Term High Support</b>	
<b><u>NHS Sheffield CCG</u></b>	
Ex NHS England funding for social care support	12,399
CHC, FNC and Palliative (including Housing Association grants)	51,592
Grants to SCC re Learning Disabilities services	2,650
sub total	66,640
<b><u>Sheffield City Council</u></b>	
Gross Social Care Costs	
Adult Social Care Purchasing	66,266
Learning Disabilities Purchasing	49,951
Long Term purchasing and Others	8,211
Carers Grants	424
Long Term Placements	450
Adult Placement Shared Lives	359
Less: Client income	(34,376)
Less: CCG income - ex NHS England funding	(12,399)
Short Breaks – Respite	1,425
In House LD, home Care and other LD Services	6,953
CHC Team	364
sub total	87,628

<b>Scheme 4 Total - Long Term High Support</b>	<b>154,268</b>
5 <b>Expenditure on Adult Inpatient Medical Emergency Admissions NHS Sheffield CCG</b>	
In-Patients (PbR & non PbR)	52,932
<b>Sheffield City Council</b>	
No spend in BCF	0
<b>Scheme 5 Total - Inpatient Medical Emergency Admissions</b>	<b>52,932</b>
<b>TOTAL REVENUE SHEFFIELD BETTER CARE FUND BUDGET</b>	<b>270,568</b>
<b>Expenditure against capital grants awarded to SCC for social care and Disability Facilities – All Sheffield City Council</b>	<b>3,456</b>
<b>Scheme 6 Total – Capital grants</b>	<b>3,456</b>

- 4.12 The themes are described briefly below. The intention is that during 2015/16 these schemes will be developed into one or more 'joint ventures'.
- 4.13 **Keeping People Well in their Community:** primary care, social care and non-clinical interventions to support people identified as at risk of needing hospital care to stay well. This theme includes a range of Council funding including some of the grant aid budget and public health investment in services and organisations that focus on health and wellbeing.
- 4.14 **Active Support and Recovery:** clinical and social care services that provide short term interventions as an alternative to hospital care and help people get home and regain independence following a spell in hospital (including intermediate care and community nursing).
- 4.15 **Independent Living Solutions:** Community equipment services have been re-commissioned as a genuinely integrated and user focussed service, which will start in July 2015. This new service is a joint venture with a fully risk-shared budget.
- 4.16 **Long Term High Support:** integration of assessment and contracting for long term care, including NHS Continuing Healthcare and Funded Nursing Care and SCC funding of residential and home based social care. Within this theme we recognise that it will be important to maintain the different legal funding requirements which apply to health as opposed to social care – i.e. health care is free at the point of delivery whilst people generally make a contribution to the cost social care.
- 4.17 **Non-elective** (non-surgical) hospital admissions: because our plans seek to reduce expenditure in this area, so this funding is included to



release money, and to share risk. It should be noted that the Regulations which govern pooling of funding only formally allow for the inclusion of CCG spend on medical emergency admissions as opposed to those classed as surgical admissions. However, this does not change our collective objective to reduce all unnecessary admissions to hospital and this will be built into our risk management arrangements.

- 4.18 Importantly, the Council’s contribution to the pooled budget over the next few years is aligned to our **medium-term financial strategy** – meaning that our contribution will change each year in line with any reductions to our overall budget. This, along with increasing pressure on the health care system, means that balancing the pooled budget in the medium-term will be a significant challenge – a challenge that we can only meet by working closely with Sheffield Clinical Commissioning Group.

### ***Decision Making and Governance***

- 4.19 Neither the CCG nor SCC Constitutions allow delegation of decisions to a joint committee. It is therefore proposed that Cabinet and CCG Governing Body **retain ownership over decisions** – particularly in the first year as new ways of working are established.
- 4.20 The partners may of course wish to vary either the provisions in the Section 75 agreement, or the delegations to members, committees or officers, for future years if they believe that this will improve delivery of our objectives (or the national policy or legislative landscape changes).
- 4.21 It is proposed that **strategic oversight and direction** for decision-making remains with the city’s Health and Wellbeing Board (HWB). The HWB role is to enable organisations to hold each other to account, to agree aspirations, and be the public meeting that monitors progress.
- 4.22 If the HWB feels insufficient progress is being made it can ask the organisations to explain to the HWB and discuss remedial action.
- 4.23 It is not proposed that the Council or the CCG delegates any budgetary responsibility or operational commissioning decisions to HWB. These remain within each organisation.
- 4.24 **No change to delegation of authority to members, committees or officers is proposed** at this stage. This means that Council Leader / Cabinet (and CCG Government body) would approve:
- Schemes within the pooled budget arrangements
  - Financial contributions and budgets
  - Changes to the written agreement
  - Budgets for individual schemes

- Virement and transfers beyond delegated limits
  - Contract awards beyond delegated limits.
- 4.25 In many cases, aligned decision-making between the Council and CCG will be required (e.g. to approve respective contributions to a pooled budget). This means that business will need to be planned ahead carefully to enable aligned decision points at Cabinet and with the CCG's Governing Body.
- 4.26 The Section 75 Agreement proposes the establishment of an **Executive Management Group (EMG)**, which would be responsible for day to day management of the pooled budget and Section 75 Agreement.
- 4.27 The EMG would meet at least monthly to monitor combined budgets, agree contract specifications, and consider business cases for future 'joint ventures'. Individuals on the Group would have Authority within their delegated limits (e.g. to make changes to budgets). Membership of the group would be equal split across the Council and the CCG, with full membership to be agreed.
- 4.28 The Section 75 agreement and pooled budget will develop rapidly over the year – with increased risk sharing arrangements as new joint ventures and commissioning / contractual arrangements are agreed.
- 4.29 A Programme Team will provide support to EMG, with project leads for each of the workstreams reporting to the Group. The Programme Director for Integrated Commissioning will be a member of EMG. If EMG cannot agree – i.e. is unable to reach the same decision when needed to – the matter will refer to the next meeting. Dispute resolution processes are set out in the Section 75 Agreement.

### ***Risk Sharing Proposal***

- 4.30 The basic arrangements for risk sharing are:
- There will be a single overall budget but with separate budgets within that for each 'scheme' (e.g. Active Recovery) and key areas of expenditure within that scheme (e.g. intermediate care beds)
  - Budgets will be set at the beginning of the year but will be capable of being changed in year by agreement
  - There will be a lead commissioner for each scheme and for the budget lines within schemes
  - The overall budget and that for each scheme will be monitored by the EMG
  - Any underspends on individual budgets within the pooled budget will remain within the overall pooled budget and be used to offset overspends on other budgets
  - Contingency 'risk reserves' will sit outside of the pooled budgets to ensure that each organisation can cope with any financial pressures arising from the pooled arrangements.

### ***Initial Risk Sharing Arrangements***

- 4.31 Where a scheme is a true *joint venture* (e.g. Independent Living Solutions), there will be one budget manager and the Council and CCG will share the risk of overspend pro-rata to the initial contribution.
- 4.32 Where budgets for a scheme are attributable to one party, the risk and responsibility primarily sits with that party (as the levers for control and change sit there). This will generally apply to schemes and activities that have not yet been worked up as joint ventures.
- 4.33 If there is any overspend on any aspect of the pooled budget, the first call would be any underspends within the pooled budget (subject to the law or other directives that might govern use of specific funds). The second call is the use of the contingency reserves.
- 4.34 Further joint ventures with fully risk-shared budgets will be proposed in year and risk / gain share agreements put in place. The position agreed for the Independent Living Solutions budget (a pro-rata risk share) will be the default option.
- 4.35 We will make our commitment to joint working explicit to avoid actions that shift cost between partners, unless agreed as above.

### ***Contracting and Procurement***

- 4.36 Our contracting and procurement arrangements must, of course, be compliant with the law and other binding directives. They must support achievement of our aims, and should minimise bureaucracy. Therefore:
- Each procurement will be led by one partner, in accordance with that partner's rules
  - The proposed procurement strategy (e.g. open tendering to the market, or a more limited market or partnership approach) will be agreed with the other partner
  - The procurement lead will then be the lead for management, monitoring of the contract and performance management of the provider
  - Contracts will be agreed by both partners
  - NHS contracts will be used unless services are clearly *not* clinical
  - The Executive Management Group will be responsible for overseeing procurement.

### ***Hosting***

- 4.37 The Council will be the host organisation for the pooled budget. During 2015/16 both organisations will lead commissioning and contracting on various budgets under their own financial governance and operational arrangements. We will make sure that we minimise

the need for unnecessary cash flow and other administrative processes between our two organisations.

### ***Development of the Section 75 Agreement***

- 4.38 SCC officers, led by the Director of Finance, have worked with CCG colleagues to agree the content of the Section 75 Agreement.
- 4.39 Initial drafting of the document was undertaken by SCC's legal team, with support thereafter from external lawyers.

## **5. Financial Implications**

- 5.1 Given the nature of the Agreement, the financial implications are fairly limited and do not pose additional risk to the council beyond the 'business as usual' risk already inherent in balancing the budget during 2015-16.
- 5.2 There is a risk that underspends on any SCC budgets may be called upon to offset overspend on CCG managed budgets within the pool (rather than offsetting other General Fund overspends within SCC). However, this is not deemed to have major financial implications as: (a) overall underspend is considered unlikely; and, (b) the reciprocal arrangement is in place if we were to overspend.
- 5.3 For financial planning beyond 2015-16, the better use of pooled resources should help to alleviate budget pressures within both organisations.

## **6. Health Inequalities Implications**

- 6.1 The [Joint Health and Wellbeing Strategy](#) and the Council's new [Corporate Plan 2015–2018](#) provide the strategic framework for the pooled budget, and reducing health inequalities is a key priority in both documents.
- 6.2 This means that the development of new schemes and joint ventures will focus on reducing health inequalities and the pooling of budgets should therefore help to support this aim.

## **7. Equalities Implications**

- 7.1 Sheffield people have told us<sup>1</sup> that they do not like being passed 'from pillar to post' between different parts of the health and care system. People get especially frustrated when aspects of their care and support are delayed (or uncertain) because health services and social care are debating which part of the system should pay for what

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<sup>1</sup> The Health and Wellbeing Board has held a number of events on this theme. See <https://www.sheffield.gov.uk/caresupport/health/health-wellbeing-board/what-the-board-does/events/engagementevent.html>.

element of their care and support. It is expected that this work will have a largely positive impact on people of all protected characteristics as this work progresses.

- 7.2 Sheffield people will continue to be consulted as part of the individual schemes, if this has not already happened, and more information about the impact of specific schemes will be submitted and published with any future Cabinet reports, and any action plans required will be included in these reports. Therefore, detailed Equalities Impact Assessments will be required as a central part of all workstreams.<sup>2</sup>

## **8. Legal Implications**

- 8.1 The Care Act 2014 provides the legal framework against which care services must be provided. The main principles of the legislation are that whenever a local authority makes a decision about an adult, they must promote that adult's wellbeing and to ensure the provision of preventative services - that is services which help prevent, delay or reduce the development of care and support needs (including carers' support needs). In seeking further integrated working with the CCG the requirements of this legislation will need to be complied with.
- 8.2 Under that Act a local authority must exercise its functions with a view to ensuring the integration of care and support provision with health provision and health-related provision where it considers that this would:
- Promote the wellbeing of adults in its area with needs for care and support and the wellbeing of carers in its area
  - Contribute to the prevention or delay of the development by adults in its area of needs for care and support or the development by carers in its area of needs for support; or
  - Improve the quality of care and support for adults, and of support for carers, provided in its area (including the outcomes that are achieved from such provision).
- 8.3 The arrangements for integration are included in a legal agreement under s75 National Health Services Act 2006. As outlined this agreement sets the framework for integrated commissioning and was approved by the Leader of the Council on 26 March 2015.<sup>3</sup>
- 8.4 Unless there are specific delegations of functions in the future each of the Council and the CCG will retain liability for delivering its own legal functions under the arrangements.

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<sup>2</sup> An EIA has already been submitted for Independent Living Solutions See <http://sheffielddemocracy.moderngov.co.uk/documents/s15634/Independent%20Living%20Solutions%20EIA.pdf>. An EIA has also been completed for the Keeping People Well in their Community work.

<sup>3</sup> A record of this decision is available at: <http://sheffielddemocracy.moderngov.co.uk/ieDecisionDetails.aspx?ID=1323>.

## **9. Recommendation**

- 9.1 Cabinet supports the increased joining up the work of the Clinical Commissioning Group and Sheffield City Council so that our pooled health and care budgets can be used to commission better, more joined-up health and care services that help more people stay independent, safe and well.

## **10. Reasons for Recommendation**

- 10.1 Increased pooling of budgets and aligned incentives between health and care services should enable:
- The development of more joined-up health and care services - Sheffield people do not want to be passed from 'pillar to post'.
  - Frontline staff and managers in health and care services to spend less time on managing the system and more time on supporting Sheffield people to improve their health and wellbeing.
  - Increased investment in preventative services – helping more people in Sheffield stay independent, safe and well.
  - Improved medium-term planning for the health and care system as a whole – helping Sheffield cope with increased demand for health services and reduced levels of Local Government funding.
- 10.2 Achieving these benefits will require us to enter into a closer, strategic partnership with Sheffield Clinical Commissioning Group. The terms of this partnership are as set out in the Section 75 Agreement.
- 10.3 The Section 75 Agreement is designed to allow us increase the depth of our partnership and the level of risk-sharing with Sheffield Clinical Commissioning Group incrementally. Proposals for further joint ventures will however be taken forward within the Council's decision-making processes.

# Sheffield City Council

## Equality Impact Assessment



**Name of policy/project/decision:** Integrated Commissioning of Health and Social Care

**Status of policy/project/decision:** New

**Name of person(s) writing EIA:** Louisa Willoughby

**Date:** 16 April 2015

**Service:** Commissioning

**Portfolio:** Communities

### **What are the brief aims of the policy/project/decision?**

#### ***Why this piece of work?***

Sheffield people have told us<sup>1</sup> that it often feels like they are passed ‘from pillar to post’ between different parts of the health and care system. People also say that it is frustrating when aspects of their care and support are delayed (or uncertain) because health services and social care are debating which part of the system should pay for what element of their care and support.

Health and care practitioners on the ground speak about having to spend time dealing with multiple organisational processes and tensions between budget holders. They want to spend their time making sure people get the care and support they need to live as independently, safely and well as possible.

Managers in health and social care also want to be able to identify and pursue obviously projects that benefit Sheffield people –regardless of whether the resulting financial benefits accrue to a separate organisation.

The city’s Health and Wellbeing Board recognises the issues discussed above and has agreed that *part* of the solution is integrated commissioning arrangements for health and care – with a single pooled health and care budget. The intention is simple: we want to focus on getting the best outcomes and services for Sheffield people whilst getting the best value for the ‘*Sheffield pound*’.

The potential efficiencies from working better together should also give us a much better chance of maintaining a sustainable health and care system in the face of significant local government funding cuts and increasing demand pressures.

Our aims for our pooled budget, drawn from the city’s Health and Wellbeing Strategy and the Council’s new Corporate Plan 2015–2018 are simple and bold:

- We want to promote good health

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<sup>1</sup> The Health and Wellbeing Board has held a number of events on this theme. See <https://www.sheffield.gov.uk/caresupport/health/health-wellbeing-board/what-the-board-does/events/engagementevent.html>.

- We want to prevent and tackle ill health
- We want to reduce health inequalities
- We want to help more people stay independent, safe and well.

### ***What does this work consist of?***

The elements of this work are as set out in the accompanying report submitted to Cabinet in May 2015 on the integrated commissioning of health and care service in Sheffield. Briefly, the work comprises the following:

- A pooled health and care budget which could enable improvements to the management and delivery of health and care services in Sheffield, which should in turn help to improve outcomes for the people of Sheffield. A Section 75 Agreement between Sheffield City Council and Sheffield Clinical Commissioning Group has brought together £271m of health and care budgets into a single pooled investment budget that the Council and the Clinical Commissioning Group will manage and prioritise together.
- Greater joint working by the Council with partners on further joint ventures to develop and deliver more joined-up, innovative and efficient health and care services for the people of Sheffield – recognising that the delivery of these plans will involve further risk-sharing across health and social care budgets. This could mean a shift in investment over the coming years from treatment to prevention, creating a real opportunity for Sheffield’s many voluntary, charitable, community and independent sector organisations. This joint working will see specific work in a number of areas, namely:
  - **Keeping People Well in their Community:** primary care, social care and non-clinical interventions to support people identified as at risk of needing hospital care to stay well.
  - **Active Support and Recovery:** clinical and social care services that provide short term interventions as an alternative to hospital care and help people get home and regain independence following a spell in hospital (including intermediate care and community nursing).
  - **Independent Living Solutions:** Community equipment services have been re-commissioned as a genuinely integrated and user focussed service, which will start in July 2015. This new service is a joint venture with a fully risk-shared budget.<sup>2</sup>
  - **Long Term High Support:** integration of assessment and contracting for long term care, including NHS Continuing Healthcare and Funded Nursing Care and SCC funding of residential and home based social care. Within this theme we recognise that it will be important to maintain the different legal funding requirements which apply to health as opposed to social care – i.e. health care is free at the point of delivery whilst people generally make a contribution to the cost social care.

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<sup>2</sup> An EIA has already been submitted for Independent Living Solutions. See <http://sheffielddemocracy.moderngov.co.uk/documents/s15634/Independent%20Living%20Solutions%20EIA.pdf>. An EIA has also been completed for the Keeping People Well in their Community work, but this is not currently available online.



- **Non-elective** (non-surgical) hospital admissions as our collective objective is to reduce all unnecessary admissions to hospital and this will be built into our risk management arrangements.

**Are there any potential Council staffing implications, include workforce diversity?**

While Council and CCG staff may be required to work in slightly different ways, there are currently no significant Council or CCG staffing implications.

Under the [Public Sector Equality Duty](#), we have to pay due regard to: “Eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations.”

***Each of schemes of work detailed above will produce its own EIA as and when required. As such, the detail given below is very high level given the number and variety of people who will be affected by the developments.***

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
Age	Positive	High	<p>It is intended that integrated commissioning of health and social care will have a positive impact on people of all age-groups as they find the care and support they need to be increasingly better coordinated, locally delivered and fine-tuned to their care needs.</p> <ul style="list-style-type: none"> <li>• Sheffield has seen longer life expectancy with a 24% increase in the number of people aged over 75 and more than a doubling of people aged over 85. By 2025 it is estimated that there will be a 23% increase in people aged over 75 years living alone, and an increase of 21% in people over 65 years old unable to manage at least one self-care activity (such as washing or dressing) on their own.</li> </ul> <p>Perhaps unsurprisingly, therefore, many older people are likely to benefit from integrated care given the increased need for the elderly for health and social care support.</p>

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
			<p>Nonetheless, the integrated commissioning of health and social care work is also likely to affect children and young people as the work progresses. In addition, the Independent Living Solutions workstream supports the equipment and adaptation needs of children and young people with complex needs and disabilities.</p>
<b>Disability</b>	Positive	High	<p>Many affected by this work will be disabled; therefore, improving the support for those for who are disabled (including people with mental health problems, and people physical disabilities, sensory impairments, and learning disabilities) to live independently in their communities is a key reason for this work. For example, the Independent Living Solutions workstream is focussed on helping people to live independently at home through providing for their equipment needs.</p> <ul style="list-style-type: none"> <li>• It is right to do this, because we predict significant increases in the number of disabled people over the next 10 to 15 years. In particular, we expect there will be an increase the number of people with the most complex disabilities (including people with disabilities from black and ethnic minority groups) who require high levels of support from health, housing and social care services.</li> <li>• Data also indicates a significant increase in the number of people in Sheffield with severe or complex needs, and again particularly in younger age groups. The overall number of people with such needs rose by 17% between 1998 and 2008. However, the number of 15 to 19 year olds with severe or complex needs increased by 70% over the same time.</li> <li>• In Sheffield we currently have 6,382 people</li> </ul>

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
			<p>living with dementia and this is expected to rise to 7,342 by 2020 and 9,340 by 2030. The biggest increase will be in the people aged 85+ which will nearly double over the same period. A relatively small number of people with dementia are from black and ethnic minority groups, but this will increase substantially in future years. The increases projected in the city's population means that by 2020 there will be an increase of over a thousand older people projected to suffer from dementia; by 2030 there may be an additional 3,000 people with this illness.</p>
<b>Pregnancy/maternity</b>	Neutral	Low	<p>This work is unlikely to have a significant and specific impact on someone due to their pregnancy/maternity, although a pregnant woman who had other health and care needs, or some kind of disability, might be affected for that reason.</p>
<b>Race</b>	Positive	Low	<p>This work is unlikely to have a significant and specific impact on someone due to their race, but all services will be required to ensure their service is accessible for all characteristics. Subsequent EIAs will analyse the ethnic profile of those accessing services, and consider any under/over use of services and relevant health inequalities.</p>
<b>Religion/belief</b>	Positive	Low	<p>All services will be required to ensure their service is accessible for all characteristics. Subsequent EIAs will consider any impact related to religion and belief (for example barriers to accessing services).</p>
<b>Sex</b>	Positive	Low	<p>All services will be required to ensure their service is accessible for all characteristics. Subsequent EIAs will analyse the gender profile of those accessing services, and consider any under/over use of services and relevant health inequalities.</p>
<b>Sexual orientation</b>	Positive	Low	<p>All services will be required to ensure their service is accessible for all characteristics. Subsequent EIAs will consider any barriers to services and</p>

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
			health inequalities that LGB people may currently experience. This will include reviewing relevant sections of the research outlined in the LGBT Public Health Outcomes Framework Companion Document, as well as other local / national research.
<b>Transgender</b>	Positive	Low	All services will be required to ensure their service is accessible for all characteristics. Subsequent EIAs will consider any barriers to services and health inequalities that transgender people may currently experience.
<b>Carers</b>	Positive	Medium	<p>Carers play a vital role in ensuring that those with a disability, health/care need or mobility problems are able to live full and independent lives.</p> <p>By enabling individuals to have access to the support to live independently in their communities, carers too are helped. In addition, a more efficient, joined-up system will aim to remove the stress and waiting times for carers as they try to ensure that those they care for get the best they can.</p> <ul style="list-style-type: none"> <li>• This is important because the estimated the number of carers and young carers in Sheffield will be 66,715 by 2015, higher than the national estimates suggest. Although caring can be an immensely positive experience, there is also evidence that caring can increase physical stress, lack of sleep and long term limiting illness, with a strong association between long hours of caring (50+) per week and mental health issues, including increased stress, anxiety and depression. Caring commitments can reduce opportunities for training and education (particularly for young carers), loss of income (including increased likelihood of poverty and reliance on benefits), increased costs and reduced levels of social interactions and friendships.</li> <li>• There are also inequalities in caring, with a</li> </ul>

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
			higher proportion of carers providing at least 50 hours care per week in the more deprived areas of Sheffield.
<b>Voluntary, community &amp; faith sector</b>	Positive	High	The shift in investment we should see over the coming years from treatment to prevention creates a real opportunity for Sheffield's many voluntary, charitable, community and independent sector organisations. These organisations will be encouraged to use their capability and creativity to make an increasing impact – delivering services that can successfully reduce the risk of people losing their independence and wellbeing.
<b>Financial inclusion, poverty, social justice:</b>	Positive	Low	The city's Joint Health and Wellbeing Strategy and the Council's Corporate Plan 2015–18 provide the strategic framework for the pooled budget, and reducing health inequalities is a key priority in both documents. This means that the development of new schemes and joint ventures will focus on reducing health inequalities and the pooling of budgets should therefore help to support this aim. Subsequent EIAs will consider any potential impact of proposed changes – for example, any changes to how people pay for services or if people have to travel to access services could impact either positively or negatively on Financial inclusion or poverty.
<b>Cohesion:</b>	Neutral	Low	No anticipated impact but subsequent EIAs will assess these.

