



## 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:** 18<sup>th</sup> September 2013

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**Subject:** Capital Programme Approvals Month

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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 2013/14 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 roads and homes used by the people of Sheffield, and improve the infrastructure of the city council to deliver those services.

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 delegations of authority to the Director of Commercial Services or Delegated Officer, as appropriate, to award the necessary contracts following stage approval by Capital Programme Group;
- (ii) Approves the proposed variations and slippage in Appendix 1;

- (iii) Notes the conditions and obligations of the grant applications listed in Appendix 2 and approves the application for, and if successful, acceptance of those grants;
- (iv) notes the variations approved under EMT's delegated authority in Appendix 1;
- (v) notes the one exercise of delegated authority to vary capital expenditure by a director this month; and
- (vi) notes the one approval under the emergency provisions.

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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 3

### 1.0 SUMMARY

1.1 A number of schemes have been submitted for approval in line with the Council's agreed capital approval process.

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

- 5 additions to the capital programme with a total value of £7.8m
- 4 variations to the capital programme creating a net decrease of £0.43m
- 2 slippage requests with a total value of £1.2m
- Grant applications to the value of £9.9m
- 2 procurement strategies worth £1.0m
- 1 Emergency approval
- 1 Director Variation

1.3 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 roads and homes used by the people of Sheffield, and improve the infrastructure of the city council to deliver those services.

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

12.3 Approves the proposed variations and slippage in Appendix 1;

12.4 Notes the conditions and obligations of the grant applications listed in Appendix 2 and

approves the application for, and if successful, acceptance of those grants;

- 12.5 Notes the variations approved under EMT's delegated authority in Appendix 1;
- 12.6 Notes that the one exercise of delegated authority to vary capital expenditure by a director this month; and
- 12.7 Notes the one approval under the emergency provisions.

**Finance      6<sup>th</sup> June 2013**

Scheme Description	Approval Type	Value £000	Procurement Route
<p><b>BETTER HEALTH &amp; WELLBEING</b></p> <p><b>Bole Hill/Norbury Demolitions</b></p> <p>This project will demolish two Care Homes, Norbury in S6 (closed March 2013) and Bole Hill View in S10 (to be closed October 2013). Alternative capacity will be provided by the extension and refurbishment of the Hurfield View Care Home, which is currently going through the Emergency Approval request process. Closing the homes shows estimated revenue savings of £729k over two years, disposal of the sites would generate a capital receipt to replace the funding from the Corporate Resource Pool which will be used to pay for the project.</p> <p>Procurement is to be done through competitive tender.</p>	Addition	120	Competitive Tender
<p><b>GREAT PLACE TO LIVE</b></p>			
<p><b>Highways</b></p>			
<p><b>Optio Orange: City to Halfway</b></p> <p>The project addresses the key bus route of City Centre to Mosborough. The additional proposed works include upgrade to several bus stops – raised kerbs, tactile paving, improved shelters and some audio-visual display equipment; changes to road junction layouts; and moving the Mansfield Road bus lane position within the highway. This variation seeks to add the 13/14 funding available, which will be used to further the works on the route, as follows:</p> <ul style="list-style-type: none"> <li>• £345.8k from the balance of Better Buses (BB) 12/13 funding, with £43.5k from the BB Smart Management project;</li> <li>• £35k from the 13/14 Local Transport Plan (LTP).;</li> <li>• £10k is transferred from Community Assemblies South East allocation; and</li> </ul>	Variation (Cabinet)	466	N/A

<ul style="list-style-type: none"> <li>• and £31.5k Chesterfield Road Clearway projects. Procurement route is unchanged with the outline design being done internally and the detailed design and works procured through Amey as part of single source tender in accordance with Schedule 7 of the Highways PFI contract which delivers the Streets Ahead programme.</li> </ul>			
<p><b>Chesterfield Road Clearway</b> This variation is to part fund the Optio Orange City to Halfway project above. The overall scope of this project remains unchanged, however the funding required from the Better Buses allocation has reduced due to a recent re-assessment of costs by the contractor and so the surplus can be redistributed</p>	Variation (Cabinet: linked to above)	-32	N/A
<p><b>Community Assemblies – South East</b> This variation is to part fund the Optio Orange City to Halfway project above. The overall scope of this project remains unchanged as this contribution has been managed as a small proportion of the overall South East Community Assembly LTP 2012/13 Programme budget.</p>	Variation (Cabinet: linked to above)	-10	N/A
<p><b>Streets Ahead related Cycling Programme</b> This scheme is to make small scale cycle improvements to the highway at the same time as the scheduled Zonal Highway maintenance as part of the Streets Ahead programme thereby saving cost. This is funded by LTP. This year's allocation is £200k.</p>	Addition	200	Schedule 7 Highways PFI contract
<p><b>Homes</b></p>			
<p><b>Long Term Empties</b> This project is to purchase or repair long term empty property's. The planned acquisitions for 2013/14 have been delayed due to the delay in the signing of the contract with Homes and Community Agency. This variation is to move £630k from 2013/14 into 2014/15 which results of 8 acquisitions planned in 2013/14 and 23 in 2014/15. This project is funded by prudential borrowing £2.260m and £538k Homes and Community Agency funding.</p>	Slippage	630	N/A



