



## SHEFFIELD CITY COUNCIL

### Cabinet Report

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**Report of:** Laraine Manley, Executive Director for Resources

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**Report to:** Cabinet

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**Date:** 11<sup>th</sup> July 2012

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**Subject:** Capital Programme Approvals Month 1

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**Author of Report:** Paul Schofield, 0114 27 36000

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**Summary:**

This report seeks approval for a number of variations and additions to the 2012/13 Capital Programme, and the approval of two procurement strategies for the delivery of projects in the programme.

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**Reasons for Recommendations:**

The proposed changes to the Capital programme will improve the transport, homes and leisure facilities used by the people of Sheffield.

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

**Recommendations:**

That Cabinet

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

(ii) approves the variations in Appendix 1;

(iii) notes the following variations to the Capital Programme:

- 1 emergency approval with a value of £150k;
- 2 variations approved within the delegated limit of the Executive Management Team for a value of £38k; and
- that there were no variations approved by Directors under their delegated authority.

The details of the schemes can be found at Appendix 1.

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**Background Papers:**

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES Cleared by: Eugene Walker
<b>Legal Implications</b>
NO Cleared by: Gillian Duckworth
<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>
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 Leader</b>
Bryan Lodge – Cabinet Member for Finance
<b>Relevant Scrutiny Committee if decision called in</b>
Economic and Environmental Well Being
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
Not as yet, but at the appropriate time

## Approvals and variations to the Capital programme – Month 1

### 1.0 SUMMARY

#### 1.1

1. A number of schemes have been submitted for approval in line with the Council's agreed capital approval process. In line with the agreed financial reporting calendar, there will be no reporting of Month 1 (April 2012) figures. The next reporting period will be Month 2 (May 2012).

#### 1.2

Below is a summary of the number and total value of schemes in each approval category:

- 11 additions to the capital programme with a total value of £7,764k;
- 6 variations to the capital programme to the value of £2,131k;
- 2 procurement strategy approvals.

#### 1.3

The following have been approved since the previous report to Cabinet in May:

- 1 emergency approval with a value of £150k;
- 2 variations approved within the delegated limit of the Executive Management Team for a value of £38k

#### 1.4

No directors exercised their delegation to vary investment authorities since the last report to Cabinet.

#### 1.5

Further details of the schemes listed above can be found in Appendix 1.

### 2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

#### 2.1

The proposed changes to the Capital programme will improve the transport, homes and leisure facilities used by the people of Sheffield.

### 3.0 OUTCOME AND SUSTAINABILITY

#### 3.1

By delivering these schemes the Council seeks to improve the quality of life for the people of Sheffield.

### 4.0 MAIN BODY OF THE REPORT

#### 4.1 Background and Key Issues

The details of the schemes can be found at Appendix 1.

## **5.0 Human Resources Implications**

5.1 There are no direct Human Resource implications for the Council.

## **6.0 Financial Implications**

6.1 The primary purpose of this report is to provide Members with information on the proposed changes to the City Council's Capital Programme and, as such, it does not make any recommendations which have additional financial implications for the City Council.

## **7.0 Equal Opportunity Implications**

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

## **8.0 Procurement Implications**

8.1 There are no direct procurement implications arising from this report.

## **9.0 Legal Implications**

9.1 There are no direct implications arising from this report.

## **10.0 ALTERNATIVE OPTIONS CONSIDERED**

10.1 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.

## **11.0 REASONS FOR RECOMMENDATIONS**

11.1 The proposed changes to the Capital programme will improve the services to the people of Sheffield

11.2 To formally record changes to 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.

## **12.0 RECOMMENDATIONS**

12.1 That Cabinet:

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

12.3 (ii) approves the variations in Appendix 1;

12.4 (iii) notes the following variations to the Capital Programme:

- 2 variations approved within the delegated limit of the Executive Management Team for a value of £38k; and
- that there were no variations approved by Directors under their delegated authority.

12.5 (iv) notes 1 emergency approval with a value of £150k.