**Overall summary of possible impact (to be used on EMT, cabinet reports etc):** Positive, helping Sheffield people to be healthy, safe, independent and well for longer.

**Review date:** April 2016 **Entered on Qtier:** No

**Does the proposal/ decision impact on or relate to specialist provision:** Yes, although not directly at this stage

## **Action plan:**

- More information about the impact of specific schemes will be submitted and published with any future Cabinet reports, and any action plans required will be included in these reports. Therefore, detailed EIAs will be required as a central part of all workstreams. An EIA has already been submitted for Independent Living Solutions.<sup>3</sup> An EIA has also been completed for the Keeping People Well in their Community work. The other workstreams will be developing their schemes of work and as such understanding any equalities implications during 2015/16.
- Sheffield people have already been involved in the development of a vision for integrated commissioning, and will continue to be consulted as part of the individual schemes, if this has not already happened.
- The lead for ensuring EIAs happen and consultation takes place, and that both are jointly owned by health and social care, will be the Integrated Commissioning Programme Board.

**Approved (Lead Manager):** Joe Fowler **Date:** 16 April 2015

**Approved (EIA Lead Officer for Portfolio):** Phil Reid **Date:** 17 April 2015

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<sup>3</sup> See

<http://sheffielddemocracy.moderngov.co.uk/documents/s15634/Independent%20Living%20Solutions%20EIA.pdf>.



## Cabinet Report

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**Report of:** Executive Director, CYPF

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**Report to:** Cabinet

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**Date:** 27 May 2015

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**Subject:** **A second University Technical College serving Sheffield City Region**

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**Author of Report:** Tony Tweedy 0114 2296140

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**Key Decision:** YES

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**Reason Key Decision:** Expenditure/savings over £500,000\*

Affects 2 or more wards\*

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**Summary:** The Department for Education (DfE) has approved the City's application, submitted by the Sheffield College, to establish a second University Technical College (UTC2) in the Lower Don Valley. In return, the DfE has asked that the local authority transfers the land to the UTC Trust on a 125 year lease at a peppercorn ground rent. The local authority has been invited to be a member of the Governing Body of the UTC. The procurement of the construction of the building will be a matter solely for the UTC Academy Trust in association with DfE consultants.

The UTC 2 for Human Sciences and Computing has, as with the city's first UTC, been developed in partnership with local employers and is designed to address skills shortages and gaps reported by two key sectors of the local economy. It is also intended to create a relevant and motivating curriculum for those 14-19 year

olds in the city who respond better to an applied, work-focused programme that blends both academic and vocational skills and those who are considering careers in either the Healthcare Technologies, or the Computing sectors

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**Reasons for Recommendations:**

The following recommendations will enable the Sheffield College, as the sponsor, to move to the position of securing the UTC 2 Funding Agreement and thereby the procurement of the new building.

UTC 2 will help young people to exploit new opportunities in key sectors of the local economy and help employers to secure the better skilled recruits that they will need for growth in a global economy.

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**Recommendations:**

It is recommended that Cabinet:

- agrees that the implementation of the proposals contained in this report are likely to promote and improve the economic and social well-being of Sheffield
  - approves the selection of an elected member and a senior officer to represent the interests of the City Council on the governing body of the UTC
  - delegates authority to the Executive Director, Children Young People and Families, in consultation with the Director of Capital and Major Projects and with the relevant Cabinet Members, to agree the steps that need to be taken to further the project and protect the Council's interests
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to negotiate and agree the detailed terms of the lease to the UTC and instruct the Director of Legal and Governance to grant a lease of the site on the agreed terms, this will be shared with the relevant cabinet member
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to take all necessary steps and enter into such documentation as is required to further the project, and this will be shared with the relevant cabinet member.
  - Notes the current position on the development of the Olympic Legacy Park and the potential capital commitment from the Council
- 
- 

**Background Papers:**

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**Category of Report:        OPEN**

**If CLOSED add 'Not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'**

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\* Delete as appropriate

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES Cleared by: Paul Schofield
<b>Legal Implications</b>
YES Cleared by: David Hollis
<b>Equality of Opportunity Implications</b>
YES Cleared by: Bashir Khan
<b>Tackling Health Inequalities Implications</b>
YES/NO Cleared by:
<b>Human Rights Implications</b>
YES/NO Cleared by:
<b>Environmental and Sustainability implications</b>
YES/NO Cleared by:
<b>Economic Impact</b>
YES/NO Cleared by:
<b>Community Safety Implications</b>
YES/NO Cleared by:
<b>Human Resources Implications</b>
NO Cleared by:
<b>Property Implications</b>
YES/NO Cleared by:
<b>Area(s) Affected</b>
ALL
<b>Relevant Cabinet Portfolio Lead</b>
Cllr Jackie Drayton
<b>Relevant Scrutiny Committee</b>
CYPF
<b>Is the item a matter which is reserved for approval by the City Council?</b>
YES
<b>Press Release</b>
YES

## **REPORT TO THE EXECUTIVE DIRECTOR, CYPF**

### **INSERT REPORT TITLE**

#### **1.0 SUMMARY**

- 1.1 The Department for Education (DfE) has approved the City's application, submitted by the Sheffield College, to establish a second University Technical College (UTC2) in the Lower Don Valley. In return, the DfE has asked that the local authority transfers the land to the UTC Trust on a 125 year lease at a peppercorn ground rent. The local authority has been invited to be a member of the Governing Body of the UTC. The procurement of the construction of the building will be a matter solely for the UTC Academy Trust in association with DfE consultants.
- 1.2 The UTC2 for Human Sciences and Computing has, as with the city's first UTC, been developed in partnership with local employers and is designed to address skills shortages and gaps reported by two key sectors of the local economy. It is also intended to create a relevant and motivating curriculum for those 14-19 year olds in the city who respond better to an applied, work-focused programme that blends both academic and vocational skills and those who are considering careers in either the Healthcare Technologies, or the Computing sectors.
- 1.3 As such, UTC2 will:
- Boost opportunities for young people in the city – the setting up of UTC2 will make provision for 600 14-19 year olds to develop academic and technical skills in key economic growth sectors
  - Encourage business growth and investment – by providing a supply of young people to two growth sectors, both of which are reporting recruitment issues.
- 1.4 The bid has been led by the Sheffield College, with active support from the City Council and has been developed by a wide range of public and private sector partners in the city, including the Sheffield Teaching Hospitals Trust, The University of Sheffield, Sheffield Hallam University, Sheffield Chamber of Commerce and Industry; Sheffield Eagles; Sheffield Sharks; Sheffield International Venues and IT sector employers.
- 1.5 The proposed location of UTC2 is on a site within the Olympic Legacy Park in the Lower Don Valley. This is a key project in the Sheffield-Rotherham Economic Corridor and the development there will act as a stimulus to further regeneration in the vicinity.

#### **2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE**

- 2.1 UTC 2 will furnish the young people who enrol there with the skills they will need for life and work in the twenty-first century and it is designed to improve their chances of securing new employment opportunities in key sectors of the local economy.

- 2.2 UTC 2 will also support economic growth and the creation of more high quality jobs by increasing the supply of skills in these sectors. Healthcare Technologies and the Computing sectors have been identified in Sheffield's Economic Masterplan and by the Local Enterprise Partnership as priority growth sectors for the local economy. In both of these sectors new job entrants need to be equipped with a skills set and a level of attainment that surpasses that of previous generations.
- 2.3 The proposal will contribute to the following priorities in the Corporate Plan 2015-18:
- A strong economy
  - Thriving neighbourhoods and communities.

### **3.0 BENEFITS**

The benefits of the UTC are:

- 600, 14-19 year olds per annum will be able to access world class facilities with a focus on Healthcare Technologies and Computing
- the curriculum design will reflect the training needed to meet the requirements of the latest technological advances in these sectors
- young people will gain direct experience of the world of work through placements and curriculum-based projects supplied by employers
- the supply of skilled labour to two key sectors will be improved thereby supporting the transformation of the local economy
- the development in the proposed location will act as a catalyst to further regeneration on the Olympic Legacy Park and the wider Sheffield City Region.

### **4.0 BACKGROUND**

- 4.1 UTC Sheffield, specialising in Engineering and Creative & Digital, was the first University Technical College in Yorkshire. The new £9.9m building, located in the Cultural Industries Quarter, opened in September 2013. The popularity of new provision among young people, parents and carers was demonstrated by it recruiting more than 200 learners in its first year. This and the fact that it has continued to receive strong and active support from the business community confirmed that University Technical Colleges can be valuable in broadening the learning offer made to the city's teenagers and that they are recognised by local employers as an important means of strengthening those education-business links that help prepare young people for the jobs of the future.
- 4.2 The proposal for a second UTC serving Sheffield and the city-region was, in part, based on these conclusions and on the fact that the Healthcare Technologies and the Digital sectors are two sectors that are the focus for growth in the local economy. The second UTC, scheduled to open in September 2016 and offering a total of 600 places by 2019, will be at the forefront of creating a new generation of talented, versatile individuals able to take advantage of emerging job opportunities in these and related sectors

## 5.0 PROPOSAL

- 5.1 UTC 2 will be located in a new, purpose-built £10m building on the new Olympic Legacy Park in the Lower Don Valley. From this location, UTC 2 will work with the new Advanced Wellbeing Research Centre (AWRC), a collaboration between the Sheffield Hallam Sports Engineering Research Centre, the National Centre for Sports and Exercise Medicine and the Sheffield Teaching Hospitals Trust. Government funding of £14m for the AWRC was recently announced in the Budget. It will also connect to the English Institute of Sport, Ice Sheffield, Sheffield Arena, the Sheffield Hallam Athletics and Sports parks and, once plans are finalised, new facilities for professional rugby and basketball. The site is also adjacent to the new Don Valley School which is due to open in September 2015. This is an academy school managed by Oasis Academy Trust and will cater for children aged 2- 16. As such, the city's second UTC will provide a unique learning environment with direct access to range of sporting, educational and business facilities directly related to its subject specialisms.
- 5.2 UTC 2 will be established as a modern Academy under the Academies Act, 2010 and this involves setting up a trust. The Don Valley UTC Academy Trust comprises:
- Sheffield College, who are leading the project
  - Sheffield Hallam University
  - Sheffield Chamber of Commerce and Industry
- 5.3 Other organisations on the Project Steering Group of UTC 2 include representatives from:
- Sheffield City Council
  - University of Sheffield
  - Sheffield Eagles
  - Sheffield Sharks
  - Sheffield International Venues
  - Employers from the IT sector, including Goldfish Systems, Yoomee, Mundojumbo, the Better with Data Society and Sero Consulting.
- 5.4 The Olympic Legacy Park is being developed on the site of the former Don Valley Stadium. The Council reviewed options for the future of the site and concluded that a partnership approach to develop a new sports, health and well-being project offers significant benefits to the city. Whilst the wider Don Valley project remains in the early stages of development, a new school is currently being constructed and will open in September 2015, to be followed by the UTC in September 2016
- 5.5 With this timeframe in mind, there is some urgency in agreeing the disposal by the City Council of the site on the Olympic Legacy Park to the Trust so that construction of UTC 2 can commence by September this year in readiness for a 2016 opening.
- 5.6 It is intended that a new company, to be known as Legacy Park Ltd, will be created by Sheffield City Council, the Sheffield Teaching Hospitals Trust and Sheffield Hallam University to develop the Olympic Legacy site.

The future arrangements for the development of the site are not yet settled so in order to progress the construction of the UTC to the required timescale it is proposed in this report to grant a lease to the UTC 2 Trust for the immediate purpose of activating the release of funds from the Department for Education (DfE) for the building of the UTC, there is a recognition that, in future, Legacy Park Ltd might be granted an overriding lease giving it control over the development of the whole of the Olympic Legacy Park with the proviso that the Don Valley Oasis Academy School and the UTC have continued access to the sports pitch.

## **6.0 PROPERTY IMPLICATIONS**

- 6.1 As with the city's first UTC, the City Council is required by DfE to transfer the land to the UTC 2 Trust on a 125 year lease at a peppercorn ground rent. The procurement of the construction of the building will be a matter solely for the UTC.
- 6.2 The demolition of the former Don Valley Stadium and the site reclamation works are currently being progressed with funding provided by ERDF and the City Council. As part of the application for ERDF funding, it was necessary to obtain an independent valuation of the land once reclaimed and this has been valued at a rate of £200,000 per acre
- 6.3 The total UTC2 site area is approximately 1.57 acres but includes an area shown hatched blue on the plan which can be taken back from the UTC at no cost if required to construct a terrace/stand as part of the community stadium in future. On the basis of the valuation the total site would be worth £314,000. As stated above, the City Council is required by the DfE to dispose of the land at a peppercorn rent.
- 6.4 In order to reflect the fact that the site is being provided at less than market value the lease will include provisions requiring the property to be used solely for state funded educational purposes. The use requirements in this lease will remain regardless of whether a new overriding head lease is granted by the Council to Legacy Park Ltd in future.

## **7.0 FINANCIAL IMPLICATIONS**

- 7.1 DfE will, once it approves the build proposal, instruct the Education Funding Agency (EFA) to enter into a funding agreement with the UTC 2 Trust. This agreement will commit the EFA to funding for the UTC.
- 7.2 DfE will provide start-up funding for the UTC 2 Trust including the recruitment of necessary staff and finance support. The local authority is not expected to make any financial commitment to the UTC other than the gift of the land on a 125 year lease unless other ancillary works are required under the planning consent.
- 7.3 The UTC will require some sports facilities and the options for the provision of these are being evaluated. This will include the UTC 2 Trust committing to provide 50% towards the cost of an outdoor sports pitch up

to a maximum of £500,000. The cost of providing the pitch will be shared equally between interested parties on an open book basis but will include Don Valley Oasis Academy School and the UTC. Work is ongoing to develop a satisfactory solution which will meet the requirements of all stakeholders. The UTC and the School will have direct access and exclusive use of the pitch at certain times in accordance with a service agreement. This agreement will also cover programming and use of the pitch by other stakeholders including the new school.

- 7.4 There is an expectation that the land on which the UTC will be built will be fully serviced with the necessary utilities and appropriate public realm access. The current site does not fulfil these criteria so will need them providing. If no other party has the means to do so this obligation will fall upon the Council. The costs of these have not yet been estimated but could be up to £1m for which the Council has not made provision. Any such funding would have to be made prioritising the expenditure over projects in the capital programme
- 7.5 In anticipation of being granted rights over the land, Legacy Park Limited have made an application for funding from the Sheffield City Region Investment Fund (SCRIF) for a grant to provide, inter alia, services on the site.

## **8.0 LEGAL IMPLICATIONS**

- 8.1 The lease of the site to the UTC is classed as a disposal of the land, which is being granted at an undervalue. Under s123 Local Government Act 1972, the Council cannot dispose of property for less than the best price reasonably obtainable, unless it obtains the consent of the Secretary of State. Pursuant to the powers conferred by section 128(1) of the 1972 Act, the Secretary of State has issued the General Disposal Consent (England) 2003. Where the terms of a proposed disposal fall within the scope of this consent there is no requirement to obtain a specific consent for it. This consent permits the disposal of land at an undervalue of up to £2,000,000 where the Council considers that it will help to secure the promotion or improvement of the economic, social or environmental well-being of its area.
- 8.2 As stated in the Property Implications section of this report, the current market value of the site has been assessed at £314,000, which means that the proposal to grant a lease at a peppercorn rent would fall well within the threshold of £2,000,000 permitted under the terms of the consent
- 8.3 In determining whether the disposal will help to secure the promotion or improvement of the economic, social or environmental well-being of its area the consent states that the Council should have regard to its Sustainable Community Strategy prepared pursuant to Section 4 of the Local Government Act 2000. It is considered that the use of the site as detailed in this report would help to deliver the vision for Sheffield as a

sustainable community set out within the City Strategy. On that basis, there will be no requirement to obtain a specific consent from the Secretary of State for the grant of the proposed lease to the UTC 2.

## **9.0 ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS**

The accommodation for UTC2 will be designed to achieve a BREEAM (Research Establishment Environment Assessment Method) rating of 'Very Good'

## **10.0 CONSULTATIONS**

10.1 The UTC 2 Trust carried out an initial consultation, in advance of its application to DfE to create the new institution. The consultation encompassed relevant stakeholders including Sheffield secondary schools, others in the education and training community; and employers through the Chamber of Commerce and the Cutlers Company.

10.2 A second formal and wider consultation was carried out by the Trust from 28 January to 27 March this year.

## **11.0 ECONOMIC IMPACT**

11.1 UTC 2 will, as set out in paragraph 4.2 above, support economic growth and the creation of more and better quality jobs by increasing the supply of high skills in the Healthcare Technologies and Computing sectors. It is designed to provide a high quality curriculum that motivates those 14-19 year olds who prefer a technical education with the result that it will drive up attainment, train and equip young people to meet the demands of these sectors and, by doing this, make a significant contribution to the raising of the skills levels of the city's prospective labour force.

11.2 As stated in paragraph 5.3 above, the development of UTC 2 on the Olympic Legacy Park site will act as a catalyst for further development of the wider site which will result in with significant economic benefits.

## **12.0 EQUALITY OF OPPORTUNITY**

12.1 An Equality Impact Assessment has been carried out (attached).

12.2 UTC 2 will strengthen equality of opportunity for young people in the city by:

- helping young people to prepare for opportunities presented by the economic upturn and the Sheffield City Region's plans for growth
- improving, by 19, the outcomes young people, including those who are the least well-qualified and the most likely to disengage from learning.

## **13.0 ALTERNATIVE OPTIONS CONSIDERED**

13.1 UTC 2 to proceed without LA support – UTC 2 is widely seen as having the potential to make an important contribution to the city's economic growth and is supported by key local employers accordingly. This is a key objective for the local authority and merits the active engagement and support of the City Council.



- 13.2 Sheffield City Council to deliver the programme – a local authority is not allowed by DfE regulations to lead on the establishment of a UTC Trust. However, the City Council was instrumental in creating the conditions and partnerships that has allowed the Sheffield College to make an application and it is proposed in this Cabinet paper that the City Council maintains its influence and support by making an appointment to the UTC 2 Trust as a governor.

## **16.0 REASONS FOR RECOMMENDATIONS**

- 16.1 The following recommendations will enable the Sheffield College, as the sponsor, to move to the position of securing the UTC 2 funding agreement and thereby the procurement of the new building.
- 16.2 UTC 2 will help young people to exploit new opportunities in key sectors of the local economy and help employers to secure the better skilled recruits that they will need for growth in a global economy.