<b>Parks</b>					
<p><b>Firth Park Boating Lake</b> This variation seeks to add S106 income of £14k to undertake additional drainage works on site, and fund a £4k prior year exchange rate loss adjustment against the Interreg grant funding element which is paid in Euros. All funding has now been secured. The tenders have come back within budget and so it is possible to implement the full design scheme as planned.</p> <p>The additional drainage work is required as water springs have been identified during the construction and a solution to the drainage problem is now required to ensure health and safety issues are addressed so that the enhanced site can be used effectively going forward.</p> <p>Procurement continues as before, with Environmental Planning providing landscape architect services and competitive tender for the works.</p>		Variation (EMT)	10		N/A
<b>INFRASTRUCTURE :-</b>					
<p><b>Abbeyfield House Re-roofing Works</b> Abbeyfield Park House is a Grade II listed building in Abbeyfield Park. The project works comprise the renewal of the slate roof covering and the replacement of built up bitumen felt roofs. All the existing timber gutters are to be relined and the gutters and down pipes are to be replaced.</p> <p>The project value is £187.5k and is funded by £170k Corporate Resource Pool (taken from the Place Roof Renewals Programme block allocation) and £17.5k revenue budget contribution.</p>		Addition	187.5		Jobs Compact with Kier LLP Sheffield

<p><b>Castle Market Decommissioning Project</b></p> <p>The scheme was approved by Cabinet in October 2012 for £4,402k for the demolition and decommissioning of the market including sums identified for statutory compensation payments to market traders.</p> <p>As planning and investigatory work progresses a more accurate project plan has been developed which slightly extends the work into 2015-16. As a result, it is necessary to slip £550k into 2015/16. Planning work has also shown that access from Exchange Street will be required to undertake the demolition. This street is occupied by a 'turret' kiosk selling food and beverages, an advertising display stand and by market 'day' traders on most days of the week. To take actions to gain vacant possession of the area, if required, it is necessary to include Exchange Street in the approved scheme.</p>	Slippage	550	N/A	
<p><b>COMPETITIVE CITY:-</b></p> <p><b>Lower Don Valley Flood Defences</b></p> <p>This project will install flood defences in the Lower Don Valley (LDV) and maintain those defences and the riverbed for 5 years. The LDV is a strategically important area of the City; the defences will cover 8km of the river Don and protect 256 businesses and 5,000 jobs. The Environment Agency and partners have mapped the whole Don Valley catchment area and river basin in detail. It has been decided to defend the LDV against a 1 in a 100 year event but with an additional freeboard allowance above this of 40cm to provide a greater security. The Insurance Industry stipulates a minimum defence requirement of 1 in 75 years and the proposed measures are above these requirements but cannot guarantee flood protection.</p> <p>The total cost of this scheme is £8.1m, made up of £7.3m capital spend and £800k</p>	Addition	7,300		Competitive tender using YorCivil Regional Framework

<p>revenue budget costs. A technical funding application is being submitted to DEFRA in July for £6.74m (83%) subject to receiving approval of the the Business improvement District (BID) from local businesses in November 2013.</p> <p>Various options have been explored to secure the remaining funding. Through consultation with business in the Lower Don Valley, and in partnership with members of a dedicated business steering group the BID framework has been selected. The BID framework is based on the principle that those who directly benefit make a contribution. Based on the rateable value listing at May 2013 the BID will generate a total of £1.4m equating to 17% of the costs.</p> <p>Conditional approval is sought for this project conditional on obtaining the DEFRA grant and approval of the BID by Non Domestic Ratepayers.</p> <p>Procurement will be through competitive tender to ensure best possible price using YorCivil framework contractors.</p>				
<p><b>SUCCESSFUL CHILDREN &amp; YOUNG PEOPLE :-</b></p>				
<p><b>FEL (Free Early Learning) Capital (2 Year Old Entitlement)</b> This project will evaluate claims and issue small grants for distribution of DfE Early Years Capital funding, funded by a £1.035m Government allocation for Free 2 Year Olds. The funding has already been received, is included in the programme as a block allocation and this approval now seeks authority to distribute the money to specific projects so there is no overall increase in the programme.</p>	<p>Addition</p>	<p>1,035</p>	<p>To be managed by the Grantees</p>	
<p>Distribution of allocated small grant funds will be made through an allocation consisting of Officers and Members, with approval routes through the CYPF Capital Commissioning Group (CCG). Grantees must spend the allocated funds on enabling the increase in the number of 2 year old places, by creation of room dividers, specific</p>				