**Finance      May 2012**

Scheme Description	Approval Type	Value £000	Procurement Route
<p><b>ADDITIONS:-</b></p> <p><b>Highways Maintenance:</b></p> <ul style="list-style-type: none"> <li>• Primary Roads Network</li> <li>• Non Primary Roads Network</li> <li>• Footway Reconstruction</li> <li>• Street Lighting</li> <li>• Structures Maintenance</li> <li>• Penistone Road (Bradfield Road to Herries Road)</li> <li>• Barnsley Road (Hatfield House Road to Kinaird Avenue)</li> </ul> <p>The Local Transport Plan Highways Maintenance block allocation is prioritised primarily on the basis of condition surveys and agreed intervention levels. The programme is funded by an approved allocation from the South Yorkshire Integrated Transport Authority, £5,428k for 2012/13. This will allow the general maintenance schemes listed above, to be carried out prior to the commencement of the PFI contract.</p> <p>This annual grant will no longer be payable under the terms of the PFI agreement. The allocation will therefore be reduced on a pro-rate basis when the PFI contract commences.</p>	Addition	652 3,000 500 500 358 69 79	In House Provider
<p><b>Bus Rapid Transit (BRT) North (Land Acquisition)</b></p> <p>Approval is sought to commence the compulsory land acquisition process to enable this key transport development project to progress. Delivery of the scheme is subject to obtaining approval of the funding bids from the Department for Transport</p>	Addition	2,398	

<p>and European Regional Development. The full scheme will cost over £34m and will deliver improved transport links between Rotherham and Sheffield and is a significant part of the economic masterplan to regenerate the Lower Don Valley.</p> <p>This part of the project will ultimately be funded by developer contributions but in the interim the funding will come from the central government backed Growing Places Fund.</p>											
<p><b>Millhouses Mill Building</b> Conditional Approval:-</p> <p>The scheme consists of repairs to the small mill building in the complex known as Millhouses Mill Buildings, adjacent to Millhouses Park.</p> <p>The building has stone walls and is of a traditional construction, with a damaged roof. A structural survey has been carried out by the Friends of Millhouses Park (FOMP) through an external consultant.</p> <p>The friends have further plans, which they are working up in partnership with SCC, to develop the whole complex and bring it into active use by the community whilst preserving a historic structure.</p> <p>The project is funded as follows:-</p> <table border="0" data-bbox="1040 79 1128 772"> <tr> <td>Funding secured by FOMP</td> <td style="text-align: right;">67,893</td> </tr> <tr> <td>SCC Revenue Contribution</td> <td style="text-align: right;">44,072</td> </tr> <tr> <td>Community Assembly Contribution</td> <td style="text-align: right;">15,910</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>127,875</u></td> </tr> </table> <p>† Conditional approval is based on confirming the current funding status with the FOMP, obtaining the appropriate evidence and written agreement.</p>	Funding secured by FOMP	67,893	SCC Revenue Contribution	44,072	Community Assembly Contribution	15,910		<u>127,875</u>	<p>Addition</p>	<p>128</p>	<p>Jobs Compact Initiative. If following negotiation with Kier the tender is not value for money, a competitive tender process will be carried out.</p> <p>Note: the Heritage Lottery conditions state opportunities must be provided for apprentices. Jobs Compact with Kier employ apprentices as part of the agreement</p>
Funding secured by FOMP	67,893										
SCC Revenue Contribution	44,072										
Community Assembly Contribution	15,910										
	<u>127,875</u>										



<p><b>Peak Park Crossing</b> This scheme will provide 3 safe road crossings for cyclists and pedestrians across sections of the National Cycle Network 6.</p> <p>The scheme is fully funded by the 2012-13 Local Transport Plan (LTP) allocation.</p>	Addition	30	In-House Provider
<p><b>Handsworth Waverley Link</b> This is a project to upgrade an existing cycle link between Handsworth and Waverley Business Park. The cycle route will be signed and resurfaced to the boundary with Rotherham as part of the works. A separate project will be carried out and funded by Rotherham Council to upgrade the cycle route across the boundary.</p> <p>The project cost is £50k and is funded by the LTP Countywide allocation</p>	Addition	50	In House Provider
<b>VARIATIONS:-</b>			
<p><b>Chaucer Public Realm</b> This variation is for £300k of additional funds from the Local Growth Fund; this has been reported and approved as agreed for the Local Growth Fund. The business case for this project was originally approved by Cabinet in March 2009; this additional funding is to improve what can be delivered. This part of the project will tie together the different sections of finished public realm work to bring the rest of the centre up to an acceptable standard. The new funding will improve the surface treatment of the highway and pavement, street lighting, street furniture, parking areas and soft landscaping. Construction costs are estimate at £220kwith professional fees and other costs making up the remainder.</p>	Variation	300	Following existing strategy as recommended by Commercial Services