## **17.0 RECOMMENDATIONS**

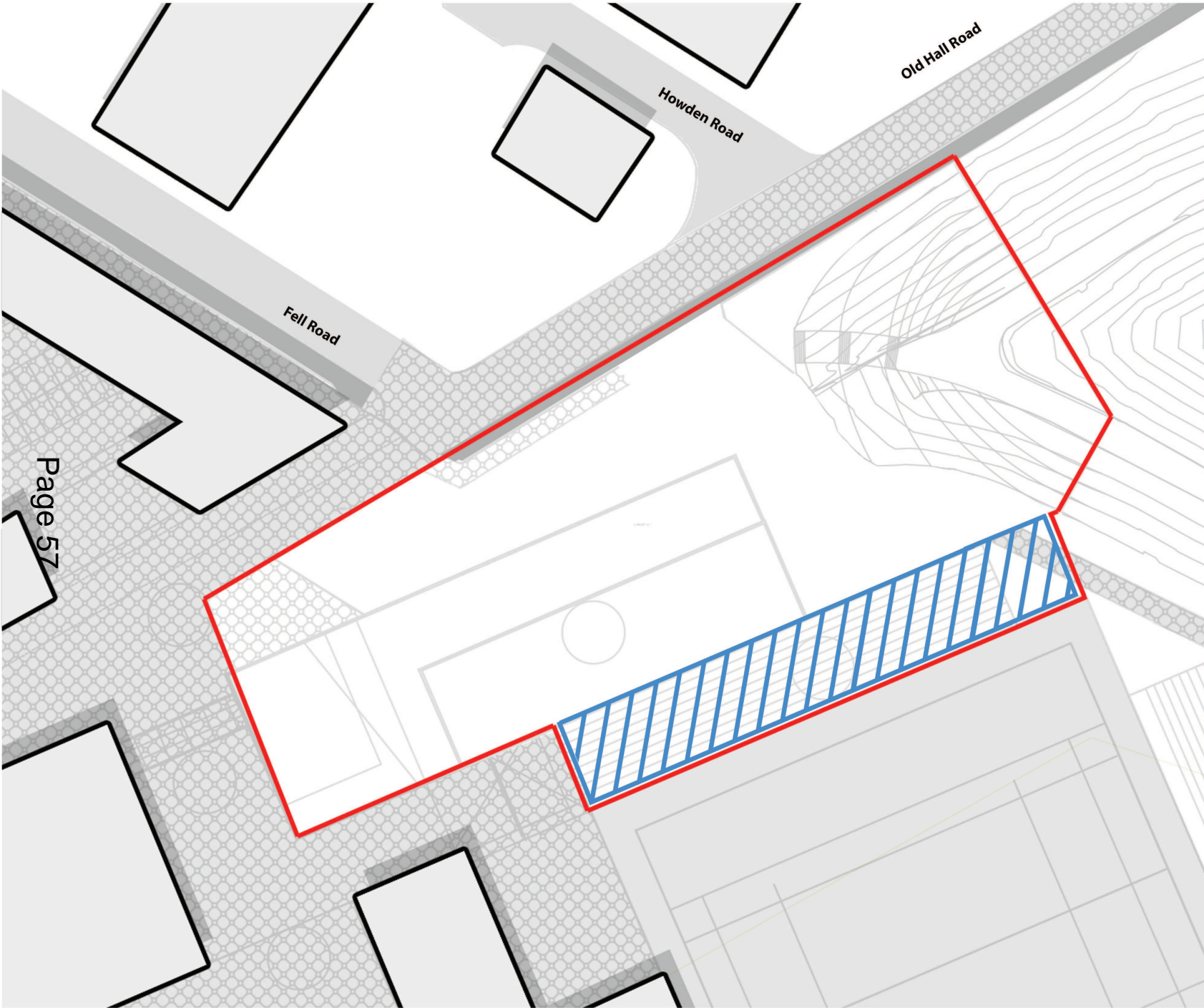
- 17.1 It is recommended that Cabinet:
- agrees that the implementation of the proposals contained in this report are likely to promote and improve the economic and social well-being of Sheffield
  - approves the selection of an elected member and a senior officer to represent the interests of the City Council on the governing body of the UTC
  - delegates authority to the Executive Director, Children Young People and Families, in consultation with the Director of Capital and Major Projects and with the relevant Cabinet Members, to agree the steps that need to be taken to further the project and protect the Council's interests
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to negotiate and agree the detailed terms of the lease to the UTC and instruct the Director of Legal and Governance to grant a lease of the site on the agreed terms, this will be shared with the relevant cabinet member
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to take all necessary steps and enter into such documentation as is required to further the project, and this will be shared with the relevant cabinet member.
  - Notes the current position on the development of the Olympic Legacy Park and the potential capital commitment from the Council.





Bond Bryan  
Architects

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**Notes**

Do not scale from this drawing.


All dimensions are to be checked prior to construction and any discrepancies are to be identified to the Architect.

Copyright reserved.



**Key**

Site Area Total: 5348m<sup>2</sup>

 Area of the site that may be passed back to the vendor, upon noticed being served to the lessee in accordance with the terms of the lease agreement. Total: 1018m<sup>2</sup>

 Site Boundary Grand Total: 6366m<sup>2</sup>

Revisions

Client  
Sheffield UTC II / Mott MacDonald

Project  
Sheffield UTC II  
Don Valley

Title  
Site Plan / Levels  
As Proposed Sketch

Scale	Size	Date	Drawn	Checked
1:500	A3	25/02/15	CH	DS

3DReid  
Suite 26A, City Tower  
Piccadilly Plaza  
Manchester  
M1 4BT  
t: +44 (0)161 236 7070  
w: <http://www.3dreid.com>

Architecture Conservation  
Interiors Masterplanning  
Partnerships Sustainability



Drawing No. 150017 (SK)005 Rev. A

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# Sheffield City Council Equality Impact Assessment



[Guidance for completing this form is available on the intranet](#)

Help is also available by selecting the grey area and pressing the F1 key

**Name of policy/project/decision:** Transfer of Lease to UTC2

**Status of policy/project/decision:** New

**Name of person(s) writing EIA:** Tony Tweedy

**Date:** March 2015

**Service:** LLSC

**Portfolio:** Children, Young People and Families

**What are the brief aims of the policy/project/decision?** To transfer land at Lower Don Valley to the UTC2 Academy Trust on a 125 year lease in order to enable the Academy Trust to build the UTC2 for Human Sciences and Computing

**Are there any potential Council staffing implications, include workforce diversity?** No

Under the [Public Sector Equality Duty](#), we have to pay due regard to: "Eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations." [More information is available on the council website](#)

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
Age	Positive	High	
Disability	Positive	Medium	Reasonable adjustments in the design and delivery of the programme will be made wherever practicable to facilitate access by those young people with a disability. The premises for the University Technical College will be fully compliant for people with disabilities in line with relevant legislation.
Pregnancy/maternity	Neutral	-Select-	
Race	Neutral	-Select-	
Religion/belief	Neutral	-Select-	
Sex	Neutral	-Select-	
Sexual orientation	Neutral	-Select-	
Transgender	Neutral	-Select-	
Carers	Neutral	-Select-	
Voluntary, community & faith sector	Neutral	-Select-	
Financial inclusion, poverty, social	Positive	High	By providing the land we are allowing further draw

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
justice:			down of investment into Sheffield for educational and to regenerate the wider Olympic Legacy Park.
Cohesion:	Positive	High	The University Technical College is required to comply with statutory legislation and with the city's Admissions code. The UTC will be its own admissions authority and will be required to publish its admissions criteria.
Other/additional:	Positive	-Select-	

**Overall summary of possible impact (to be used on EMT, cabinet reports etc):** The transfer of the lease will deliver positive impacts for young people by broadening choice of 14-19 provision and providing a curriculum which is more relevant to the economic needs of Sheffield City Region.

If you have identified significant change, med or high negative outcomes or for example the impact is on specialist provision relating to the groups above, or there is cumulative impact you **must** complete the action plan.

**Review date:**                      **Q Tier Ref**                      **Reference number:**  
**Entered on Qtier:** No                      **Action plan needed:** No  
**Approved (Lead Manager):**                      **Date:**  
**Approved (EIA Lead person for Portfolio):**                      **Date:**  
**Does the proposal/ decision impact on or relate to specialist provision:** -Select-

**Risk rating:** -Select-

## Action plan

Area of impact	Action and mitigation	Lead, timescale and how it will be monitored/reviewed
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		



Area of impact	Action and mitigation	Lead, timescale and how it will be monitored/reviewed
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		

**Approved (Lead Manager):**                      **Date:**

**Approved (EIA Lead Officer for Portfolio):**                      **Date:**

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## SHEFFIELD CITY COUNCIL

### Cabinet Report

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**Report of:** James Henderson, Director of Policy, Performance & Communications

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**Report to:** Cabinet

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**Date:** 27<sup>th</sup> May 2015

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**Subject:** Economic and Environmental Wellbeing Scrutiny and Policy Development Committee: Private Sector House Building

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**Author of Report:** Matthew Borland 0114 2735065

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**Key Decision:** No

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#### Summary:

The Economic and Environmental Wellbeing Scrutiny and Policy Development Committee undertook in depth work on private sector house building in the city.

This was done through a Task Group. Drawing on what the Task Group found and heard the attached report makes 6 recommendations in the following four areas:

- Land disposal
- Culture
- Transparency / Communications
- City Centre

This Cabinet report presents the Scrutiny Committee's report to Cabinet. It requests a joint response from the relevant Cabinet Members to the Private Sector House Building report, and a further report to the Committee updating on progress.

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### **Reasons for Recommendations:**

In order to make it clear to the Scrutiny Committee what actions the Council is committing to, the Committee requests a joint response report to its Private Sector House Building report.

To enable the Committee to scrutinise progress made in implementing the recommendations the Committee requests a further report back on implementation.

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### **Recommendations:**

Cabinet is asked to:

1. Thank the Economic and Environmental Wellbeing Scrutiny Committee for its work on Private Sector House Building
  2. Note the Private Sector House Building Report that is attached as Appendix A to this report
  3. Agree that a joint response report from the Cabinet Member for Housing and the Cabinet Member for Finance and Resources is provided to the Economic and Environmental Wellbeing Scrutiny Committee's July 2015 meeting
  4. Agree that a further report to the Economic and Environmental Wellbeing Scrutiny Committee on progress on implementing the recommendations be provided to the Committee by the end of October 2015
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**Background Papers:**      None

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**Category of Report:**      OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO Cleared by: Julie Fletcher
<b>Legal Implications</b>
YES Cleared by: Andrea Simpson
<b>Equality of Opportunity Implications</b>
YES Cleared by: Adele Robinson
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human Rights Implications</b>
NO
<b>Environmental and Sustainability implications</b>
NO
<b>Economic Impact</b>
YES
<b>Community Safety Implications</b>
NO
<b>Human Resources Implications</b>
NO
<b>Property Implications</b>
YES
<b>Area(s) Affected</b>
All
<b>Relevant Cabinet Portfolio Lead</b>
There are recommendations relevant to: Cabinet Member for Housing Cabinet Member for Finance and Resources
<b>Relevant Scrutiny Committee</b>
Economic and Environmental Wellbeing Scrutiny and Policy Development Committee
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press Release</b>
NO

## **Report to Cabinet**

### **Economic and Environmental Wellbeing Scrutiny and Policy Development Committee: Private Sector House Building**

#### **1. Summary**

- 1.1. The Economic and Environmental Wellbeing Scrutiny and Policy Development Committee undertook in depth work during 2014/15 on private sector house building in the city.
- 1.2. This was done through a Task Group made up of a number of Members of the whole Committee. The role of the Task Group was to scrutinise the Council's policies and practices to assess whether the Council has in place robust arrangements to meet the housing challenge facing the city and to identify any additional measures required to facilitate more private sector house building in the city. The full Task Group report is attached as Appendix A.
- 1.3. This report presents the Scrutiny Committee's report to Cabinet. It requests a joint response from the relevant Cabinet Members on the recommendations made in the Private Sector House Building report for the Committee's July 2015 meeting, and a further report to the Committee updating on progress by the end of October 2015.

#### **2. What does this mean for Sheffield People**

- 2.1. The Strategic Housing Market Assessment states that Sheffield requires between 1,975 and 2,425 new homes per year. The recommendations in the Task Group report are about how the Council can facilitate more private sector house building in the city to meet this demand.

#### **3. Outcome and Sustainability**

- 3.1. The outcome of the Private Sector House Building report will be determined by the response to the report from the Cabinet Member for Housing and the Cabinet Member for Finance and Resources and any subsequent implementation they choose to make.

#### **4. Private Sector House Building report**

- 4.1. Drawing on what the Task Group found and heard the report makes 6 recommendations in the following four areas:

- **Land disposal**

- 1) The Cabinet Member for Finance and Resources investigate ways to streamline the land disposal process, in conjunction with the respective Executive Directors by October 2015.

- 2) The Cabinet Member for Finance and Resources ensures that as part of any future service delivery that the incentives for the delivery of property services align with Council's priorities for the city and take into account the longer term benefits land disposal for housing can bring. To report back on progress by October 2015.

- **Culture**

- 3) The Cabinet Member for Housing takes measures to ensure the proactive approach to stimulating house building is fully understood throughout the Council, particularly by front line staff dealing with developers. To report back on progress by October 2015.

- **Transparency / Communications**

- 4) The Cabinet Member for Housing takes steps to promote better understanding of the Council's flexible approach in order to attract developers to the city. To report back on progress by October 2015.
- 5) The Cabinet Member for Housing takes steps to ensure there are opportunities for private sector developers and others to contribute to, and inform the Council's approach to housing development, including consideration of the establishment of a consultancy group. To report back on progress by October 2015.

- **City Centre**

- 6) The Cabinet Member for Housing undertakes further work to develop a fully integrated approach to a range of housing in the city centre, including family housing and the associated infrastructure requirements this type of housing would require, e.g. schools. To report back on progress by October 2015.

## **5. Legal Implications**

- 5.1. This report provides Cabinet with the Economic and Environmental Scrutiny Committee's Private Sector House Building Report. The Cabinet Member for Housing and the Cabinet Member for Finance and Resources are being asked to jointly respond to the Scrutiny Committee, and to then update the Committee on progress.
- 5.2. Where the Council chooses to implement a recommendation from the Committee's report that requires a further decision to be made this would be taken in the usual manner and in line with the Council's constitution / Leader's Scheme of Delegation. The legal implications of any proposal will be fully considered at that time.

- 5.3. Under the Local Government Act 2000 there is an explicit power for Scrutiny committees to make reports or recommendations to the Executive (section 21, clause 2(b).)

## **6. Financial Implications**

- 6.1. The Committee is very aware of the financial context in which the Council and partner agencies are now operating. For this reason, some of the recommendations focus on how the Council can make better use of its resources to increase the rate of private sector house building in the city.
- 6.2. Where the Council chooses to implement a recommendation from the Committee's report that requires a further decision to be made this would be taken in the usual manner and in line with the Council's constitution / Leader's Scheme of Delegation. This would include any financial implications. This report to Cabinet is not seeking authority for new or additional expenditure.

## **7. Equalities Implications**

- 7.1. As a Public Authority, we have legal requirements under Section 149 and 158 of the Equality Act 2010. These are often collectively referred to as the 'general duties to promote equality'. To help us meet the general equality duties, we also have specific duties, as set out in the Equality Act 2010 (Specific Duties) Regulations 2011. We have considered our obligations under this Duty in this report and the Council is committed to ensuring that all citizens, have access to appropriate and accessible housing including those who face additional barriers such as disabled people.
- 7.2. Where the Council chooses to implement a recommendation from the Committee's report that requires a further decision to be made this would be taken in the usual manner and in line with the Council's constitution / Leader's Scheme of Delegation. Any actions taken or decisions made would include consideration of any equalities implications including equality impact assessments and appropriate consultation to ensure the Council fulfils its statutory obligations including equality related building regulations.

## **8. Other relevant implications**

- 8.1. The recommendations in the Task Group's report aim to enable more private sector housing to be built in the city which, if implemented, would be expected to have a positive economic impact.
- 8.2. There are potential property implications depending on how the Cabinet Member for Finance and Resources chooses to respond to the two recommendations regarding Land Sales.

## **9. Next Steps**

- 9.1. The Committee are requesting a formal joint response report from the Cabinet Member for Housing and the Cabinet Member for Finance and



Resources is provided to the Economic and Environmental Wellbeing Scrutiny Committee's July 2015 meeting.

- 9.2. Following on from this the Committee further requests a report back on progress on implementing the recommendations in the Private Sector House Building report is provided by the end of October 2015.

## **10. Alternative Options Considered**

- 10.1. An alternative option in relation to the recommendations below would be to do nothing with the Task Group Report. However, given the time and effort spent by the Task Group and contributions to the work from external organisations this is not deemed a viable option.
- 10.2. An alternative option in relation to the recommendations below would be to respond to Committee's report over a much longer timescale. However, the Scrutiny Committee wishes to see a fast response to its recommendations. The Committee believes a report to its July meeting strikes an appropriate balance between speed and allowing sufficient time for Cabinet Members and officers to consider the recommendations in the Private Sector House Building report.

## **11. Reasons for Recommendations**

- 11.1. In order to make it clear to the Scrutiny Committee what actions the Council is committing to the Committee requests a joint response report to its Private Sector House Building report.
- 11.2. To enable the Committee to scrutinise progress made in implementing the recommendations the Committee requests a further report back on implementation.

## **12. Recommendations**

12.1. Cabinet is asked to:

1. Thank the Economic and Environmental Wellbeing Scrutiny Committee for its work on Private Sector House Building
2. Note the Private Sector House Building Report that is attached as Appendix A to this report
3. Agree that a joint response report from the Cabinet Member for Housing and the Cabinet Member for Finance and Resources is provided to the Economic and Environmental Wellbeing Scrutiny Committee's July 2015 meeting
4. Agree that a further report to the Economic and Environmental Wellbeing Scrutiny Committee on progress on implementing the recommendations be provided to the Committee by the end of October 2015

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Economic and Environmental Wellbeing  
Scrutiny and Policy Development  
Committee

Sheffield City Council

Task Group Report:

Private Sector House Building

## Introduction

Increasing the number of homes in the city is critical to achieving economic growth. The Sheffield City Region Growth Plan sets out an ambition to create 70,000 new private sector jobs. This has significant implications for housing growth. We know from the Strategic Housing Market Assessment that Sheffield requires between 1,975 and 2,425 new homes per year. Our work as a Task Group was to scrutinise the Council's policies and practices to assess whether the Council has in place robust arrangements to meet this challenge and to identify any additional measures required to facilitate more private sector house building in the city.

## What we did

The work had three stages. The first stage was internal evidence gathering which included desktop research looking at a range of documents including:

- [Sheffield Strategic Housing Market Assessment](#);
- the Council's Housing Investment Delivery Plan;
- ['The Lyons Housing Review'](#), commissioned by the Labour Party;
- [The Role of Housing in the Economy](#), commissioned by the Homes and Communities Agency;
- The Chartered Institute of Housing ['Response to Review of the local authority role in housing supply'](#); and
- [Sheffield Economic Strategy](#)

This stage also included discussions with Council staff responsible for economic development, housing, and planning. This was in order to understand the context and activity the Council is already doing and to inform the key questions the Task Group used in the next stage.

The second stage was external evidence gathering which consisted of focus groups with housing developers to gain a wider understanding of the issues from their perspectives; to hear potential solutions to issues identified; and to provide challenge to the Council's policies and practices.

The concluding stage was a session with Council officers to feedback on what the Task Group had heard from developers and to provide challenge based on the issues raised from an external perspective.

We would like to thank the Council staff and developers who gave us their time to contribute to our work. The developers we spoke to along with the members of the Task Group are listed in Appendix A of this report.

## Findings

We are happy with the strategic approach identified during our interviews with Council officers, as detailed in the draft Housing Delivery Investment Plan.

We welcome a more proactive approach to 'stuck sites', by reinvesting funds from the New Homes Bonus and working with developers to remove barriers to building new homes. We also welcome further work being undertaken by the Council to model a wider range of options for achieving the viability of development sites.

The Affordable Housing Interim Planning Guidance was published during the course of our work and sets out a variable affordable housing requirement in different parts of the city – we think this is a positive approach.

We are also pleased to see strategic links made with the City Region and the Economic Strategy.

Based on the evidence we read or heard there are some areas that require further attention and our recommendations focus on these areas.

## Recommendations

Drawing on what we found and what we heard we make 6 recommendations in the following four areas:

- 1) Land disposal
- 2) Culture
- 3) Transparency / Communications
- 4) City Centre

### Land disposal

We heard that the pace that the Council, through the Kier Asset Partnership Services (KAPS) deals with developers is frustrating developers. An example was given of one site that took 12 months for a decision to be reached on the preferred developer. However, when selected the developer had to pull out as they had since made other financial commitments. When looking to sell land for housing development the city is in competition with other areas. We recognise that there will be times when the process may take time due to 'negotiation tactics' on either the Council or developer's side. We are also aware that a more rigorous project management approach to land disposals is now in place. However we believe improvements to the process need to be made. We therefore recommend:

- 1) The Cabinet Member for Finance and Resources investigate ways to streamline the land disposal process, in conjunction with the respective Executive Directors by October 2015.**

We identified a potential conflict of incentives between residential land disposal and taking a longer term view that would take into account potential income to the council from Council Tax and the New Homes Bonus. We therefore recommend:

- 2) The Cabinet Member for Finance and Resources ensures that as part of any future service delivery that the incentives for the delivery of property services align with Council's priorities for the city and take into account the longer term benefits land disposal for housing can bring. To report back on progress by October 2015.**

## **Culture**

We heard that developers welcome the "clear and positive messages" from senior levels in the Council but further down the organisation this does not always manifest itself.

Developers did recognise that the culture has improved and described it as more pragmatic than 4 or 5 years ago. It is our belief further improvement is required and we therefore recommend:

- 3) The Cabinet Member for Housing takes measures to ensure the proactive approach to stimulating house building is fully understood throughout the Council, particularly by front line staff dealing with developers. To report back on progress by October 2015.**

## **Transparency / Communications**

From what we heard there appears to be a widespread belief amongst developers that Sheffield has particular requirements around design and building standards. We also heard concerns that the Council approach to planning is too conservative and lacks ambition. We recognise that the Council has wider place shaping responsibilities for the city and its citizens. However, misconceptions can be a potential barrier and can deter developers. We therefore recommend:

- 4) The Cabinet Member for Housing takes steps to promote better understanding of the Council's flexible approach in order to attract developers to the city. To report back on progress by October 2015.**

We heard that some developers would welcome an enhanced relationship and dialogue with the Council. We note there was a high level meeting in November 2014 to bring together people working in the Sheffield City Region, including the private sector to review how the rate of new house building in the city region can be increased to match the ambition of the Growth Strategy. However, we believe there would be benefits to engaging more with private sector developers. We therefore recommend:

- 5) **The Cabinet Member for Housing takes steps to ensure there are opportunities for private sector developers and others to contribute to, and inform the Council's approach to housing development, including consideration of the establishment of a consultancy group. To report back on progress by October 2015.**

### **City Centre**

The Committee's October 2014 meeting focused on the Future Role of the City Centre and included the residential aspects. The Committee recognised that increasing the number of residents in the city centre could help increase footfall and also make the city centre feel more vibrant in the 6.00-8.00pm time between people who work in the city centre going home and those coming in for the evening arriving. From what we have seen during the course of this work residential development in the city centre is not fully dealt with within the Council's existing plans. We therefore recommend:

- 6) **The Cabinet Member for Housing undertakes further work to develop a fully integrated approach to a range of housing in the city centre, including family housing and the associated infrastructure requirements this type of housing would require, e.g. schools. To report back on progress by October 2015.**

### **What happens next**

This report will be sent to the relevant Cabinet Members with a request for a formal response to our recommendations. The Committee will also be asking for a report back on progress against the recommendations by the end of October 2015.