<p>toilet facilities for the 2 year old age group, redesign of internal spaces and similar longer term items: they are not allowed to spend it on consumables such as toys or other stocks. All bids must meet the published funding criteria as set out in the funding application pack and the grantees must provide appropriate evidence of completion. Individual grantees will manage their own procurement in line with SCC Standing orders.</p>				
<p><b>2 Year Old Entitlement – Block Allocation</b> This variation is to set 100% of the block allocation against the FEL Capital project above, now that a specific programme has been set up through a Business Unit to manage the Small Grants bidding and allocation process.</p>	Variation	-1,035	N/A: Variation	
<p><b>STAGE APPROVALS:-</b></p>				
<p><b>PROCUREMENT STRATEGY</b></p>				
<p><b>Bus Rapid Transit North – Tinsley Link</b> This procurement strategy is to cover the appointment of site supervision staff following on from the main construction stage which was approved under a separate procurement strategy. It covers the provision of professional services for the Bus Rapid Transit Northern Route, which includes both the Tinsley Link project and the BRT North junction improvements. There are several different professional disciplines required to provide the necessary site supervision on this project and this procurement strategy aims to collate and seek approval for the appointment of these professionals through the appropriate procurement route.</p>	Procurement Strategy	775		
<p>The various professionals and procurement routes are as detailed below:  Professional 1 – Clerk of Works will be procured using the YorConsult framework.</p>				

<p>Professional 2 – Senior Structures Advisor (Tinsley Link Project Manager) and Road Works, Signals &amp; Stats Advisor (Tinsley Link Assistant Project Manager) and the Road works, Signals and Stats Coordinator (BRT North Project Manager) will be procured using the YorConsult framework.</p> <p>Professional 3 - Quantity Surveying Services, Contract Administration and Assistant Structural Engineer - these services will be retained by Sheffield City Council Capital Delivery Service.</p>			
<p><b>Loft and Cavity Wall Insulation</b> This work is part of a larger project called Council Housing Insulation which has an approved budget of £3.1m over the next five years. This work primarily comprises the provision of cavity wall and loft insulation to non-traditional built council owned properties in Sheffield. Invitation to tender will be issued to any Construction Line registered contractors and will be evaluated and shortlisted. The contract awarded on the basis of quality price evaluation using 80%Price- 20% quality. The work is funded by contributions from the Housing Revenue Account.</p>		218	Competitive Tender Construction Line framework
<p><b>EMERGENCY APPROVALS:- (Note only)</b></p>			
<p><b>GREAT PLACE TO LIVE</b></p>			
<p><b>Cross House Enabling Work</b> The scheme enables the council to gain vacant possession of an asset which is surplus</p>	Addition	3	N/A

<p>to requirements and will be disposed of, and give two council tenancies their own exclusive garden area. The agreed price for the sale of the surplus land is £69k, the £3k for the works to the existing tenancy to provide a suitable and safe garden area for the two tenancies is to come from the sale price. This is an Emergency approval due to the urgency to conclude this agreement with the tenants which has taken four years to date and which the tenants are keen to complete as it was agreed to conclude this arrangement in spring.</p>				
<p><b>DIRECTOR VARIATIONS:- (Note only)</b></p>				
<p><b>GREAT PLACE TO LIVE</b></p>				
<p><b>Hollinsend MUGA</b> This project was set up to create a new Multi Use Games Area (MUGA) in Hollinsend Park on two of the existing derelict tennis courts. The variation is to reflect the addition of the remainder of the S106 funding now received.</p>	<p>Director Variation</p>	<p>7</p>	<p>N/A</p>	

Grant Awarding Body	Name of the Grant	Project to be funded by the Grant	Conditions and Obligations	Value £000
Environment Agency	Flood and Coastal Risk Management (FCRM) Capital Growth Fund	Lower Don Valley Flood Defence Project	<p>Conditions</p> <ul style="list-style-type: none"> <li>• Spending must be of a capital nature.</li> <li>• Chief Executive and Chief Internal Auditor are required to sign a declaration by 31 March 2015 to confirm that all spending has been of a Capital nature.</li> </ul> <p>Clawback</p> <ul style="list-style-type: none"> <li>• Failure to comply could result in future grant payments being reduced, suspended or withheld or, the Council may have to repay the grant it has received to date, either wholly or in part.</li> </ul>	5,500
Environment Agency	Flood and Coastal Risk Management (FCRM) Capital Grant-in-Aid (GiA)	Lower Don Valley Flood Defence Project	<p>Conditions</p> <ul style="list-style-type: none"> <li>• Grant could be withheld for failure to complete the project.</li> <li>• Spending must be consistent with the purpose for which the grant was given.</li> <li>• Grant claims are to be submitted during the project.</li> <li>• All the work undertaken must be properly maintained as the funding granted includes a commuted element for future maintenance. Failure to do will be considered when assessing future applications.</li> <li>• All publicity about the project should contain reference to the funding.</li> <li>• Variations to the project of over £100k must be reported.</li> <li>• Work in Progress and estimates of grant claims could be required.</li> <li>• Final accounts for the project must be returned.</li> </ul>	3,300

			<ul style="list-style-type: none"><li>• Any procurement should comply with EU regulations.</li><li>• Post project reviews may be carried out so all documentation should be retained (no timescale for this given).</li><li>• Grant claims need to be submitted.</li></ul> <p>Clawback</p> <ul style="list-style-type: none"><li>• No specific reference to clawback for non-compliance.</li></ul> <p>Note: Given the variation between the two grant regimes there needs to be clear transparency between the accounting for the two grants as well as the need to provide a clear claims audit trail.</p>	
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