<p><b>Insulation</b> This is for a variation due to an increase in the funding available for this project. The purpose of this project is to provide insulation improvement work to homes across the city.</p> <p>This project has been monitored closely as the outputs generate part of the income and have a bearing on the work that can be completed in future, this with the impending date for the closure of claims for cert funding.</p> <p>An additional £210k has been transferred from the climate change Fund. £120k of cert funding that was received but due to be repaid because of an overpayment has been kept, it was agreed if we used this funding to generate more carbon measures we could keep the funding.</p> <p>In addition to this new negotiations have taken place on the CERT funding rates with EDF, to move from an amalgamated rate of £12.70 to £12/18 and £22.50 per tonne. This has increased the cert we can now claim to give a 80% return on our spend, this depends on the property types being targeted, all efforts have now been directed to these properties to give the best return for our investment. This is being monitored on a monthly basis.</p> <p>The existing approval is for £924,055k the variation is for an increase of £1,523k in total to give a budget for 12/13 of £2,661k.</p> <p>The increase in the funding will increase the projected outputs by 10,000 more insulation measures.</p>	Variation	1,523	Existing Procurement Strategy
<p><b>Woodseats Road Railway Bridge</b> Additional costs incurred due to adverse weather during the bridge installation</p>	Variation	270	Existing Procurement Strategy
<b>EMT APPROVED VARIATIONS</b>			

<p><b>Housing Demolition Contract</b></p> <p>This project is for the costs relating to the preparatory work and the re-tendering of the Demolition Contract for homes to be demolished in the next two years. These costs have previously been recorded in the emergency demolitions project where underspend on the project has funded these costs. The project will be funded by Housing Revenue Account contributions (£20k) from within the existing approval approved in March, Capital Receipts from the sale of land £4k, and right to buy receipts £1k, also within the existing approvals.</p> <p>The costs relate to DPM fees for the setting up of the contract for the demolition of council buildings and does not relate to any one particular project so has been set up as stand alone costs. The funding is part of the existing 12/13 budget and will be transferred from the main programme to be neutral on the capital programme.</p>	Variation	25	Strategy ref SH03882
<p><b>Park Grange Drive Shops Demolition</b></p> <p>This is for the demolition of 16 maisonette and shop units to facilitate the building of new homes by the Sheffield Housing Company. £17k will pay for the utilities disconnections, asbestos surveys and demolition of the site and will be managed by Sheffield Homes. The additional funding is required due to price increases, as the original calculations were made in 2006 and the project has been delayed by the need to find suitable replacement premises for the last remaining resident.</p> <p>A further £21k variation is required to undertake Health and Safety related work prior to the demolition and will be managed separately from the work above.</p> <p>This scheme is funded from £62k of homes and Community Agency funding and £38k from unapplied Capital receipts.</p>	Variation	17  21	The Housing Demolition Programme strategy approved in March 2012

<p><b>STAGE APPROVALS: Approval of Procurement Strategy-</b></p>				
<p><b>Wider Accommodation Strategy Moorfoot</b></p>				
<p><b>Project Background:-</b> This contract forms the largest part of the Wider Accommodation Strategy project which was approved by Cabinet in August 2011 in order to deliver savings on office accommodation costs. It comprises the refurbishment of areas of the Moorfoot building to facilitate the relocation of approximately 2,600 Council staff into the building. The areas affected are levels 4 to 11 of the East and West wings and level 3 of the East wing, together with the creation of a separate public entrance.  <b>Procurement Route:-</b> The proposed procurement route is a competitive tender process by means of a contract notice in the Official Journal of the European Union (OJEU) in order to secure best value for money.</p>	<p>Procurement Strategy</p>		<p>Full competitive tender via OJEU</p>	

<p><b>Millhouses Mill Buildings</b></p>			
<p><b>Project Background:-</b> The scheme consists of repairs to the small Mill building in the complex known as Millhouses Mill Buildings, adjacent to Millhouses Park (see above in Additions section for the background to this scheme).</p> <p><b>Procurement Route:-</b> Kier - Jobs Compact Initiative in order to meet the Heritage Lottery Grant conditions which require that opportunities must be provided for apprentices. Jobs Compact deal with Kier specifically employs local apprentices as part of the agreement. If following negotiation with Kier the tender is not value for money, a competitive tender process will be carried out.</p>	Procurement Strategy		
<p><b>EMERGENCY APPROVALS:-</b></p>			
<p><b>Rivelin Valley Playbuilder</b> This project was granted capital approval to the value of £125k, as part of the 2010 Playbuilder Programme to improve 23 play sites across the city. Improvements have already been carried out at 22 sites but the scope of work at Rivelin took longer to finalise.</p> <p>Following significant consultation, an additional £150k funding has been secured for the project. This is predominately from the Aiming High for Disabled Children (AHDC) Grant and a revenue contribution to capital. This has enabled the scope of the works to be increased to incorporate disabled facilities.</p> <p>Emergency approval is sought to carry out the capital works, so that the project can</p>	Emergency Variation	150	Competitive Tender

be finalised before the start of the summer holidays.				
<b>There were no DIRECTOR VARIATIONS in the period</b>				