## Appendix A

### List of Focus Group Participants

As part of our external evidence gathering we held focus groups with the following housing developers:

- Dale Fixter, City Estates
- Patrick Herbert, Jaguar Estates
- Keith Wainman, Sheffield based developer
- Steve Gamble, Group Land and Planning Director, Gleeson Homes
- Matt Smith, Gleeson Homes
- Mark Jones, Planning Manager, Barratt Homes & David Wilson Homes
- Mat Drake, Land Manager, Barratt Homes & David Wilson Homes

### Task Group Membership

Members of the Committee on the Task Group were:

- Cllr Cate McDonald (Chair)
- Cllr Neale Gibson
- Cllr Ibrar Hussain
- Cllr Steve Jones
- Cllr Rob Murphy
- Cllr Joe Otten



**Cabinet Report**

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**Report of:** Interim Executive Director, Resources

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**Report to:** Cabinet

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**Date:** 27 May 2015

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**Subject:** Revenue and Capital Budget Monitoring 2014/15 – As at 31<sup>st</sup> March 2015

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**Author of Report:** Dave Phillips (ext. 35872)

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**Key Decision:** YES

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**Reason Key Decision:** Expenditure/savings over £500,000

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**Summary:**

This report provides the Outturn monitoring statement on the City Council's Revenue and Capital Budget for 2014/15.

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**Reasons for Recommendations:**

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

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**Recommendations:** Please refer to paragraph 43 of the main report for the recommendations.

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**Background Papers:**

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**Category of Report:** OPEN

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES    Cleared by: Dave Phillips
<b>Legal Implications</b>
NO
<b>Equality of Opportunity Implications</b>
NO
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human Rights Implications</b>
NO
<b>Environmental and Sustainability implications</b>
YES/NO
<b>Economic Impact</b>
NO
<b>Community Safety Implications</b>
NO
<b>Human Resources Implications</b>
NO
<b>Property Implications</b>
NO
<b>Area(s) Affected</b>
<b>Relevant Cabinet Portfolio Lead</b>
<b>Relevant Scrutiny Committee</b>
Overview and Scrutiny Management Committee
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press Release</b>
NO

## REVENUE BUDGET & CAPITAL PROGRAMME MONITORING AS AT 31<sup>st</sup> March 2015

### Purpose of the Report

- This report provides the Financial Outturn statement on the City Council's Revenue Budget and Capital Programme. The first section summarises the position and the detailed Revenue Budget Monitoring and the Capital Programmes are reported in the Appendices.

### REVENUE BUDGET MONITORING

#### Movements from Month 11

- At month 11 the overall Council position was a forecast reduction in spending of £121k. The outturn position for 2014/15 is a balanced budget (following approval of carry forward requests). This is an adverse movement of £120k from month 11.
- The outturn by portfolio is summarised in the table below:

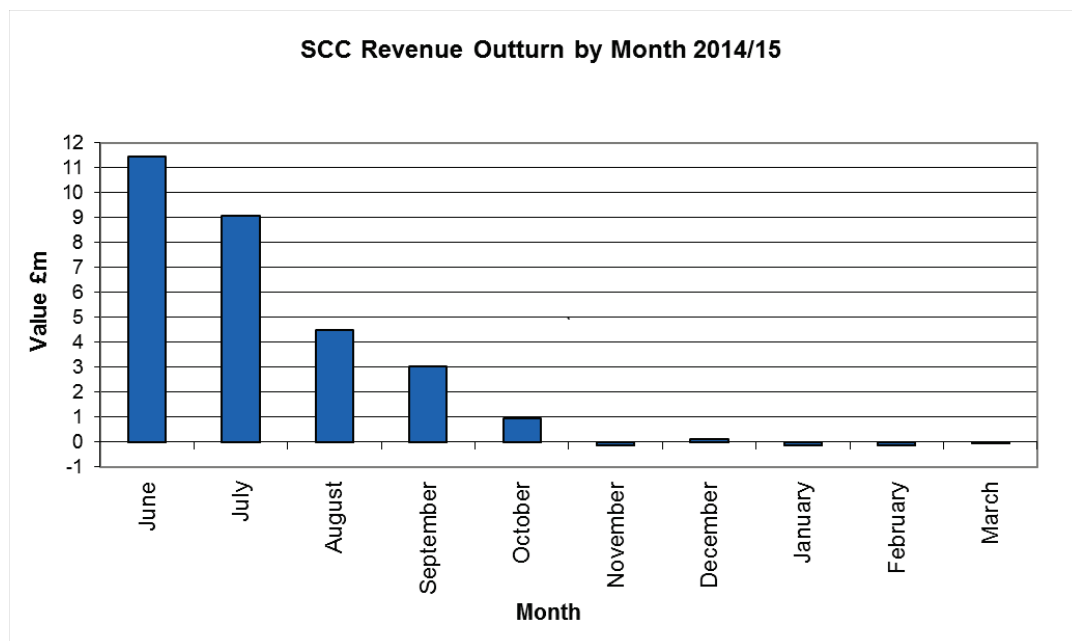
Portfolio	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 10
CYPF	74,599	75,381	(782)	↔
COMMUNITIES	160,898	158,933	1,965	↔
PLACE	165,287	164,320	967	↔
POLICY, PERFORMANCE & COMMUNICATION	1,459	1,430	29	↓
RESOURCES	62,432	63,070	(638)	↓
CORPORATE	(465,323)	(463,134)	(2,189)	↑
<b>TOTAL</b>	<b>(648)</b>	<b>-</b>	<b>(648)</b>	<b>↓</b>
<b>PORTFOLIO CARRY FORWARD REQUESTS</b>			<b>47</b>	
<b>2015/16 PRIORITY PROJECTS CARRY FORWARD REQUESTS</b>			<b>600</b>	
<b>GRAND TOTAL</b>			<b>(1)</b>	

- The main portfolio variations since month 11 are:
  - The Resources outturn is an improvement of £675k from the month 11 forecast and is mainly due to increased income within Legal Services of £157k, savings on former employee pension costs of £212k, and greater than anticipated income from rent rebates of £119k.

- Corporate budgets outturn is an adverse movement of £423k, which is mainly due to a temporary £1.5m contribution towards the pension deficit early payment required to deliver £2.6m of savings over the next two years. These funds will be fully repaid during 2015/16. This adverse movement has been partly offset by a £431k improvement on the redundancy budget as a result of lower than expected VER/VS applications in March, and a £571k improvement within capital financing costs, which is predominantly a result of lower Minimum Revenue Provision (MRP) payments than anticipated.

**Movements from initial forecasts at month 3**

- The forecast outturn over the past 9 months and the final position has shown an improving position from the £11.4m overspend reported in month 3 to the balanced position at year end. The improvement between June and November reflected Portfolios’ attempts to reduce spending but also the receipt of additional grant income within the Corporate budget area to help offset the significant pressures within the Communities and Place portfolios. Since November the aim has been to continue delivering a broadly balanced position by identifying additional savings to meet any emerging in-year pressures. The position month by month is shown in the following chart:



6. In terms of the outturn position of a £648k reduction in spending before carry forwards, the key reasons are:
- Children Young People and Families outturn is a £782k reduction in spending mainly due to additional Education Services Grant (ESG) income of £538k due to a delay in academy conversions, additional income in Information Systems of £193k, additional traded income of £317k within the Inclusion and Learning Service, and overall net savings across the C&F services of £342k, which are made up of gross overspends of £1.5m and underspends of £1.8m, details are given in Appendix 1. These reductions in spending are partly offset by overspends relating to demand increases on SEN Transport of £322k, redundancy costs and under achievement of income against Music Services of £119k, and a £248k overspend on Schools' PFI.
  - Place are reporting an outturn overspend of £967k, due predominantly to delays in delivering the planned cost reductions to the waste contract as a result of protracted negotiations with the provider of £1.3m and £1.0m over budget due to income pressures within the markets activity associated with the difficult economic climate. These over spends are partly offset by £200k of vacancy management savings and £800k of additional income within Regeneration and Development Services.
  - Communities are reporting an outturn overspend of £2.0m, due predominately to a £2.5m overspend in Care and Support relating to Learning Disability Services and the purchase of Older Peoples' care. This overspend has been partly reduced by significant improvements in Adults Long-term Support, which is reporting a reduction in spend of £1.2m. Another reduction in spending within the portfolio includes a savings of £558k as a result of contract negotiation activities on Housing Related Support.
  - Resources outturn position is a reduction in spending of £638k, due mainly to £512k of additional income within the Housing Benefit area which is predominantly as a result of a DWP data-matching initiative identifying a high number over payments which are now recoverable. The amount recovered is greater than the reduced subsidy paid by the DWP and is therefore a gain to the Council. In addition there is an £184k under spend in Human Resources due to increased income from the Moorfoot Learning Centre and vacancy management savings.
  - The outturn position for Corporate budgets is a reduction in spending of £2.2m, due mainly to the receipt of additional grant income

awarded to the Council as compensation for business rates related measures introduced or extended in the 2013 Autumn Statement, the release of a year end provision taken to cover possible Stamp Duty costs for Don Valley Stadium and the aforementioned redundancy and MRP savings. This release of the provision, additional income and budget savings have been partly offset by the aforementioned need to temporarily contribute towards the pension deficit early payment required to deliver savings over the next two years.

7. Further details of the outturn position for services and any movements from the previous month are detailed in **Appendix 1**.

## **Portfolio Approval Requests**

### **Access to Grants**

8. To ensure consistency when dealing with grants which have not been included in portfolios' spending plans for 2014/15, Portfolios have been asked to present business cases via the monthly budget monitoring process for such income to be released and/or carried forward to 2015/16. A summary of requests awaiting approval as at Month 12 is summarised below. Further details of each request can be found in **Appendix 1.1**. It is recommended that these requests be approved.
9. Portfolios are requesting approval for the following grant to be released:
  - **Resources:** £55k FERIS 2014/15 – This is a ring fenced grant given by the DWP to support Local Authorities to tackle Fraud and Error in Housing Benefit.
  - **CYPF:** £305k Special Educational Needs (Reforms) Grant – requested for release to support activity to implement the reforms required by the Children & Families Act in September 2014.

### **Carry Forward Requests**

#### **Portfolios**

10. Communities are requesting two carry forwards totalling £47k. These requests relate to £8k of unspent Ward Pots for local improvements and a relatively small underspend within the Libraries Service of £39k. More supporting details can be found in **Appendix 1.2**.

### 2015 / 16 Priority Projects

11. In addition to the portfolio requests we are recommending that £600k be carried forward into 2015/16 to fund priority projects. It is proposed that the Council Leader in consultation with Cabinet colleagues will decide how specifically to allocate this funding.

### Public Health

12. The Public Health ring-fenced grant reported a £1.7m underspend for 2014/15. However it was approved via the month 6, 9 and 10 monitoring reports that £1.3m of this underspend be made available to fund a number of public health related projects in 2015/16. The funding for these approved projects along with the remaining £400k unallocated underspend has been transferred to earmarked reserves for use in 2015/16. Further details on the outturn position can be found in **Appendix 2**.

### Housing Revenue Account

13. The 2014-15 budget assumes an in year surplus of £6.9m will be generated which will be used to fund the HRA Capital Investment Programme. In accordance with the HRA's financial strategy any further in- year revenue surplus / savings generated by the account will be used to provide further funding for the future HRA Capital Investment Programme.
14. As at month 12 the full year outturn position is a £8.8m overall improvement from budget. As such, the funding contribution to the capital investment programme has now been revised from £6.9m to £15.7m. This is in line with the HRA Business Plan which sets out the Council's ambitious plans and priorities for council housing over the next five years. Capital investment is to be made on improving council housing with a focus on works such as replacement heating systems, insulation and energy efficiency, new roofs, improvements to communal areas as well as building or buying new/replacement council housing. Further details of the HRA forecast outturn can be found in **Appendix 3** of this report.

### Non-earmarked and earmarked reserves

15. Within the existing statutory and regulatory framework, it is the responsibility of the Interim Executive Director of Resources to ensure that the Council has an adequate level of reserves and that there are clear protocols for their establishment and use.
16. Work on the reserves balances as at 31 March 2015 is still being undertaken and is dependent on the completion of the statement of accounts. However, the estimated balance of revenue reserves as at 31 March 2015 is £88.8m. This is shown in **Appendix 4**.
17. Included in the total is a figure of £11.3m of non-earmarked reserves, which is considered to be low but not inadequate based on the requirements of the Council. The 2012 Audit Commission report 'Striking a Balance' indicated that:

*“most Chief Finance Officers in our research regarded an amount between 3 and 5 per cent of the council’s net spending as a prudent level for risk-based reserves...”*

18. Sheffield’s level of general fund reserves at 2.5% of the 2015/16 net revenue budget is below these benchmarks but as aforementioned is still believed to be adequate based on the requirements of the Council.
19. Although the overall balance on reserves of £88.8m seems significant, it is worth noting that this is well below the national average as a proportion of net revenue expenditure for Single Tier and County Councils. The National Audit Office Report 2014 'The impact of funding reductions on local authorities' highlighted that:

*“There has been a marked increase in levels of both types of reserve. For single tier and county councils most growth has been in earmarked reserves. These have increased from 19% to 27% of net revenue expenditure in real terms. Unallocated reserves have remained stable at 6% of net revenue expenditure.”*

20. This report shows that on average Single Tier and County Councils have set aside 33% of their net revenue expenditure budget in reserves. The comparable figure for Sheffield City Council in 2014/15 is only 20%.
21. Earmarked reserves are set aside to meet known or predicted liabilities, such as equal pay claims, but ones that are not certain enough to create an exact provision in the accounts. The liabilities are, however, likely



enough to say that the earmarked reserves are not normally available to fund the budget or other measures.

22. Earmarked reserves also exist because of the need to smooth the significant payments made on programmes such as the Major Sporting Facilities (MSF) and PFI schemes over the 20 year plus terms of the underlying agreements. In both cases we currently have a temporary surplus. However, over time this position will change, and future payments will be higher than our resources, so the reserves will be needed to support their primary purpose (from around 2016/17 onwards).
23. The Council has made significant use of the money from these reserves to fund expenditure on a temporary basis, and it is part of the financial plan to have the reserves refunded by the time the call on them is required. The main temporary use has been to support investment in key change projects through Invest to Save which will be fully repaid in 2015/16. During 2014/15 £18.4m has been used to support the Pension Deficit early payment to deliver £2.6m of savings. These funds will be fully repaid in 2015/16.
24. Further details on reserves and their use can be found in **Appendix 4**.

### **Insurance Funds**

25. An independent review of the Insurance Account has been undertaken to identify the level of fund required. This includes:
  - Known outstanding liabilities.
  - Incurred but not reported liabilities (IBNR), and residual IBNR
  - Claims previously paid by Municipal Mutual Insurance (one of the Council's Insurers who went in to a form of receivership in the 1990's)
  - Emerging claims
  - Uninsured asbestos related claims.
26. The Directors of MMI 'triggered' the scheme of arrangement under section 425 of the Companies Act 1985 (now section 899 of the Companies Act 2006). Ernst Young are now responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme.

27. The Scheme provides that following the occurrence of a Trigger Event, a levy may be imposed on all those scheme creditors who have paid amounts exceeding £50,000 since the record date. Additionally, payments made after the imposition of a levy in respect of established scheme creditors will be made at a reduced rate (the payment percentage).
28. Ernst Young have carried out a review of assets and liabilities of MMI and concluded that the initial rate of the levy would be 15%, which has now been paid. The levy will be reviewed at least once every 12 months.
29. The Council has a potential claw back of £4.1m with MMI in respect of its own liabilities, and a further £553k relating to its share of the liabilities of South Yorkshire Residuary Body (SYRB).
30. The Insurance Account as at 31 March 2015 has £21.7Million; outstanding liabilities as at 31 March 2015 are £25.6 Million. The Insurance Account is therefore 85% funded as at 31 March 2015. Given the likely levels of repudiation of claims, we are satisfied that this account is adequately funded.

### Corporate Risk Register

31. 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 **Appendix 5** along with any actions being undertaken to manage each of the risks.

### New Homes Bonus Fund

		£m
Income	Reserves as at 1/04/14	-5.1
	2014/15 NHB Grant Received	-6.4
	<b>Total Income</b>	<u>-11.5</u>
Expenditure	2014/15 Total Spend	4.2
	Future Years' Commitments	6.4
	<b>Total Expenditure</b>	<u>10.6</u>
	<b>Funds Available for Investment</b>	<u><u>-0.9</u></u>

32. The full year outturn for spend on New Homes Bonus remains in line with the month 11 forecast of £4.2m. During the year the New Homes Bonus fund supported housing and regeneration projects including:

- £1.0m remediating the site of the Don Valley Stadium as part of the regeneration strategy for the Lower Don Valley
- £0.8m to the Sheffield Housing company to build new homes;
- £0.6m improving local centres particularly Darnall and Spital Hill;
- £0.8m building a cycle path from Park Square to Norfolk Park to encourage development in the area; and
- £0.3m in enhancing hard to develop sites and bringing long term empty houses back into use.

### Annual Treasury Management Review

33. This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2014/15. It was intended that the Annual Treasury Management Review would be attached to this outturn report as **Appendix 6**. However due to the shortened timetable for this report to ensure earlier visibility on the revenue outturn position, it has not been possible to include the Treasury Management Review at this stage. It is intended that the Annual Treasury Management review will now be presented to Cabinet in July 2015 as part of month 2 Budget Monitoring.

### Capital Summary

#### 2014/15 Performance

34. At the end of March 2015, the end of year position is £19.5m (12%) below the approved Capital Programme. Project managers have delivered a capital programme of £145.3m. This is £8.5m lower than the Month 11 forecast of £153.8m. This compares to a variance of £1.7m last year for the same period.
35. A number of significant projects have been delivered including:
- Completion of two new primary schools providing additional school places.
  - £2.5m invested in acquiring existing or building new council owned homes.
  - 80% of the next 5 years Housing programme has been procured.

- The Bus Rapid Transit North project is well underway despite the contamination of the site, unchartered buried services and unexploded bombs from World War Two.
- £13m invested in New Retail Quarter land purchases and development work.
- Preserving the city's heritage by repairing historic buildings such as the Abbeydale Industrial Hamlet.

### 2015/16 Challenges

36. The approved programme in 2015/16 currently stands at £262m plus £21m of slippage and another £7m - £8m being worked up for approval, taking the total towards £300m. It is also possible that more SCRIF funded schemes may come on stream. The Council has not delivered a similar sized programme since 2010/11, and this would be double the value delivered in 2014/15 as highlighted above.
37. The implementation of the new Gateway approval process aims to remedy many of the causes of potential reduced delivery through greater intervention by supervising programme boards earlier in the approval process. It is hoped that his new approval process will streamline planning and delivery practices to enable the delivery of the ambitious 2015/16 programme.
38. Further details of the Capital Programme monitoring and projects for approval are reported in **Appendices 8 to 8.2**.

### Implications of this Report

#### Financial implications

39. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2014/15 and, as such it does not make any recommendations which have additional financial implications for the City Council.

#### Equal opportunities implications

40. There are no specific equal opportunity implications arising from the recommendations in this report.

### Legal implications

41. There are no specific legal implications arising from the recommendations in this report.

### Property implications

42. Although this report deals, in part, with the Capital Programme, it does not, in itself, contain any property implications, nor is there any arising from the recommendations in this report.

### Recommendations

43. Cabinet are asked to:
- (a) Note the updated information and management actions provided by this report on the 2014/15 Revenue Budget Outturn.
  - (b) Approve requests in respect of Access to Grants and Portfolio Carry Forwards as shown in **Appendix 1.1** and **Appendix 1.2** respectively.
  - (c) Approve £600k of the 2014/15 underspend to be carried forward into 2015/16 in order to be used on a number of priority projects, and note that the Leader will decide specifically how the amount carried forward will be allocated, in consultation with Cabinet colleagues.
  - (d) Approve the project to replace the Finance and eProcurement System, as detailed in **Appendix 7**.
  - (e) In relation to the Capital Programme:
    - (i) Approve the proposed additions to the Capital Programme listed in **Appendix 8.1**, 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;
    - (ii) Approve the proposed variations and slippage in **Appendix 8.1**;
    - (iii) Delegate to the Director of Finance and the Director of Legal Services the authority to finalise, and if satisfactory, accept, the conditions of the grant listed on **Appendix 8.2**;

- (iv) Delegate to the Director of Finance in consultation Cabinet Member for Finance & Resources the authority to finalise the approved budget amounts to be slipped forward into 2015/16;

and note;

- (v) The Outturn position on the Capital Programme; and
- (vi) The emergency approvals under delegated authority.

### **Reasons for Recommendations**

- 44. To record formally 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**

- 45. 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.

**Dave Phillips**  
**Interim Director of Finance**

## Portfolio Outturn Budget Monitoring Reports

### Children Young People and Families (CYPF)

#### Summary

1. The Portfolio has a full year outturn of a reduction in spending of £782k on cash limit, an improvement of £68k from the month 11 position and DSG is underspent by £1.8m:

- **Business Strategy:** £109k reduction in spending, additional Education Services Grant (ESG) income to that budgeted of £538k and additional income in Information Systems of £193k. This under spend is partly offset by a £322k over spend on SEN Transport due to demand increase, redundancy costs and under achievement of income against Music Service £119k and £248k overspend on Schools PFI.
- **Children and Families:** £342k reduction in spending. Under spent areas are:- Contact Contracts £501k due to more efficient management using contact centres, Placements £729k due to positive trends in the numbers and the costs of placements, Prevention and Early Intervention £272k due to reduced expenditure on Contracts and Hosting and Premises, Provider Services £185k in Fostering Staffing, Corporate Parenting and Bail and Remand combined due to numbers reducing, Legal Fees £147k due to lower than anticipated legal costs on care proceedings. These under spends are offset by over spending areas which are: - Management and Business Support £117k due to delay in the Business Support MER, Fieldwork Service Areas and Permanence and Throughcare £781k net overspend mainly due to difficulties in achieving vacancy monitoring targets and recruitment of social workers, Direct Payments £270k due to parents accessing their own care arrangements and Short Breaks £280k due to increased applications for grant and higher number of holidays 2014/15 in comparison to prior year, Children's Disability Team £106k which appears to be due to increased costs to a private provider.
- **Inclusion and Learning Services:** £317k reduction in spending due to £219k as a result of additional traded income in Educational Psychologists and £55k in Pupil Admissions, £85k in Advocacy and Challenge and £189k in SEN Placement Team due to vacancies. These are partly offset by an over spend in In City SEN Provision £140k due to additional High Risk Learners identified and an overspend of £77k on LAC Pupil Premium due to less grant income than anticipated.

- **Lifelong Learning and Skills:** £14k reduction in spending due to £242k under spend in Youth Teams partly offset by over spends in the Training Units £281k, due to less income than anticipated.

**Financials (Non-DSG activity)**

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 11
BUSINESS STRATEGY	(1,595)	(1,486)	(109)	↓
CHILDREN & FAMILIES	60,409	60,751	(342)	↓
INCLUSION & LEARNING SERVICES	5,910	6,227	(317)	↔
LIFELONG LEARN, SKILL & COMMUN	9,875	9,889	(14)	↑
<b>GRAND TOTAL</b>	<b>74,599</b>	<b>75,381</b>	<b>(782)</b>	↔

**DSG Budgets**

2. These budgets are funded via Dedicated Schools Grant (DSG) which is ring-fenced to schools activity. These funds are therefore not available to support General Fund activity and hence are not discussed in the main body of the report.
3. Overall the DSG outturn is underspent by £1.8m, this is shown in the table below:

Service	DSG			Overall Change £000
	Month 12 £000's	Month 11 £000's	Variance £000's	
Business Strategy	(2,305)	(426)	(1,879)	(1,995)
Children & Families	(123)	(144)	21	(178)
Inclusion & Learning	643	737	(94)	(1)
Lifelong Learning	(16)	23	(39)	114
	(1,801)	190	(1,991)	(2,060)

- **Business Strategy** – an overall underspend of £2.3m, made up as:  
Underspends of:
  - 2 year old Free Early Learning £1.4m due to the level of programme delivery achievable in year to meet the Governments ambitious target.



The level of activity reflects the demand and supply for the service which is expected to increase in 2015/16;

- Routine Claims for Contingency £123k due to the level of claims paid to schools being reduced; and
- £1m contingency on DSG grant that is required to fund the 2016/17 DSG budgets, so this amount has been added to the DSG reserve.

Offset by overspends against:-

- SEN Transport £334k due to level of demand; and
- Significant Growth School Budget £637k due to level of demand.
- **Children and Families** - £123k overall underspend due to a reduction in expenditure in MAST expenditure.
- **Inclusion and Learning** - £643k overall overspend mainly due to:-
  - Banded Funding £350k due to level of demand;
  - Independent Placements £315k due to level of demand; and
  - In City SEN Provision £386k due to level of demand.

Offset by underspends against:-

- Sensory Services £89k due to reduced expenditure against staffing and transport plus increased income to that budgeted;
- Inclusion and Learning Services £154k due to staff vacancies;
- Pupil Admissions £82k due to additional academy income to that budgeted; and
- Looked after children education service (LACES) £60k due to reduced expenditure and additional income to that budgeted, Pupil Premium and Fellowship payment.
- **Lifelong Learning and Skills** £16k overall underspend mainly due to:-
  - Post 16 High Needs £135k due to level of demand.

Offset by an under spend against:-

- Not on School Roll £127k due to improved processes to place children.

## DSG Reserves

	<b>Balance Brought Forward At April 2014</b>	<b>Underspend on DSG in 2014/15</b>	<b>Balance Carry Forward At March 2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
DSG reserve	(3,728)	(1,801)	(5,529)
Sickness Insurance Scheme	(159)	-	-
Maternity Insurance Scheme	(143)	(8)	(151)
<b>Total</b>	<b>(4,030)</b>	<b>(1,809)</b>	<b>(5,680)</b>

4. The balance on the DSG reserve at 31 March 2015 is £5.7m, this amount is required to balance the 2015/ 16 budget with a small contingency of £1m which will carry forward in to 2016/17 and may be required to assist in balancing the DSG budget for that year.

## Place

### Summary

5. The Portfolio's revenue outturn is an overspend of £967k, which is in line with the previous month. The key reasons for the outturn position are :
- **Business Strategy & Regulation:** £1.3m overspend due to delays in delivering the planned cost reductions to the waste contract as a result of protracted negotiations with the provider.
  - **Capital & Major Projects:** £1.0m over budget due to income pressures within the markets activity associated with the difficult economic climate.
  - **Regeneration & Development Services:** £1.0m under budget due to reductions in spend through vacancy management of £200k and additional income across a number of activities of £800k.

## Financial Results

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 11
BUSINESS STRATEGY & REGULATION	30,435	29,178	1,257	↔
CAPITAL & MAJOR PROJECTS	1,700	661	1,039	↑
CREATIVE SHEFFIELD	1,008	1,192	(184)	↔
CULTURE & ENVIRONMENT	44,626	45,046	(420)	↔
MARKETING SHEFFIELD	1,051	815	236	↔
PLACE PUBLIC HEALTH	(1)	0	(1)	↔
REGENERATION & DEVELOPMENT SER	86,468	87,428	(960)	↓
<b>GRAND TOTAL</b>	<b>165,287</b>	<b>164,320</b>	<b>967</b>	<b>↔</b>

## Commentary

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

### Business Strategy & Regulation

7. The revenue outturn for this activity is £1.3m over budget, broadly in line with the previous period.
8. The position reflects an assumed £1.4m risk pending agreement with the Contractor on new terms to reflect the revised waste collection arrangements. Work is progressing on developing further the range of options for negotiation with the contractor with a view to implementation for the commencement in the new financial year.
9. Other cost pressures have to a large extent been mitigated, through one-off savings / additional income including the finalisation of the prior year sale of heat income due to the Council.

### Capital & Major Projects

10. The revenue outturn for this activity is £1.0m over budget, an adverse movement of £400k this period following a review of provisions held relating to the markets service, given the current economic climate.
11. The outturn position largely reflects income pressures within the markets service arising from the level of stalls being let and provisions for potential debt. The business model for the market is currently under review balancing lower rents against the need for more flexibility in location to ensure let space is

maximised. External agents have been engaged to promote the letting of vacant stalls and recover monies due to the Council.

### **Culture & Environment**

12. The revenue outturn for this activity is £420k under budget, broadly in line with the previous period.
13. The key variances included additional income within bereavement services of £220k and city centre management of £83k, together with reductions in spend across a number of activities across the whole service.

### **Marketing Sheffield**

14. The revenue outturn for this activity is £236k over budget, broadly in line with the previous period and largely reflects not securing planned reductions in subsidy for major events.

### **Public Health**

15. The revenue outturn for this activity is balanced, since spend is covered from Health grant. However, it should be noted that spend at £2.9m is £1.0m below budget, which largely reflects reduced spend arising from below target performance on the on the Stop Smoking Contract.

### **Regeneration & Development Services**

16. The revenue outturn for this activity is £960k under budget, an improvement of £273k this period largely due to additional income across a range of activities of £571k, offset to some extent by additional capital contributions to fund overspending in the Highways programme of £350k.
17. The key variances include reductions in spend through vacancy management of £200k and New Homes Bonus funded projects of £500k, additional income of £800k offset to some extent by additional capital contributions of £500k.

### Communities

#### Summary

18. As at month 12 the full year outturn of the Portfolio is an over-spend of £2.0m, an improvement of £71k from the month 11 position. This outturn position is before taking into account carry forward requests of £47k within Community Services.
- **Business Strategy:** The outturn for the year was an overspend of £46k against the full-year budget. This is mainly due to one-off expenditure of £300k used for business improvement activity and £177k for Business Intelligence work, offset by a reduction in spend on the mail/insurance and legal SLAs of £148k and savings on employee related costs and contracted expenditure combined of £281k.
  - **Care & Support:** The year-end outturn for Care & Support was an over-spend of £2.5m. This was primarily as a result of ongoing pressures and issues in Adult Social Care primarily relating to increased demand on care purchasing budgets. Recovery action has helped improve the position by over £2.2m from the Month 4 forecast position.
  - Significant improvements have been made in Long Term Support where the year-end position was a reduction in spend of £1.2m, arising from savings in staffing of £660k savings in purchasing of £260k, savings in premises costs £110k and greater income received of £180k.
  - Contributions to Care is showing a small increases in expenditure of £44k, with the main offsetting factors being: a shortfall in income of £1.4m due to numbers of contributing service users being less than had been forecast because of business demand management and appliance of eligibility criteria, a one-off provision of £550k for repayments where there has been an overcharge and a surplus in income from CHC of £1.8m due to more joint funded cases where services are commissioned by the Council. Other areas, including the Social Care Accounts Team, collectively have reduced spending by £130k.
  - **Commissioning:** Reporting a full year outturn of a reduction in spending of £418k against the full year budget. The reduction in spend can be attributed to the following main changes: a reduction in expenditure on Housing Related Support Contracts of £558k as a result of contract negotiation activities; surplus income from Water Rates collection services of £76k and reduced spending on gypsy and traveller sites of £44k.

- This reduction is offset by an overspend of £152k relating to the agreed sharing of SHSCT unachieved savings dating back to 2013/14. It has been agreed the cost-sharing of the Sheffield Better Care Fund Programme Costs for 2014/15, which are £119k. There was an increase in staffing costs across Commissioning, but these were offset by increased cost recovery income.
- **Community Services:** the outturn for the service is reduction in spend for the year of £161k. There was a reduction in spending in Library Services of £58k, primarily due to planned savings on supplies and services, including the book fund. There is also a reduction in spend of £101k, mainly due to savings in employee related costs in Locality Services as a result of vacancies not being filled during the financial year.

### Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 11
BUSINESS STRATEGY	5,069	5,023	46	↔
CARE AND SUPPORT	114,046	111,548	2,498	↓
COMMISSIONING	32,298	32,716	(418)	↑
COMMUNITY SERVICES	9,486	9,647	(161)	↔
<b>GRAND TOTAL</b>	<b>160,898</b>	<b>158,933</b>	<b>1,965</b>	↔

### Commentary

19. The following commentary concentrates on the changes from the previous month:

#### Business Strategy

20. Increased SLA Legal Cost recharges within Business Strategy, arising from support in the year for Adult Social Care, including the Care Act and the Better Care Fund, were incurred in the month.

#### Care & Support

21. A provision of £400k for overcharging clients was taken in month 11. This provision was reviewed in month 12 and resulted in a £145k increase.
22. Further reductions in demand in the Local Assistance Scheme within Housing Related Services reduced the outturn position by £194k.
23. LD Purchasing budgets showed a favourable movement of £67k arising from the realignment of budgets, due to increased CHC Income.

### Commissioning

24. There was a further £26k reduction in Housing Commissioning relating to Gypsy and Traveller expenditure, primarily as a result of delays in the purchasing of security equipment
25. Mental Health Purchasing reported an adverse movement of £83k, arising from increased purchasing activity

### Community Services

26. Community Services have requested two Carry Forwards as a result of failing to fully commit libraries expenditure of £39k and Ward Pot expenditure of £8k by the end of the financial year.

### Cross-Portfolio Movements

27. Across the portfolio there has been a further reduction of £17k in the month relating to employee related costs.

## Resources

### Summary

28. The Portfolio outturn is a reduction in spending of £638k, an improvement of £674k from the month 11 position. The key reasons for the outturn position are:
  - £184k underspend in Human Resources due to increased income in the Moorfoot Learning centre and vacancy management.
  - £512k underspend in Housing Benefit due to high value over payments as a result of a DWP data-matching initiative.Offset by:
  - £158k overspend in Commercial Services (Savings) due to reduced income from cashable procurement savings.

## Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 11
BUSINESS CHANGE & INFORMATION SOLUTIONS	(8,156)	(8,151)	(5)	↔
COMMERCIAL SERVICES	1,093	1,104	(11)	↔
COMMERCIAL SERVICES (SAVINGS)	(1,293)	(1,451)	158	↔
CUSTOMER SERVICES	4,451	4,400	51	↔
FINANCE	2,103	2,179	(76)	↔
HUMAN RESOURCES	2,308	2,492	(184)	↔
LEGAL SERVICES	3,812	3,895	(83)	↓
RESOURCES MANAGEMENT & PLANNING	185	205	(20)	↔
TRANSPORT AND FACILITIES MGT	34,642	34,642	(0)	↔
<b>TOTAL</b>	<b>39,144</b>	<b>39,315</b>	<b>(171)</b>	<b>↓</b>
CENTRAL COSTS	23,074	23,028	46	↓
HOUSING BENEFIT	215	727	(512)	↓
<b>GRAND TOTAL</b>	<b>62,432</b>	<b>63,070</b>	<b>(638)</b>	<b>↓</b>

## Commentary

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

### Legal Services

30. An outturn of £83k reduction in spending. This is an improvement of £156k from the previous month and is due to higher income recovery than forecast.

### Central Costs

31. An outturn of £46k overspend. This is an improvement of £277k from the previous month and is due to reduced expenditure on former employee pensions .

### Housing Benefit

32. An outturn of £512k reduction in spending. This is an improvement of £119k from the previous month and is due to reduced rent rebate benefits paid out.



## Policy, Performance and Communications

### Summary

33. The Portfolio full year outturn is an overspend of £29k, an improvement of £105k from the month 11 position. The key reasons for the outturn position are:

- £211k overspend in Communications mainly due to reduced recharges for portfolio communications activity.
- £23k overspend in CEX office mainly due to unbudgeted LGYH membership costs.

Offset by:

- Savings through vacancy management, recovery of salary costs from the LEP & reduced supplies & services spend across other business units.
- £86k underspend in Electoral Registration because of reduced canvass activity due to reprioritisation of staff for the PCC election.

### Financials

Service	Forecast Outturn £000s	FY Budget £000s	FY Variance £000s	Movement from Month 11
ACCOUNTABLE BODY ORGANISATIONS	38	38	0	↔
POLICY, PERFORMANCE & COMMUNICATION	3,561	3,532	29	↓
PUBLIC HEALTH	(2,140)	(2,140)	0	↔
<b>GRAND TOTAL</b>	<b>1,459</b>	<b>1,430</b>	<b>29</b>	<b>↓</b>

### Commentary

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

### Policy Performance and Communication

35. An outturn of a £29k overspend. This is an improvement of £105k from the previous month. The improvement this month is due to:

- Month 12 recharge income in Communications being higher than forecast;
- Reduced canvass activity in month 12 in Electoral Registration.

## Corporate items

### Summary

36. The table below shows the items which are classified as Corporate and which include:

- **Corporate Budget Items & Corporate Savings:** (i) corporate wide budgets that are not allocated to individual services / portfolios, including capital financing costs and the provision for redundancy / severance costs, and; (ii) the budgeted saving on the review of enhancements and the budgeted saving from improved sundry debt collection.
- **Corporate income:** Revenue Support Grant, locally retained business rates and Council tax income, some specific grant income and contributions to/from reserves.

### Financials

	<u>FY Outturn</u> £'000	<u>FY Budget</u> £'000	<u>FY</u> <u>Variance</u> £'000
Corporate Budget Items & Savings Proposals	72,924	71,928	996
Income from Council Tax, RSG, NNDR, other grants and reserves	(538,248)	(535,062)	(3,186)
<b>Total Corporate Budgets</b>	<b>(465,323)</b>	<b>(463,134)</b>	<b>(2,189)</b>

### Commentary

- Corporate budgets outturn is an adverse movement of £423k from month 11, which is mainly due to a temporary £1.5m contribution towards the pension deficit early payment required to deliver £2.6m of savings over the next two years. These funds will be fully repaid during 2015/16. This adverse movement has been partly offset by a £431k improvement on the redundancy budget as a result of lower than expected VER/VS applications in March and a £571k improvement within capital financing costs which is predominantly a result of lower Minimum Revenue Provision (MRP) payments than anticipated.

## CYPF

Service	Grant	Request Amount £'000	What will the grant be spent on	Implications if grant is not released to the portfolio
Children & Families	Special Educational Needs (Reforms) Grant	305	This funding will be used to support activity to implement the reforms required by the Children & Families Act in September 2014. Specific activity is likely to include project resource, Education, Health & Care Plans, IT platform, Local Offer, workforce development and communications.	<p>The risks associated with non-investment include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Failure to fulfil the Council's legal duties arising from the reforms</li> <li>- Inability to make financial savings through pooled budgets, joint commissioning and more focussed deployment of resource.</li> <li>- Continuation of disjointed provision failing to meet the expectations of learners and their families</li> <li>- Continued wastage of resource on tribunal and judicial processes</li> </ul>
	<b>Total</b>	<b>305</b>		

## RESOURCES

Service	Grant	Request Amount £'000	What will the grant be spent on	Implications if grant is not released to the portfolio
Central Costs	Fraud and Error Reduction Incentive Scheme (FERIS)	55	The grant is a start-up fund which will be used to support the tackling of Fraud and Error in Housing Benefit with the aim of encouraging the Council to find more changes of circumstances which reduce Housing Benefit entitlement. The grant will fund staffing, review forms and communication materials and monitor, develop and review the claims process.	FERIS is the DWP's new incentive scheme that offers a financial reward to local authorities who find reductions in Housing Benefit entitlement as a result of claimant error or fraud. The grant enables the local authority to provide additional resources required to deliver the scheme. If the grant is not released there is a significant risk that the LA will not be able to achieve the results necessary to gain the reward. Also, as the grant is ring-fenced to this activity, the LA cannot use it elsewhere.
	<b>Total</b>	<b>55</b>		

Overall Value of Requests = £360k

## Appendix 1.2

### Ward Pots - Carry Forward Requests 2014/15.

Service	Funding / Activity	Request Amount £'000	Why not spent this year	Reason for carry forward
Libraries and Community Services	South Rd cycle stand (Walkley Ward)	£3704	Due to relatively small value of this underspend it was not identified until late in the year which did not provided sufficient time to maximise its use.	These funds are allocated for the improvement of local communities and as such any underspend not carried forward could affect local improvement plans.
Libraries and Community Services	Litter Bin (Broomhill Ward)	£619	Underspend in ward budget identified late. Cllrs. decided to allocate to item on their 'reserve list'. The late decision meant an order form wasn't able to be placed in time for year end. If carry forward agreed the order will be placed in 2015/16.	As above
Libraries and Community Services	Memorial trees in Frecheville (Birley Ward)	£2,000	Due to relatively small value of this underspend it was not identified until late in the year which did not provided sufficient time to maximise its use	As above
Libraries and Community Services	Childrens activities (Mosborough Ward)	£2000	As above	As above
	<b>Total</b>	<b>8,323</b>		

**Libraries, Archives & Information Services - Carry Forward Requests 2014/15.**

Service	Funding / Activity	Request Amount £'000	Why not spent this year	Reason for carry forward
Libraries, Archives & Information Services	Materials Fund	£39,000	A delayed decision from DCMS (due Dec 2014, arrived mid-March 2015), as to whether an enquiry was to be carried out by DCMS into the transfer of Libraries. Reserves in the materials fund were held back to cover contingencies associated with a negative decision.	Due to the delayed decision from DCMS it impacted on the ability to utilise the funds for materials within the FY 2014/2015.
	<b>Total</b>	<b>£39,000</b>		

## PUBLIC HEALTH BUDGET OUTTURN 2014/15

### Purpose of the Report

1. To report on the 2014/15 Public Health grant spend across the Council for the year ending 31 March 2015.
2. The report provides details of the full year spend of Public Health grant compared to budget. Key variances are explained and any financial risks are discussed in the risk section.
3. The net reported position for each portfolio/service area would normally be zero as public health spend is matched by a draw down of public health grant. For the purposes of this report and in order to identify where corrective action may be necessary, we have shown actual grant draw down compared to budget.

### Summary

4. The final outturn position was a under spend of £1.7m. The position shows a further reduction in spend of £66k on the previous month. This is summarised in the table below.

All figures £000s

Portfolio	Forecast full year expenditure	Full year expenditure budget	Full year variance	FY variance forecast at month 11	Movement from prior month
CYPF	11,281	11,281	0	15	(15)
COMMUNITIES	13,071	13,455	(384)	(435)	51
PLACE	2,833	3,728	(895)	(842)	(53)
DIRECTOR OF PUBLIC HEALTH (inc PH Intelligence)	2,370	2,789	(419)	(370)	(49)
<b>TOTAL EXPENDITURE</b>	<b>29,555</b>	<b>31,253</b>	<b>(1,698)</b>	<b>(1,632)</b>	<b>(66)</b>

5. Key reasons for the under spend by Portfolio are:

#### Policy, Performance and Communication.

- Contract slippage and unbudgeted income in Director Public Health Office of £238k;
- Lower than budgeted take up on GP Health checks of £95k;
- Unallocated vacant post budget and vacancy management in DPH office of £65.

**Place**

- £613k under spend on Stop Smoking Service contracts
- £103k staff savings due to vacancy management.
- £179k underspend on new weight management contracts due to delays in procurement

**Communities**

- £384k underspend in Communities mainly due to staff savings in Private Sector Housing of £22k; PH Communities Staffing of £84k; PH Communities third party payments of £48k; DACT Team and DACT infrastructure reduction in costs of £42k; Non Contract Treatment of £11k; Residential rehab reduction in costs of £164k and miscellaneous £13k.
6. The outturn is an decrease in spend of £66k from the month 11 forecast and the key reasons by portfolio for the movement are:

**Place**

- Anticipated £53k spend on the new weight management and food contracts not used;

**Policy, Performance and Communication.**

- Reduction in spend in DPH Office of £49k;

Offset by:

**Communities**

- Communities net increase in spend of £51 is mainly as a result of adverse movement of £43k relating to various contracts / projects for PH Communities and DACT and salary recharges in Housing Commissioning of £23k. This adverse movement is partly offset by a reduction in spend on Residential Rehab of £15k.



## HRA Revenue Budget Monitoring 2014/2015 – as at 31 March 2015

### Summary

1. The HRA Business Plan is based on the principle of ensuring that investment and services required for council housing is met by income raised in the HRA.
2. The 2014-15 budget assumes an in year surplus of £6.9m will be generated which will be used to fund the HRA Capital Investment Programme. In accordance with the HRA's financial strategy any further in- year revenue surplus / savings generated by the account will be used to provide further funding for the future HRA Capital Investment Programme.
3. As at month 12 the full year outturn position is a £8.8m overall improvement from budget. As such, the funding contribution to the capital investment programme has now been revised from £6.9m to £15.7m (shown in the table). This is in line with the HRA Business Plan which sets out the Council's ambitious plans and priorities for council housing over the next five years. Capital investment is to be made on improving council housing with a focus on works such as replacement heating systems, insulation and energy efficiency, new roofs, improvements to communal areas as well as building or buying new/replacement council housing.
4. Main areas contributing to the outturn include higher than budgeted net dwelling income (£1.2m) mainly as a result of year end profiling of the bad debt provision, and a saving of (£1.8m) on repairs and maintenance which is partly due to a reduced volume and cost of responsive repairs. This is in accordance with the HRA's Business plan of increasing capital investment in properties which would result in savings on responsive repairs. Other savings include a (£5.4m) forecasted saving on overall running costs primarily due to staff vacancies and turnover, re-profiling of pension costs, delays in some projects and underspends on other budget heads and a reduction of £274k for interest on borrowing due to continued favourable interest rates.

### Financial Results

HOUSING REVENUE ACCOUNT (EXC COMMUNITY HEATING)	FY Outturn £000's	FY Budget £000's	FY Variance £000's	Movement from Month 11
1.RENTAL INCOME	(147,139)	(145,894)	(1,245)	↓
2.OTHER INCOME	(6,388)	(6,321)	(67)	↓
3.HOMES-REPAIRS & MAINTENANCE	35,177	36,998	(1,821)	↓
4.DEPRECIATION-CAP FUND PROG	37,974	37,967	7	↑
5.TENANT SERVICES	49,641	55,047	(5,407)	↑
6.INTEREST ON BORROWING	15,003	15,278	(274)	↓
<b>Total</b>	<b>(15,733)</b>	<b>(6,925)</b>	<b>(8,808)</b>	↑
7. CONTRIBUTION TO CAP PROG*	15,733	6,925	8,808	↑

\* To fund future capital investment programme.

### Community Heating

The budgeted position for Community Heating is a draw down from Community Heating reserves of £347k. As at month 12 the position is a draw down from reserves of £97k resulting in a decrease in expenditure of (£250k). This is a movement of £4k from last month.

COMMUNITY HEATING	FY Outturn £000's	FY Budget £000's	FY Variance £000's	Movement from Month 11
INCOME	(3,496)	(3,440)	(55)	↓
EXPENDITURE	3,592	3,788	(195)	↑
<b>Total</b>	<b>97</b>	<b>347</b>	<b>(250)</b>	↓

# Reserves

# Appendix 4

Description	Balance at 31/03/14 £000	Movement in 2014/15 £000	Balance at 31/03/15 £000	Movement in 2015/16 £000	Balance at 31/03/16 £000	Explanation
<b>Non-earmarked Reserves</b>						
General Fund Reserve	10,816	448	11,264	640	11,904	The Council's working balance: used as a last resort for emergency spend. Level at just over 2.5% of net spending benchmarks low compared to most Local Authorities. This reserve includes the 2014/15 underspend of £648k.
	<b>10,816</b>	<b>448</b>	<b>11,264</b>	<b>640</b>	<b>11,904</b>	
<b>Earmarked Reserves</b>						
Invest to Save Reserve:						
Projects	(782)	3,896	3,114	(3,114)	0	This reserve is in deficit because it has funded up front investment in the Capita contract (mainly ICT investment) and various Transformation projects (e.g. procurement savings; changes in finance including replacement of the council's finance system and Customer First). These projects have been funded on an invest-to-save basis with savings being used in two ways, to repay the reserve by 2015/16 and an annual contribution, now £3.5m to support the revenue budget.
Capita Contract	(8,798)	4,394	(4,404)	4,404	0	
Customer First	(9,940)	26	(9,914)	9,914	0	
Investment Fund	3,259	700	3,959	(3,959)	0	
<b>Total Invest to Save Reserve:</b>	<b>(16,261)</b>	<b>9,016</b>	<b>(7,245)</b>	<b>7,245</b>	<b>0</b>	
PFI Reserve	17,367	(9,776)	7,591	9,388	16,979	The PFI reserve represents grant we have received in advance of the need to make payments. It is set aside to ensure we can cover the cost of contracts in future years. The Deficit on Highways PFI as at 31/03/2014 represents project costs incurred prior to the start of the programme which have now been fully repaid. During 2014/15 £9.9m has been used to fund the Pension Deficit early payment required to deliver £2.6m of savings. These monies will be fully repaid in 2015/16.
Highways PFI Reserve	(5,192)	8,766	3,574	7,110	10,684	
<b>Total PFI Reserve</b>	<b>12,175</b>	<b>(1,010)</b>	<b>11,165</b>	<b>16,498</b>	<b>27,663</b>	
Major Sporting Facilities	33,226	(18,162)	15,064	(661)	14,403	This Reserve is required to fund the future costs of the Major Sporting Facilities (re Ponds Forge, Don Valley Stadium and Hillsborough Leisure Centre). However, these funds have been made available on a temporary basis to support Invest to Save projects as described above and £8.5m has been used to fund the Pension Deficit early payment in 2014/15. Both of these temporary funds will be fully repaid in 2015/16.
New Homes Bonus	1,555	367	1,922	918	2,840	This reserves is earmarked to support economic development across the City.
Insurance Fund Reserve	9,394	2,125	11,519	(3,000)	8,519	This reserve is set aside to cover potential insurance claims made against the council.
Public Health	0	2,005	2,005	(2,005)	0	During 2013/14 the DoH allocated Public Health Grant to enable local authorities (LA) to discharge their new public health responsibilities. Grant conditions for this funding requires the LA to transfer any unspent funds to reserves for use in futures years.
Other earmarked	29,237	13,825	43,062	1,281	44,343	Various earmarked funds including Equal Pay Provisions, Redundancies, Social Care Pressures, Business Rate Appeals and portfolio reserves as agreed by Cabinet in previous years for service specific issues e.g. Troubled Families Support.
<b>Total Earmarked Reserves</b>	<b>69,326</b>	<b>8,166</b>	<b>77,492</b>	<b>20,276</b>	<b>97,768</b>	
<b>Total Revenue Reserves</b>	<b>80,142</b>	<b>8,614</b>	<b>88,756</b>	<b>20,916</b>	<b>109,672</b>	



## CORPORATE RISK REGISTER

This Appendix provides a brief overview of the main financial risks facing the Council in 2015/16. A more detailed schedule of these risks will be monitored by the Executive Management Team to ensure that the risks are mitigated.

### Corporate Risks

#### 2015/16 Budget Savings & Emerging Pressures

1. There will need to be robust monitoring in order to ensure that the level of savings required for a balanced budget in 2015/16 are achieved, especially given the cumulative impact of £300m of savings over the last five years (2011-16), and furthermore the backdrop of continuing reductions in Government grant from 2016/17 onwards.
2. Whilst preparing the budget, officers have identified numerous pressures which, if left unchecked, could lead to significant overspends in 2015/16 and beyond. The following pressures have been highlighted because they present the highest degree of uncertainty.

#### Capital financing costs

3. Corporate savings of £3.4m from capital financing costs have been offered up to help balance the 2015/16 budget, on the assumption that market conditions will not be materially different to those assumed in the approved Treasury Management Strategy.
4. The Council currently maintains a substantial but prudent under borrowed position to help support the revenue budget and mitigate residual counterparty default risk on cash investments. In operating with an under borrowed position the Council exposes itself to interest-rate risk. Recognising this, Treasury maintain a regular dialogue with the Director of Finance and the Executive Director of Resources to monitoring the risk and review mitigation opportunities.

#### Business Rates

5. Following the advent of the Government's Business Rates Retention Scheme in April 2013, a substantial proportion of risk has been transferred to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth. The issue of appeals dating as far back as the 2005 rating list is the greatest risk causing concern across all authorities.

6. As at mid-March 2015, there were properties with a rateable value of £120m under appeal in Sheffield. On the 1<sup>st</sup> April 2015 new government legislation was introduced to cut off any further backdated appeals prior to the 31st March 2015. The impact of this announcement has resulted in a significant number of claims being made in March 2015, which we believe to be equivalent to the amount currently under appeal. In addition, a significant national appeal is under investigation for Virgin Media which would have a significant impact for Sheffield.
7. Due to the uncertainty around these factors a prudent provision has been carried forward into next year. Actual trends on appeals are monitored in year, and revised estimates of the impact of appeals have been made as part of the 2015/16 budget process. The risk from appeals will be significantly lower in future years once the backdated element has been finalised.

#### Implementation of savings proposals

8. The risk of delivering savings in 2015/16 in specific areas such as adult social care and waste management is considerable, given that the Communities and Place portfolios overspent by £2.0m and £967k respectively in 2014/15. To mitigate this, officers are working on the safe and legal implementation of budget proposals by:
  - Ensuring that there is a thorough understanding of the impact of proposals on different groups and communities, including undertaking Equality Impact Assessments for budget proposals and discussed with Cabinet Members
  - Carrying out appropriate, meaningful consultation activity with affected communities and stakeholders, and ensuring that where the proposal affects a supplier or provider, that they undertake appropriate consultation and equalities work with service users.
  - Discussing budget proposals with affected members of staff in advance of them being made public, and putting in place MER processes where required, in consultation with HR.

#### One-off funding

9. There is a significant risk about the high level of one-off funding and reserves to balance the budget, particularly with regard to the Better Care Fund. At £9.3m, this is the highest level of one-off funding that the Council has had to use in recent years. However, officers will continue to work with colleagues at the CCG to find more sustainable ways to generate the required level of savings or income, by the end of this

financial year and throughout next year so that real savings are identified to replace the one-off use of resources.

### **Medium Term Financial Position**

10. The savings target for 2016/17, as indicated in the MTFS in October 2014, is £14.3m, and will increase (by £9.3m) to £23.6m if the Council is unable to find more sustainable options to replace the one-off use of BCF reserves. This savings target was predicated on the assumption that RSG is only cut by a further 10% per annum from 2016/17. A number of think tanks have come to the conclusion that it is likely that local authorities can expect to see further reductions in RSG in the order of 20% per annum. For this reason the Council has revised its assumptions within the MTFS to the RSG cut of 20% and is working towards identification of savings to meet this target.
11. The Finance Settlement for local authorities for 2016/17 and beyond will be affected by the outcome of the General Election in May 2015. To enable the Council to publish a revised Medium Term Financial Strategy 2016-21, officers are in the process of formulating planning proposals which will be put forward for Members early in the 2015/16 financial year. The indicative savings target for 2016/17 as referred to above is therefore subject to review.
12. The Council's financial position is significantly determined by the level of Business Rates and Council Tax income. Each of these may be subject to considerable volatility and will require close monitoring and a focus on delivering economic growth to increase our income and on delivering outcomes jointly with other public sector bodies and partners.

### **Pension Fund**

13. 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.
14. As at March 2013 the triennial review for pensions highlighted the total liability underwritten by the Council for external bodies was £9.3m. However more up to date information from the pension fund seems to suggest that these liabilities may have increased as a result of universally low bond yields in the fund. The full liability will not be known until March 2016 when the next triennial review is complete.

## **Economic Climate**

15. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues.
16. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

## **External Funding**

17. The Council utilises many different grant regimes, for example central government and EU. Delivering projects that are grant funded involves an element of risk of grant claw back where agreed terms and conditions are not stringently adhered to and evidenced by portfolios. In order to minimise risk strong project management skills and sound financial controls are required by Project Managers along with adherence to the Leader's Scheme of Delegation to approve external funding bids.
18. As SCC funding reduces, portfolios are increasingly seeking out new sources of external funding, both capital and revenue. EU funding contracts have more complex conditions, require greater evidence to substantiate expenditure claims and are less flexible on timescales and output delivery targets. This increases the inherent risk in projects which are EU funded. Furthermore as the Council reduces its staff resources a combination of fewer staff and less experienced staff increases the risk of non-compliance with the funding contract conditions and exposes the authority to potential financial claw back.
19. Moreover, the pressure on the General Fund means that Service Managers are forced to seek more external funding such that the general level of risk associated with grants is increasing because of the additional workload this creates amongst reduced and potentially inexperienced staff.

## **Treasury Management**

20. The Council has been proactively managing counter-party risk since the credit crunch of 2008. Counterparty risk arises where we have cash exposure to bank and financial institutions who may default on their obligations to repay to us sums invested. Counterparty risk has somewhat diminished over the last financial year as banks have been obliged to improve their capital funding positions to mitigate against future financial shocks. The Council is continuing to mitigate counterparty



risk through a prudent investment strategy, placing the majority of surplus cash in AAA highly liquid and diversified funds.

21. As part of the 2015/16 budget process, we have developed the Treasury Management and Investment Strategies; which was based on discussions with members and senior officers about our risk appetite. This will include a review of our counter-party risk to ensure it is reflective of the relative risks present in the economy without being unduly conservative for the improving UK economic position.
22. The Council is also actively managing its longer term need for cash. Cash flow requirements show that the Council will require new borrowing in the coming years to finance capital investment. With interest-rates expected to rise from their current historic lows the Council is remaining vigilant to interest-rate risk, and will draw down loans in a timely manner to mitigate against borrowing costs rising above our target rates.
23. Over the final quarter of 2014/15 we successfully move to Barclays Bank following the withdrawal of Co-op Bank from the Local Authority banking market. Our relationship with the Co-op effectively ended at the end of March 2015, except for a specific contract to take payments over counters at Post Offices and Pay Point outlets.

### **Welfare Reforms**

24. In April 2013, the government began to introduce changes to the Welfare system, which have had and will continue to have a profound effect on Sheffield residents including council taxpayers and council house tenants. The cumulative impact of these changes is significant. They include:
  - **The Abolition of Council Tax Benefit:** replaced with a local scheme of local Council Tax Support from April 2013. The Council approved the replacement scheme, based on the reduced funding available from Government, and set up a hardship fund in January 2013, but there are risks to council tax collection levels and pressures on the hardship fund which are being closely monitored.
  - **Housing Benefit changes:** there have been a number of changes, including the implementation of the 'bedroom tax', from April 2013 where the impacts are that a significant number of claimants are now receiving fewer benefits, thereby impacting on their ability to pay rent. The government is providing financial assistance to support affected claimants through the funding of Discretionary Housing Payments

which are administered by the council, however, this funding does not meet the shortfall in housing benefit created by the bedroom tax and the level of and commitment to ongoing funding is uncertain.

- **Introduction of Universal Credit (UC):** originally scheduled from October 2013 but now delayed and awaiting further updates from the DWP. Along with the impact of reducing amounts to individuals and the financial issues that it might cause, the one of the biggest potential impacts of this change is the impact on the HRA and the collection of rent. Support towards housing costs is currently paid through housing benefit direct to the HRA; in future this will be paid through UC 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.

## **Children, Young People and Families Risks**

### **Education Funding**

25. In 2014/15 it was anticipated that 25 of the Council's maintained schools would become independent academies (24 primary / 1 secondary). Only 6 primary schools and 4 secondary schools have converted in 2014/15. Academies are entitled to receive a proportion of the Council's DSG which schools forum have decided can be de-delegated back to CYPF to fund central services. Academies can on conversion choose whether to buy into those services thus creating a potential funding gap. Based on academy conversions to date:
  - up to £5m has now been deducted from the Council's DCLG funding, under the new Education Services Grant (ESG), and given to academies. Currently around £3.5m is still at risk if all schools choose to convert with the council retaining only £1.1m for retained duties only.
  - Up to £500k could be at risk to centrally funded services should Academies choose not to buy back those services funded from de-delegated DSG from the local authority.
26. 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. In 2014/15 this cost the Council £436k and remains a risk for any future conversions.

## **Communities Risks**

### **NHS Funding Issues 2015/16**

27. The Better Care Fund became fully operational on 1 April 2015, bringing together health and social care expenditure across Sheffield. The programme aims to shift pressures and resources from the hospital to community settings over the medium to longer term. This is supported by a couple of joint initiatives that will help keep people well within the community, first of all the additional £1.0m funding made available through the Transformation Challenge Award and the joint tender for the Independent Living Solutions contract, which comes into effect from July 2015, which will pool around £2.5m of equipment budgets.
28. In 2014/15 monitoring of a shadow budget has taken place to determine the amounts expended both within the Sheffield Clinical Commissioning Group (CCG) and the Council. The 2015/16 Better Care Fund for Sheffield has an agreed baseline of £270.5m, of which the contribution by the Council is £105.0m, after pressures and savings. This takes into account of CCG funding of £12.4m, provided to support integration.
29. The Fund is underpinned by a Section 75 agreement signed by both parties, which sets out how the agreement will operate. This agreement sets out the level of funding to be provided in the first year by each party. It also sets out how any under or over spends are to be handled for each section within the overall Fund.
30. As part of the overall requirement to balance the Council's budget for 2015/16, we assumed that £9.3m would be made available through a combination of additional BCF savings and/or funding transfers from the NHS, to be used to reduce the Council's overall budget gap. There is however a significant risk in relation to this and discussions with CCG continue to be ongoing. It is assumed at this stage that the Council will secure £5m of funding from the NHS. A key recommendation of the EMT Report was to match this assumed £5m contribution from the NHS with £4.3m of one-off funding principally from the Council's reserves. This would, on a one off basis, mean that Adult Social care is held at cash standstill in 2015-16 after savings and pressures have been taking into account.
31. A 2-year plan is required, however, to ensure that these one-off funds can be replaced by more sustainable proposals from the Better Care Fund or Health: this £9.3m is not sustainable within the SCC budget. The £9.3m would therefore be shifted to 2016-17, although clearly there

will have to be a re-assessment of options once the 2016-17 funding cuts from Government are known.

## **Place**

### **2015/16 Revenue Budget savings**

32. The Portfolio intends to achieve its target savings in 2015/16 and 2016/17 by reducing the cost of the Streets Ahead Programme and waste management contracts as well as seeking savings in the South Yorkshire Passenger Transport Levy. The portfolio faces a significant challenge in re-negotiating the contract payments which if not achieved will require compensating savings in other services.

## **Resources Risks**

### **Electric Works**

33. 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. By the close of 2014/15 this contingency will have been fully utilised as the occupancy of units within Electric Works has been slower (lower) than that assumed within the business case, such that the call on the contingency has been greater (earlier) than planned. From 2015/16 onwards, responsibility for Electric Works is being transferred to the Place portfolio. The risk of covering any potential deficit for 2015/16 has been addressed as part of Place's business planning process.
34. A full review of the options for the future is underway and will be reported to Members as soon as possible.

## **Housing Revenue Account Risks**

### **Housing Revenue Account (HRA)**

35. 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).

## **Capital Programme Risks**

### **Capital Receipts and Capital Programme**

36. Failure to meet significant year on year capital receipts targets due to reduced land values reflecting the depressed market and the impact of the Affordable Housing policy. This could result in over-programming / delay / cancellation of capital schemes.

### **Housing Regeneration**

37. There is a risk to delivering the full scope of major schemes such as Parkhill because of the severe downturn in the housing market. This could result in schemes 'stalling', leading to increased costs of holding the sites involved.

### **Bus Rapid Transit (BRT) North**

38. The project is significantly over budget and a year behind schedule due to the discovery of asbestos on land which was previously thought to have been decontaminated, and, an unchartered sewer which has had to be relocated. The latest estimate of the unfunded spend is £6m. A number of options are being pursued, including applying for additional grant litigation against those at fault and allocation of anticipated future planning related development fees.



## **REPLACEMENT FINANCE AND EPROCUREMENT SYSTEM (REFINE) PROJECT**

### **Purpose of the Report**

1. To seek Cabinet approval to implement a full replacement Finance and Procurement System, with enhanced functionality and full e-trading capabilities, with the target system identified as Capita IBS Integra.

### **Summary**

2. The Council's primary finance system, Oracle Enterprise One (OEO), was implemented in 2008 as part of the World Class Financial Management (WCFM) programme.
3. The system has not required an upgrade in the past 7 years, however in order to remain within Oracle premier support, the Council will be required to undertake an upgrade which will cost in the region of £300k very soon. This will unfortunately not provide any significant additional functionality, and Oracle are no longer developing OEO as a core product. With annual running costs of around £1m, OEO is no longer deemed to be affordable. In addition, it is not now fit for purpose in terms of the Council's e-trading requirements.
4. The managed service contract with OEO's system provider runs out in December 2016, and is completely separate to the Council's contract with Capita. The offer of a suitable system from Capita at an affordable price as part of the recent re-tender provides an opportunity to consider whether or not to change finance systems.

### **Aims and Benefits**

5. The replacement of the finance system provides several benefits:
  - To reduce running costs (currently around £1m per annum) – there is potential to reduce by £400k per annum, as well as staff time saved on processing across the Council;
  - To improve system functionality, specifically with respect to electronic trading, allowing Commercial Services to better control spend and drive efficiencies and discounts through approved suppliers, but also making the purchase to pay process more efficient for internal customers;
  - To remove time delays and inefficiencies in the current direct debit process for sundry debt customers.

### **Strategic Objectives and Corporate Plan**

6. This project aims to promote the Corporate Plan priority of being "an in touch organisation" by making the best use of public money and being responsive to changes.

7. The overall objectives of the project are:
  - To reduce costs
  - To provide an integrated Finance and Procurement solution
  - To include new and improved technologies
  - To reduce inefficiencies, i.e. smarter procurement, intelligent scanning, electronic direct debit mandates.

## **Project Scope and Resources**

8. The following components are in scope of this project:
  - All current functionality provided by OEO
  - System interfaces, including a review of “hand-offs” with Carefirst and consulting with Commissioners
  - Improved activity information
  - Qtier reporting
  - Training
9. The project will be resourced as follows:
  - A project team will be set up to include members of Finance, BCIS, Commercial Services and external support;
  - Project implementation costs will be funded from the Invest to Save reserve;
  - Directors of Business Strategy and other portfolio representatives will be included in the governance of the project.

## **Options for Delivery**

10. The following options have been considered:
  - Do nothing – this is considered not to be viable because of the ongoing cost as well as there being no return on the one-off upgrade costs required;
  - Minimal replacement – this offers some savings but falls short of achieving full benefits;
  - Full implementation – will achieve the greatest benefits and provide a fit for purpose web solution with modernised processes.
11. The final option – full implementation – is recommended with a phased approach rather than “big bang”. This would work on the basis of modules being released incrementally, thus reducing risk. This approach has been tried and tested and was proven by the implementation of OEO.

## **High level Costs – 10 year summary**

12. Retaining OEO (including required upgrades) will result in a total 10-year net cost of £12.7m.
13. Replacing OEO with Integra is estimated to result in a total 10-year net cost of £7.2m, thus saving £5.5m on system running costs over 10 years.



14. Including staff time saved in portfolios, as well as a contribution from HRA towards project costs, total net savings is estimated to increase to £8.7m over 10 years. Taking this into account, the project effectively pays back at the end of 2017/18.
15. A summary of the costs and benefits of implementing the new system is shown in the table below.

Comparison of costs over a 10 year period										
Costs to retain OEO	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Cost of running OEO - no change	1,013	1,019	1,025	1,031	1,037	1,072	1,078	1,084	1,091	1,097
Additional unavoidable costs	508	118	118	433	118	118	450	119	119	466
Cashable benefit	(40)	(41)	(41)	(42)	(42)	(43)	(44)	(44)	(45)	(46)
<b>Total OEO costs</b>	<b>1,481</b>	<b>1,096</b>	<b>1,101</b>	<b>1,422</b>	<b>1,112</b>	<b>1,147</b>	<b>1,484</b>	<b>1,159</b>	<b>1,165</b>	<b>1,518</b>
<b>Cumulative OEO costs</b>	<b>1,481</b>	<b>2,577</b>	<b>3,679</b>	<b>5,100</b>	<b>6,212</b>	<b>7,359</b>	<b>8,843</b>	<b>10,002</b>	<b>11,167</b>	<b>12,684</b>
<b>Costs to implement and run Integra</b>										
Implementation costs	2,579	0	0	0	0	0	0	0	0	0
Ongoing running costs (15/16 dual running)	1,348	624	632	640	649	659	667	676	685	694
Other cashable benefits - see note below	0	(182)	(218)	(254)	(291)	(327)	(338)	(340)	(341)	(342)
<b>Integra Net costs</b>	<b>3,927</b>	<b>442</b>	<b>414</b>	<b>386</b>	<b>358</b>	<b>332</b>	<b>329</b>	<b>337</b>	<b>344</b>	<b>352</b>
<b>Cumulative Integra costs net of cashable benefits</b>	<b>3,927</b>	<b>4,369</b>	<b>4,782</b>	<b>5,168</b>	<b>5,526</b>	<b>5,858</b>	<b>6,187</b>	<b>6,523</b>	<b>6,868</b>	<b>7,219</b>
<b>Difference between retained OEO and implementing Integra</b>	<b>(2,446)</b>	<b>654</b>	<b>688</b>	<b>1,036</b>	<b>754</b>	<b>815</b>	<b>1,155</b>	<b>822</b>	<b>820</b>	<b>1,166</b>
<b>Cumulative difference between retained OEO and Integra</b>	<b>2,446</b>	<b>1,791</b>	<b>1,104</b>	<b>68</b>	<b>(686)</b>	<b>(1,501)</b>	<b>(2,656)</b>	<b>(3,478)</b>	<b>(4,299)</b>	<b>(5,465)</b>
<b>Non Cashable Benefits - contribution from Portfolios</b>										
	0	(327)	(327)	(327)	(327)	(327)	(327)	(327)	(327)	(327)
<b>Cumulative non cashable benefits</b>	<b>0</b>	<b>(327)</b>	<b>(654)</b>	<b>(981)</b>	<b>(1,308)</b>	<b>(1,635)</b>	<b>(1,962)</b>	<b>(2,289)</b>	<b>(2,616)</b>	<b>(2,943)</b>
<b>Cumulative difference including non-cashable benefits</b>	<b>2,446</b>	<b>1,464</b>	<b>450</b>	<b>(913)</b>	<b>(1,994)</b>	<b>(3,136)</b>	<b>(4,618)</b>	<b>(5,767)</b>	<b>(6,915)</b>	<b>(8,408)</b>
Contribution from HRA	-300									
<b>Cumulative difference including HRA contribution</b>	<b>2,146</b>	<b>1,164</b>	<b>150</b>	<b>(1,213)</b>	<b>(2,294)</b>	<b>(3,436)</b>	<b>(4,918)</b>	<b>(6,067)</b>	<b>(7,215)</b>	<b>(8,708)</b>

## Timescales

16. The project will start in April 2015, with the aim of full live implementation at the end of March 2016. This is a very tight timescale to replace the entire Finance system, so the project needs to kick off urgently.

## Recommendation

17. Members are asked to approve this project to implement a full replacement Finance and Procurement system, with enhanced functionality and full e-trading capabilities, with the target system identified as Capita IBS Integra.



## CAPITAL PROGRAMME MONITORING AS AT 31<sup>st</sup> MARCH 2015

### Summary

1. At the end of March 2015, the end of year position is £19.5m (12%) below the approved Capital Programme. Project managers have delivered a capital programme of £145.3m.
2. This is £8.5m below the previous Month 11 forecast of £153.8m. This compares to a variance of £1.7m last year. The main changes are discussed below at paragraph 5 below.
3. Project managers are requesting circa £21.2m of slippage to be carried forward bringing to £70.6m the total slippage requested in 2014/15. The applications are being reviewed and, in order to expedite the delivery of schemes, it is proposed that authority to approve these requests is delegated to the Director of Finance in consultation with the Cabinet Member for Finance and Resources.

### Financials 2014/15

<b>Portfolio</b>	<b>Full Year Spend</b>	<b>Full Year Budget</b>	<b>Variance</b>	<b>Full Year Forecast as at month 11</b>	<b>Variance of Spend vs. M11 Full Year Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
CYPF	25.9	29.2	-3.2	28.8	-2.9
Place	23.0	29.1	-6.1	24.4	-1.4
Housing	33.5	40.7	-7.2	37.1	-3.6
Highways	27.6	28.6	-1.1	27.1	0.5
Communities	1.5	1.9	-0.4	1.6	-0.1
Resources	3.6	5.0	-1.4	4.6	-1.0
Corporate	30.3	30.3	0.0	30.3	0.0
<b>Grand Total</b>	<b>145.3</b>	<b>164.8</b>	<b>-19.5</b>	<b>153.8</b>	<b>-8.5</b>

## Capital Programme

### Capital Programme

	2014- 15 £m	2015-16 £m	Future £m	Total £m
Month 11 Approved Budget	178.5	240.4	453.6	872.5
Additions	0.0	9.4	16.7	26.1
Variations	-1.5	2.8	-2.2	-0.9
Slippage	-12.3	9.8	2.5	0.0
Month 12 Approved Budget	164.8	262.4	470.6	897.7

4. The programme has grown by £25.2m following the addition of the major scheme for improvements in the public realm at Brookhill (£7m) and the agreed management fee for the management of the Housing Capital programme funded by the Housing Revenue Account (5 years at £3m per year).

## Commentary

### Variance to Month 11 Forecast

5. The main changes from the Month 11 Forecast in the Housing programme (£3.6m or 31% below the forecast spend for Month 12) are £1.7m shortfall on the Acquisition of Long Term Empty Houses (£1.7m) due underlying poor supply in the market and delays in completing transactions, £0.9m shortfall on the Arbourthorne clearance project again due to delays in purchasing properties and late mobilisation of the demolition contractor and £0.6m slippage on the building of new Council Homes

6. £2.9m (31%) shortfall in the Schools programme of which the largest item was the re-profiling of schools places expansion into future years. The physical delivery of most projects was within +/-£250k of the individual projects' forecast. The residual variance of £0.5m is spread over 70 projects and is within acceptable tolerance limits.
7. Highways projects went against the general trend and exceeded the forecast by £464k (8%). There were some shortfalls (notably the rail bridge strengthening schemes which under spent against its forecast by £132k) but other schemes exceeded the forecast
8. The Place programme fell £1.4m (24%) short of forecast due to slippage on the new leisure centres at Graves and Thorncliffe (£0.8m) but the target opening dates will be achieved. Lower Don Valley Flood defences (£0.4m below forecast following protracted discussions with the contractor to contain potential cost increases), Grey-to-Green (£140k) and Beighton Landfill site (£94k) were the other projects recording significant slippage.
9. The Resources programme was £1.0m (63%) below forecast due to slippage on essential Road Vehicle replacements (£184k), Path Resurfacing programme (£174k) and the Accommodation Efficiency project to reduce the cost of office space used by the Council (£119k). The project to develop a new community centre at Wincobank has also slipped (£271k) because of the need to redesign and seek planning permission as the tender came in higher than the available funding. The Park Community Centre re-roofing suffered similar problems slipping £77k into next year. This scheme needs reauthorizing (see Appendix 8.1) as the costs have risen by £285k due to the roof being in a much worse state than previously estimated.

### **Review of Achievements in 2014/15**

10. The final position is £19.5m below the approved budget, which had already been reduced by £49.4m during the year to reflect slippage in the programme. It is broadly in line with previous years as paragraph 12 below explains.
11. A number of significant projects have been delivered including:
  - Completion of two new primary schools providing additional school places

- £2.5m invested in acquiring existing or building new council owned homes
  - 80% of the next 5 years Housing programme has been procured.
  - The Bus Rapid Transit North project is well underway despite the contamination of the site, unchartered buried services and unexploded bombs from World War Two
  - £13m invested in NRQ land purchases and development work
  - Preserving the city's heritage by repairing historic buildings such as the Abbeydale Industrial Hamlet
12. The Year End position includes a £30.3m capital contribution to the Streets Ahead project which is a financial transaction driven by the performance of the contractor. Thus the spend delivered internally through the Council's own project management capability is £115m which is consistent with that delivered in 2013/4 (£116.5m) and 2012/13 (£115.6m).

### **The Challenge for 2015/16 and the Response**

13. The approved programme in 2015/16 currently stands at £262 plus £21m of slippage and another £7 - £8m being worked up for approval taking the total towards £300m. It is also possible that more SCRIF funded schemes may come on stream. The Council has not delivered a similar sized programme since 2010-11.
14. The new Gateway approval process aims to remedy many of the causes of the previous year's slippage – unrealistic timescales, weak business cases, inadequate project governance – through greater intervention by supervising programme board's earlier in the approval process.
15. The new process has been briefed and is under implementation. Some programmes are receiving additional assistance to streamline planning and delivery practices which should deliver more cost effective and realistic, affordable projects.
16. Such efficiency savings are essential if the Council is to counter the emerging cost inflation in the construction sector and deliver the necessary infrastructure improvements to support the ambitious plans for the city's economy.

## Approvals

17. A number of schemes have been submitted for approval in line with the Council's agreed capital approval process.
18. Below is a summary of the number and total value of schemes in each approval category:
  - 14 additions of specific projects to the capital programme with a value of £10.9m.
  - 10 variations to the capital programme creating a net decrease of £7.7m.
  - 7 emergency approvals to the capital programme with a value of £2.3m
  - 3 revised procurement strategies with an approximate value of £10.2m.
19. Further details of the schemes listed above can be found in Appendix 8.1.

## Finance

**May 2015**





Scheme Description	Approval Type	Value £000	Procurement Route
<b>GREAT PLACE TO LIVE</b>			
<b>Parks</b>			
<p><b>Beighton Leachate Treatment</b>  The Beighton Leachate Project is an extension of the Beighton Closed Landfill Project. As part of the earlier Beighton project, the consultants Aecom had been appointed, via the YORconsult call-off Framework, to investigate and recommend a design solution to improve the effectiveness of leachate treatment and gas collection on the site</p> <p>The original business case proposed to overhaul and recommission the Leachate plant. However the recommendation from the consultants is to construct a lagoon and wetland on site next to the site's main pumping chamber (MPC). Leachate would be pumped from the site's MPC into a lagoon and flow through a wetland system, removing the leachates contaminants in the process.</p> <p>Aecom will design and prepare tender documents, to be reviewed and approved by Sheffield City Council's Capital Delivery Service who will lead the evaluation of the tenders and appoint a suitable contractor. Aecom will project manage the delivery of the lagoon and wetland under the supervision of CDS.</p> <p>Total Project budget is £570k to be funded with £80k CRP funding from the previous Beighton Closed Landfill Project, with an addition £490k of CRP funding.</p>	Addition	570	Competitive tender through the YORcivils framework YorConsult – extension of AeCom contract
<b>Other</b>			
<p><b>Park Library /Community Building Roof Renewal</b>  This project was originally authorised at an estimated cost of £290k to provide a roof renewal across both the Park Community Building on Samson Street and the Park Library building on Duke Street. Since the original estimate was taken forward, a revised cost has been submitted by the Quantity Surveyor following a more detailed survey of the building. The additional costs identified are for necessary repairs to</p>	Variation Slippage	285.5 -289.6	N/A N/A

<p>internal damage: i.e. ceilings and electrics that have occurred due to water leakage because of the poor condition of the roof.</p> <p>The additional time taken by the detailed investigation and more extensive scope of works have resulted in a re-phasing of the works so it is also proposed to slip £289.9k expenditure into 2015/16.</p> <p>The additional funding of £285.5k is to come from the Health &amp; Safety Compliance Block Allocation.</p>	<p>Variation</p>	<p>-285.5</p>	<p>N/A</p>
<p><b>Health &amp; Safety Compliance Block Allocation</b></p> <p>This block allocation exists to support health &amp; safety compliance works at various locations across the city. This variation is to reflect the amount to be drawn down from this block allocation as a result of the Quantity Surveyor's latest cost estimate following detailed investigations at the Park Library/Community Building as noted above.</p>			
<p><b>INFRASTRUCTURE :-</b></p>			
<p><b>Relocation Parking Services</b></p> <p>This scheme will relocate Parking Services in the first instance to Moorfoot in 2015-16 as an interim arrangement whilst the work is completed at the Town Hall, ultimately allowing the service to co-locate with other complementary services such as the City Centre Ambassadors as originally anticipated in the Town Hall in 2016-17 once a suitable space is made available. The objective of the scheme is reduce property costs by not renewing one lease and earning additional income by releasing Council owned industrial units under the Community Investment Programme (CIP).</p>	<p>Addition</p>	<p>120</p>	<p>CSSR (Corporate Statutory Servicing and Repairs contract – Minor Works Route) or Yorbuild if negotiations prove unsuccessful</p>
<p>The project is funded from the capital receipts generated by earlier disposals in the CIP programme.</p>			

<p><b>COMPETITIVE CITY:-</b>  <b>Millennium Gallery Life Cycle (Awaiting Gateway decision)</b>                  This project was set up to support Museums Sheffield in maintaining the condition of the Millennium Gallery building to comply with an obligation within the grant funding contract which helped pay for the building. The level of support is now reviewed on an annual basis and the funding is applied towards a detailed schedule of planned Lifecycle maintenance works. Over the last few years this has averaged out at £100k per annum and the Council has invested almost £600k.                   The project is funded from the Corporate Resource Pool. This project approval request represents an additional £100k funding allocation for the 2015/16 financial year.</p>	<p>Addition</p>	<p>100</p>	<p>Procured by Sheffield Museums Trust:</p>
<p><b>SUCCESSFUL CHILDREN &amp; YOUNG PEOPLE :-</b></p>			
<p><b>Aldine House Secure Children's Home</b>                  This establishment is the only secure accommodation for children within the Sheffield City Council estate and is able to offer places to both Sheffield children and those from other local authorities generating income for the Council.                   The additional works described below are fully funded from a 2015/16 grant award from the Department for Education (DfE), as part of a successful bid by Aldine House for funding towards Secure Children's Home (SCH) facilities. All works have to be completed by 31<sup>st</sup> March 2016 and this has been factored into the phasing of the project delivery plans.                   All seven schemes submitted to the DfE (ranging from medium/large projects involving significant building works to relatively minor upgrade and refurbishment projects) were accepted and are summarised below:</p>			

<p><b>Aldine House – Extension</b>                  An Education Advisory Board inspection identified the need for additional vocational education at the facility. A feasibility study identified an undercroft in the building which could be converted into a classroom. This will provide additional teaching capacity at the home without going outside of the existing footprint of the home to be used for a music studio / recording area. This will allow Sheffield to compete with new build facilities which have this capability and help engage young people in gaining accreditation to enhance their future career prospects.</p> <p><b>Aldine House – 2 Bed Extension</b>                  This project will design to RIBA stage 4, a two bedroom extension corridor. It will be largely self-contained, with kitchenette /living area included. This will be useful for managing both very high risk young people in the estate who cannot always mix with the other residents, or alternatively to teach independence and life skills (e.g. self-catering). The project will look at the technical building aspect of the work, along with the complicated planning permission agenda, building regulations and the long standing covenant which exists on the grounds of Aldine House. The study will attempt to predict future service requirements and how these can be managed without increasing operating costs. Assuming the feasibility study is successful and additional funding can be secured, construction work would follow once funding has been secured.</p> <p><b>Aldine House – Security Upgrades:</b></p> <ul style="list-style-type: none"> <li>• <b>Garage door interlock (£7.0k)</b></li> </ul> <p>This is an upgrade to the security of the garage. This will all be controlled by electronic locks and sensors, in effect creating an “airlock” system (already present in the main front door entrance) to ensure the integrity of the building is maintained.</p>	<p>Addition</p>	<p>131</p>	<p>Competitive Tender - YORbuild</p>
<p>Addition</p>	<p>28.5</p>	<p>In-house (CDS)</p>	
<p>Addition</p>	<p>18.0</p>	<p>Waiver – Stanley Tools (specialist supplier)</p>	

<ul style="list-style-type: none"> <li>• <b>Key monitoring system (£7.6k)</b> This is for a key security system to tag all sets of keys and install a detection device in the airlock area. Should keys then mistakenly be taken through the first door it will be detected, sound an alert via the Coretech security system and prevent the final door from opening. This will help ensure the integrity of the building and security keeping Aldine House as a leader in secure children's placement increasing the probability of success when bidding for national contracts.</li> <li>• <b>Additional 10-way key Trakka system (£3.4k)</b> An additional Trakka cabinet (secure key cabinet) will be located in the secure garage, which will ensure that staff can easily store and then efficiently retrieve keys. This will lead to increased operating efficiency without compromising on security.</li> </ul> <p><b>Aldine House – Internal Refurbishments</b></p> <ul style="list-style-type: none"> <li>• <b>Lounge refurbishment (£15.1k)</b> To remove redundant false chimney breasts and fitted concrete cupboards. The refurbishment will ensure that Aldine House is seen as a modern, child friendly home which can compete with recent new-build SCH's across the estate.</li> <li>• <b>Office refurbishment (£28.6k)</b> This is a refurbishment project for the education staff room and the professional's office. A previous bid has already brought all other office spaces up to a modern and comfortable standard and this will complete the piece of work. Both spaces are currently adapted from previous uses and a full refurbishment is required to ensure</li> </ul>	<p>Addition</p>	<p>43.7</p>	<p>Minimum 3 competitive Quotations</p>
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<p>maximum efficiency from them. This also fits with Aldine House's push on improving staff morale and stress management over the past 15 months.</p>				
<p><b>Adaptations</b> This project will address any capital alterations / adaptations required in 2015/16 to meet Disability Discrimination Act (DDA) requirements at various sites across the CYPF portfolio schools estate. The works are of an unpredictable nature and the resultant demand will have to be addressed as it arises. All works are funded from the Department for Education Building Maintenance block allocation.</p>	<p>Addition</p>	<p>100</p>	<p>CSSR (Corporate Statutory Servicing and Repairs contract), competitive quotes or framework as appropriate to the circumstances</p>	
<p><b>Primary Maintenance – Emergency Works</b> This project will permit a rapid response to unforeseen and unexpected plant and building failures including uninsured elements. The works aim to meet the requirement to provide warm, safe and dry school environments and reduce the number of school days lost due to maintenance issues. This variation provides for an allocation of £300k funding, from the Department for Education Building Maintenance block allocation, to cover estimated expenditure for 2015/16.</p>	<p>Variation</p>	<p>300</p>	<p>CSSR (Corporate Statutory Servicing and Repairs contract), competitive quotes or framework as appropriate to the circumstances</p>	
<p><b>Capital Maintenance Block Allocation</b> This block allocation exists to support planned maintenance work required at Sheffield schools and is funded from an annual Department of Education Capital Maintenance allocation. This variation is to draw down funds from this block allocation to support the projects as noted above, being:</p> <ul style="list-style-type: none"> <li>• Adaptations: £100k</li> <li>• Primary Maintenance - Emergency Works: £300k</li> </ul>	<p>Variation</p>	<p>-400</p>	<p>N/A</p>	
<p><b>STAGE APPROVALS:-</b></p>				
<p><b>PROCUREMENT STRATEGY</b></p>				
<p><b>A Great Place to Live</b></p>				

<p><b>Grey to Green Public Art</b>                  This project will provide Public Art as part of the Grey to Green Phase 1 – Sheffield Riverside Business District project. The inclusion of Public Art was always envisaged as part of the Grey to Green Phase 1 project but was not included in the Grey to Green Phase 1 Procurement Strategy due to funding pressures. Following a competitive tender on the Grey to Green Phase 1 project sufficient savings have been made to confidently allow this part of the project to proceed. European Regional Development Funding have now confirmed that they will allow their portion of the remaining budget to be used for this project and a variation will be submitted to seek approval to use part of the remaining budget for the Public Art project.                  The total budget for this part of the project is £160k split as follows:                  Construction Cost - £65k                  Client Costs Capital - £85k (£20k Foundations; £40k Artists Commissions; £25k Committed Sums (Amey Maintenance)                  Fees - £10k                  Funded by £64k of ERDF which is included as an approved variation to the original Grey to Green Phase 1 – Sheffield Riverside Business District funding agreement.</p>			
<p><b>EMERGENCY APPROVALS:- (Note only)</b></p>			
<p><b>Safe and Secure Communities</b></p>			
<p><b>CBT Wincobank Community Building</b>                  This project will partially refurbish the communal block of a former Sheltered Home to create a fit for purpose community facility at Newman Court, Wincobank, compliant with current legislation, in line with the Community Buildings Strategy. It will enable a variety of activities supporting the delivery of key aspects of the Council's Corporate Plan.</p>	<p>Variation</p>	<p>49.1</p>	<p>N/A</p>
<p>An Emergency Approval request for £49.1k additional funds was made to expedite the</p>			

<p>issue of the Contract Award to complete the project following delays already experienced in securing appropriate funding, value engineering and related planning permissions.</p>			
<p><b>Health &amp; Safety Compliance Block Allocation</b> This block allocation exists to support health &amp; safety compliance works at various locations across the city. This variation is to reflect the amount to be drawn down from this block allocation to fund the increase in costs at the CBT Wincobank Community Building as noted above.</p>	Variation	-49.1	N/A
<p><b>Dobcroft Infants – 1 Year Expansion</b> This project will expand Dobcroft Infant School to allow for a one year temporary expansion of pupils in September 2015. The works will include internal remodelling, some external alterations and the provision of equipment (such as fold-down dining furniture and laptops / netbooks) to make best use of the existing internal space.</p> <p>This temporary expansion will create a 30 pupil, one year expansion. Spaces will be refurbished and improved. The additional temporary accommodation must be available for the extra intake of pupils by September 2015 hence the need for the emergency approval in order to be ready for the new academic year. . The scheme is compatible with a proposed permanent expansion, going for Cabinet approval in principle in May 2015. There will be no abortive costs from the temporary expansion should a future permanent solution be sanctioned.</p> <p>The project will be funded from the Department for Education grant for Basic Need as held in the block allocation noted below.</p>	Addition	299	YORbuild
<p><b>Basic Need Block Allocation</b> This block allocation exists to support the demand on pupil place provision and is funded from an annual Department of Education Basic Need allocation. The variation here is to reflect the amount to be drawn down from this block allocation to support Dobcroft Infants expansion as noted above.</p>	Variation	-299	N/A



<p><b>Hallam Reconfiguration (Primary Expansion)</b>                  This project will reconfigure and redesign buildings at Hallam Primary School to meet the pupil place demand in the Hallam Area. Feasibility and scope of works have now been completed to design solution to these requirements. The additional places need to be available from September 2015.</p> <p>The total budget for construction works, design and project management fees was originally approved at £3.1m based on estimates from the Council's internal design service and funded from the CYPF Basic Need block allocation. However, the tenders for the construction works came back much higher than the £2.5m previously estimate figure, at £3.2m, as described below:</p> <p>The higher construction costs are as a result of:</p> <ul style="list-style-type: none"> <li>• creation of a temporary haul road for all site traffic to meet planning requirements;</li> <li>• associated increased costs;</li> <li>• capping to the road is required due to ground conditions being worse, which requires the removal of more materials from site.</li> <li>• additional car parking;;</li> <li>• resultant out-of-sequence working, particularly in relation to the retaining wall construction to allow access to the construction location within the site;</li> <li>• extension of construction period by 9 weeks and additional site personnel welfare facilities are required for the duration of the haul road construction period;</li> <li>• a degree of re-surfacing to existing hard paving, due to increases as a result of anticipated damage by construction/demolition traffic;</li> <li>• poor site/ground conditions requiring additional capping material below vehicular bearing hard paving surfaces. This has increased the excavation and spoil disposal costs;</li> </ul>	<p>Variation</p>	<p>579</p>	<p>N/A</p>
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<ul style="list-style-type: none"> <li>• inclusion of an additional allowance to cover work to the retained Children's Centre block to allow for potential alterations to allow community use of the Multi Use Games Area (MUGA); and</li> <li>• additional work within the kitchen, which was previously outside the scope of this scheme</li> </ul> <p>A value engineering process, together with a reduction in fees and other costs of £0.1m, has been undertaken to reduce the overall cost as far as possible, resulting in the net variation increasing the total project budget costs from £3.0m to £3.6m.</p> <p>Emergency approval was required in order to meet a revised project plan to complete the works by December 2015 rather than February 2016 to avoid construction work taking place during term time.</p> <p><b>Basic Need Block Allocation</b></p> <p>This block allocation exists to support the demand on pupil place provision and is funded from an annual Department of Education Basic Need allocation. The variation here is to reflect the amount to be drawn down from this block allocation to support the Hallam Primary Reconfiguration as noted above.</p>			
	-579	Variation	N/A

## MARCH CAPITAL PROGRAMME APPROVALS

Scheme Description	Approval Type	Value £000	Procurement Route
<b>GREAT PLACE TO LIVE</b>			
<b>Highways</b>			
<b>Parking Meter Replacement</b> The Parking Services revenue Budget contains an annual provision for the replacement of a number of parking meters. The correct procedure is to submit the scheme for approval to Cabinet but on this occasion the purchase has been made direct from revenue and retrospective authority is sought for the investment.	Addition	133	Framework Contract
<b>Culture &amp; Environment</b>			
<b>M1 Gateway</b> In recognition of the historical significance of the Tinsley Cooling Towers at the former Blackburn Meadows power station to the City of Sheffield, EON UK Ltd pledged £0.5m to Sheffield City Council for a public art project on the former site.  The project is to create a major work of public art, taking advantage of the current development in the area and is an integral part of the regeneration plans to encourage people to visit, especially on foot and cycle.  Recent developments have attracted £65k section 106 planning charges specifically for public art and this submission seeks approval to add these sums to the project, bringing the total value to £565k. The increase will be increasing the money available for the main artwork.  The Procurement strategy for the project will be as below:	Variation	65	Stage 1; Pre- Qualification Questionnaire by email  Stage 2; tenders via YORtender

<p>Stage 1 will involve the submission of a Pre-Qualification Questionnaire by email which will be evaluated to shortlist between 3 -5 potential artists to go through to Stage 2</p> <p>Stage 2 –the shortlisted potential artists will submit detailed tenders through YORtender framework. These will be evaluated to select a preferred bidder who will work with the project team to develop a design. Following completion of the design this will be submitted to the Project Board and Cabinet for approval prior to full contract award.</p>			
<p><b>Parks</b></p>			
<p><b>Woodside Open Space</b>                  This project is central to the regeneration of the Woodside area of Sheffield and is to create a new open space on land which is unsuitable for development. This in turn will replace the current open space on the Stanley Fields site to be developed for approximately 110 new homes.</p> <p>The project will be delivered in two phases at an approximated cost of £750k funded from New Homes Bonus.</p> <p>Phase 1 - will deliver the design / feasibility stage. This will give confidence to potential developers of the new homes on Stanley Fields and to the local community that the proposed replacement open space will make the area a more attractive place to live.</p> <p>Phase 2 – will commence once a developer has contracted to deliver the site. This will be the construction of the proposed open space park using the findings / recommendations of phase 1. A separate approval will be sought in due course.</p> <p>This submission seeks approval for phase 1 of the project procurement to be effected through in-house Council departments.</p>	<p>Addition</p>	<p>48</p>	<p>In-house provider</p>
<p><b>Other</b></p>			
<p><b>Ellesmere Centre Roof and Fire Risk Assessment</b></p>	<p>Variation</p>	<p>57</p>	<p>N/A</p>

<p>Ellesmere Children's Centre provides private day-care and nursery school places in the Burngreave / Attercliffe area of Sheffield. This project encompasses construction works following a Fire Risk Assessment (FRA) and roof repairs at the Centre. The FRA identified the need for a full audible fire detection system and emergency lighting, plus compartmentalisation to key areas to improve the fire integrity of the partition walls and protect escape routes.</p> <p>A tender exercise was recently carried out to invite the best price for the work and this resulted in the best tender taking the total expenditure above the initially approved budget by £56.6k. Due to this projected overspend, it is proposed to seek authorisation for additional funding to bridge the gap between the estimated construction cost and tendered construction cost, with the extra funding coming from the Health &amp; Safety Compliance Block Allocation, being the same source as is used on the existing approved project.</p>			
<p><b>Health &amp; Safety Compliance Block Allocation</b></p> <p>This block allocation exists to support health and safety works required to reduce exposure to potentially significant future claims against the council and is funded from the corporate resource pool.</p> <p>The variation here is to reflect the amount to be drawn down from this block allocation to support the Fire Risk Assessment works to be carried out at the Ellesmere centre.</p>	Variation	-57	N/A
<b>INFRASTRUCTURE :-</b>			
<p><b>Woodhouse Hub</b></p> <p>Following a marketing exercise, at the March 2012 Cabinet approval was given delegating authority to the Chief Property Officer to progress with the re-development proposal of the Tannery Lodge site in Woodhouse with a preferred developer. Since then, the Council has remained committed to provide a hub facility for the co-location for council services alongside Woodhouse Community Forum.</p>	Addition	450	Phase 1 – n/a Phase 2 – to be submitted at a later stage

<p>As part of the previous Woodhouse Retirement Village development, a capital sum of £450k has remained in the capital programme for the redevelopment of the Tannery Lodge site.</p> <p>The proposal involves the disposal of the site to a developer, in return providing the Council with a new hub facility which will enable the co-location of the Council's Library Service and Woodhouse Community Forum in line with the principles of the Community Investment programme outlined in the Hillsborough scheme above.</p> <p>The project will be in two phases;</p> <p>Phase 1 will include a £250k contribution to the developer for the construction of the new hub facility. This is to address the short fall in the development proposal for providing the hub facility.</p> <p>Phase 2 will include the fit-out of the new development for £200k. This will include but is not limited to carpeting, decoration, furniture and fees for future property management arrangements.</p>			
<p><b>Woodhouse Tannery Lodge</b>                  As part of the Woodhouse Retirement Village development, a capital sum of £450k has remained in the capital programme for the redevelopment of the Tannery Lodge site.</p> <p>This amount is now being used to fund the Woodhouse Hub project</p>	variation	(450)	n/a
<p><b>Hillsborough Hub</b>                  This project is to provide office facilities in the vacant first and second floor space of Hillsborough Hall, the ground floor of which is currently occupied by the Library Service. It is part of the Community Investment programme (CIP) which is reducing the Council's building running costs by consolidating services and resource centres into fewer</p>	Addition	160	Full Competitive Tender

<p>buildings. In this case, the Council will move out from leased premises into underused space in its own buildings</p> <p>Works comprise of refurbishment of the vacant space to make it fit for purpose and provide office furniture and equipment. The existing electrical, ICT and heating systems will be upgraded and extended where necessary to suit the new building use</p> <p>The project value is £160k and will be funded from capital receipts realised from properties declared surplus by the CIP initiative.</p> <p>The procurement will be via a full competitive tender process involving an open advert on YORtender</p>				
<p><b>SUCCESSFUL CHILDREN &amp; YOUNG PEOPLE :-</b></p>				
<p><b>Tinsley Primary</b></p>	<p>This project will provide for the replacement and expansion of the existing separate Nursery Infant and Junior schools. Increasing pupil numbers in the Tinsley area, combined with poor existing accommodation create the opportunity to provide a single, replacement school. A replacement school would also relocate the school from its proximity to the M1 Motorway and therefore create a better environment for the school and its pupils.</p>	<p>The scheme comprises remodelling of the existing Tinsley Green community building and a new build extension to provide the required accommodation for a three-form-entry primary school and 78 place nursery. The project will replace the existing school buildings and offer a long-term, sustainable answer to the issues identified with the growing population, the current buildings, and the impacts of pollution.</p>	<p>Addition</p>	<p>9,000</p>
				<p>Competitive Tender - YORbuild</p>

<p>The scheme progressed through local consultation and was given approval in principle to go ahead on the Tinsley Playing Fields site by way of a <u>Leader's Decision</u> on 23<sup>rd</sup> January 2015.</p> <p>Thus, in accordance with the Leader's Decision authorisation is now being sought to progress the scheme through the capital approvals process. The scheme is funded by £1.844m Targeted Basic Need (TBN) direct funding and £7.156m Basic Need funding drawn from the Department for Education Block Allocation.</p>			
<p><b>Basic Need Block Allocation</b> This block allocation exists to support the demand on pupil place provision and is funded from an annual Department of Education Basic Need funding allocation. The variation here is to reflect the amount to be drawn down from this block allocation to support the relocation of Tinsley Primary school as noted above, with the remaining balance being directly funded from Targeted Basic Need funding.</p>	Variation	-7,156	N/A
<p><b>Manor Lodge Structural</b> This submission is to request approval for the pilot scheme stage, to determine the structural integrity of the Manor Lodge Primary school hall. The initial scope of work involves isolated removal of 2 lintels and windows to the hall to enable an assessment of the site and facilitate the design for the most practicable and safest method of construction for the main works. Knowledge of the existing structural condition of the building will enable a technical design to be achieved offering a higher level of cost and programme certainty for the main project works.</p> <p>The works are to be funded from the Capital Maintenance Block Allocation funding for 15/16 and are to be undertaken in the school holidays to minimise risk to students and staff.</p>	Addition	50	Competitive Tender – YORTender (3 Quotes)
<p><b>Capital Maintenance Block Allocation</b> This block allocation exists to support planned maintenance work required at Sheffield schools and is funded from an annual Department of Education Capital Maintenance</p>	Variation	-50	N/A



funding allocation. This variation is to drawn down funds from this block allocation to support the pilot stage of the Manor Lodge Structural project as noted above.			
<b>SLIPPAGE / ACCELERATED SPEND:-</b>			
None to report this period			
<b>PROCUREMENT STRATEGY</b>			
<b>SUCCESSFUL YOUNG PEOPLE</b>			
<b>Gleadless Primary - Rebuild</b> Approval for this project was given in July 2013, using a procurement strategy stating that the design work was to be tendered via the YORconsult regional framework and construction works were to be via competitive tender following the design. The chosen contractor's proposed cost was higher than the approved sum and following a period of protracted negotiations the Council and the contractor have failed to come to an agreement at an affordable cost to the Council. As a result of this, a change to a YORBuild or Open Tender procurement strategy is proposed. The authorised budget for this project stands at £2.3m.	Revision to Procurement Strategy	2,300	YORBuild or Open Tender as appropriate
<b>HIGHWAYS</b>			
The estimated value of additions to the Highways programme for 2015-16 is £7.5m Please note if there are any further variations /new additions to the 2015/16 programme this procurement strategy will cover those schemes, subject to the scheme being approved at CPG and normal approval route and is within the scope of the Waiver. The proposed strategy is single source tenders in accordance with Schedule 7 of the Highways PFI contract, Amey are issued tender documents and Amey are required to	New procurement strategy	7,500	

<p>submit prices and provide a work programme for the delivery of the schemes. New Works Team to prepare contracts (NEC) for each scheme and send part 1 to Amey for completion</p> <p><b>Recommendation:</b> - To approve the procurement strategy seeking approval to enter into a single source tender using Amey Hallam Highways Ltd for highway design and highway construction projects that are not part of the Streets ahead projects for the period 01 April 2015 to 31<sup>st</sup> March 2016 subject to:</p> <ul style="list-style-type: none"> <li>• CPG being satisfied that there is clear evidence that the Waiver does demonstrate value for money recognising the outcome of competitively tendered projects;</li> <li>• Two specific cycling infrastructure schemes over £200k to be competitively tendered;</li> <li>• Highways schemes following the Gateway process and Financial Regulations; and</li> <li>• Contract awards to be made through CPG in line with the Cabinet delegation.</li> </ul>			
<p><b>HOUSING</b></p> <p><b>Council Housing Acquisitions Programme refurbishments</b></p> <p>Sheffield City Council is experiencing a reduction in its housing stock, largely by the sale of properties under Right to Buy. In order to sustain the self-financing HRA and Business Plan and continue to meet affordable need in the city, it is necessary to replenish the Council's housing stock. The Council has embarked on a programme to replenish its stock through 2 programmes - Purchase and Repair Programme and General Acquisitions.</p> <p>There is a budget of £642k for 2015-16 to undertake any repairs to properties</p>		<p>New Procurement Strategy</p>	<p>Negotiation through existing Contract</p>

<p>purchased</p> <p><b>Recommendations:</b> That the approval of the procurement options are agreed which leaves H&amp;NS the options to deliver this work under a best value route utilising an existing R &amp; M contract but negotiating separate rates based on the current contract conditions, having the option to use a framework or a one of 50k order when and if required.</p>				
<p><b>EMERGENCY APPROVALS:- (Note only)</b></p>				
<p><b>COMPETITIVE CITY</b></p>				
<p><b>North Active</b> The North Active project will provide a new 25m pool, learner pool, 40-station gym, an exercise studio and changing facilities in the High Green area. The new centre will serve the north of the city and replace the former Stocksbridge Leisure Centre Pool and the current Chapeltown Pool. The project supports the "Great Place to Live" and "Better Health &amp; Wellbeing" strategic objectives of the Council, as the new activity centre forms part of the city's sports facilities strategy whereby expensive and ageing stock is replaced by new and low cost facilities. The project is procured by a competitive tender process. The best tender was some £400k above the originally approved budget. The total cost has increased from £7.1m to £7.5m, with the extra £400k being funded from prudential borrowing. In order not to delay the construction programme, an emergency approval variation of £400k was</p>	<p>Emergency Approval</p>	<p>400</p>	<p>N/A - variation</p>	

<p>made. A contract award has now been issued to Kier Construction Ltd.</p> <p><b>Millennium Gallery – Café Fixtures &amp; Fittings</b>                  The Millennium Gallery is operated by Museums Sheffield on behalf of the city Council. The building was funded through a Millennium Commission grant and the Council is obliged to maintain the building in good order.</p> <p>Outside of this agreement, the Director of Culture and Environment supports a proposal from Museums Sheffield to invest in new lighting, furniture and accessories for the Millennium Gallery café. The café was last decorated in 2001, so all existing furniture and fittings are now very tired/obsolete. Museums Sheffield has worked with local furniture and lighting specialist Nest.co.uk to design a completely new layout and look for the café. The Director of Culture and Environment is supporting Museums Sheffield through a £40k contribution to capital from the Culture revenue budget.</p> <p>There is no procurement strategy for this project as the contract is already in place with Museums Sheffield.</p>	<p>Emergency Approval</p>	<p>40</p>	<p>Museums Sheffield is responsible for procurement for this project.</p>
<p><b>SUCCESSFUL CHILDREN AND YOUNG PEOPLE</b></p> <p><b>Oughtibridge Primary Extension</b>                  The works comprise the construction of a two storey modular extension to the existing Infants block of Oughtibridge Primary School and some alterations to the Kitchen/dining areas to meet increased resultant demand. Part of the existing lower ground space will be converted into a Kitchenette and Laundry area. The new ground floor space will be utilised as two new Classrooms with adjoining toilets and cloak areas. The upper floor will be a new staff area including a Head Teachers office, Staff Room with toilet facilities, a PPA and an Intervention Room.</p> <p>The project variation was authorised to cover a higher than envisaged returned tender price (£446k) and minor scope change to include kitchen/dining works to support resultant increased school meal demand (£120k). The Emergency Approval route was</p>	<p>Emergency Approval</p>	<p>566</p>	<p>N/A - variation</p>

<p>taken to avoid delaying the letting of the contact, to ensure completion of the new accommodation by September 2015. It is funded from the Department for Education Basic Need block allocation.</p>			
<p><b>Greystones Primary Expansion</b> Continued monitoring of future pupil place demand has identified need for extra provision in the Greystones Area. Feasibility and scope of works have already been completed to design a solution to meet these requirements. Additional places are required by September 2015, although the phasing of entry means the capital works themselves need to be completed by September 2016.</p>	<p>Emergency Approval</p>	<p>415</p>	<p>N/A - variation</p>
<p>The works include the demolition of 3 existing temporary buildings, remodelling and refurbishment of the school main entrance and adjoining accommodation, extension and refurbishment of the school dining room and the construction of a 6 classroom new block with staffroom, toilets, offices, music room and a library. Tenders were £145k above the approved amount so an emergency approval was sought to avoid delaying the time critical programme. It is funded from the Department for Education Basic Need block allocation.</p>			



Grant Awarding Body	Name of the Grant	Project to be funded by the Grant	Conditions and Obligations	Value £000
Department for Education	Secure Accommodation Capital Programme 2015-16	Feasibility costs, security upgrades and refurbishment	<p><b>Main Conditions</b>                      The funder will pay a maximum amount of £221.3k in the funding year up to 31<sup>st</sup> March 2016. Detailed fixed asset records to be kept. HM Treasury guidelines are to be followed for procurement or where a single tender procedure is followed detailed reason why this was deemed to be appropriate. The Department is to be informed immediately if Aldine House is sold or ceases to be used as secure accommodation. All records to be kept for seven years for possible inspection.</p> <p><b>Claw back</b>                      Enforceable if grant terms and conditions are not met e.g.</p> <ul style="list-style-type: none"> <li>• Grant used for ineligible expenditure,</li> <li>• Where Aldine House is sold or ceases to be used as secure accommodation.</li> <li>• Any grant unspent on 31<sup>st</sup> March 2016</li> </ul> <p><b>Risks</b>                      Terms and conditions need to be adhered in order to ensure that grant can be validly claimed. There appears to be no expiry date on the funding conditions, therefore, potentially, these could be considered to be in perpetuity.</p>	221

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